

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the EIM Transitional Committee’s (TC) Draft Final Proposal on Long-Term Governance, dated June 22, 2015. PG&E supports the TC’s proposed governance framework and commends the hard work of the TC in developing its detailed consensus proposal. Highlights of PG&E’s comments are provided below:

- PG&E supports the main elements of the TC’s governance framework.
- PG&E strongly supports the use of the “but for” test for delineating the scope of the EIM governing body’s primary authority and recommends that the test, along with the example categorization of market rules presented in the Draft Final Proposal, serve as an anchoring point for the development of the straw proposal in the upcoming stakeholder process.
- PG&E is not opposed to the creation of the Regional Advisory Committee, but believes additional detail is needed in the Final Proposal regarding the size of the committee.

1. Basics of the EIM governing body

PG&E supports the core elements of the Transitional Committee’s (TC) proposal for a long-term EIM governance structure.

The TC’s proposal includes the creation of an independent five-member EIM governing body (GB) with authority delegated to it by the CAISO Board of Governors (BOG). The EIM GB will have primary oversight and decision-making authority over EIM-specific rules that uniquely apply to the EIM and its participants. The governance framework includes appropriate procedures to delineate which body will have primary authority over a particular matter and specifies procedures for resolving disagreements by the two bodies concerning issue categorization. The proposal features a two-step board approval process whereby a proposed EIM rule change will first be approved by the EIM GB, followed by approval by the BOG via the BOG’s consent agenda. Additionally, the proposal includes the formation of two advisory bodies/forums to interact with and provide advice to the EIM GB and the BOG: (1) a Committee of State Regulators and (2) a Regional Advisory Committee.

PG&E supports the proposed governance framework and believes it can promote EIM expansion and support efficient Real-Time Market design while balancing the diverse regional interests encompassed within the EIM footprint.

2. Selecting members of the EIM governing body (including the selection process and composition of the nominating committee)

PG&E supports the proposed nomination and approval process to be used for selecting the initial slate of GB members and for filling vacancies thereafter.

Under the proposal, a nominating committee will be established, comprised of five voting members – one representative from each of five identified stakeholder sectors: (1) EIM Entities; (2) Participating Transmission Owners; (3) Suppliers and Marketers within the EIM footprint; (4) POUs; and (5) state regulators – plus three non-voting members who will participate directly in the candidate vetting process. The nominating process, which features a consensus selection by the nominating committee, is a reasonable approach.

PG&E supports the candidate selection criteria described in the Draft Final Proposal and appreciates the additional detail regarding the staggering of the term lengths applicable to the initial slate of EIM GB members.

3. Scope of authority (including the proposed process for resolving disputes about which body has primary authority over a particular policy initiative)

PG&E strongly supports the “but for” test concept and agrees with the TC’s example categorization of market rules. PG&E also supports the dispute resolution process outlined in the Draft Final Proposal for resolving disagreements that may arise between the EIM GB and the BOG regarding the categorization of a particular initiative.

In the Draft Final Proposal the TC proposes to establish a “but for” test to guide the delineation of the EIM GB’s primary decision-making authority from that of the BOG. In brief, the “but for” test provides that the EIM GB will have primary authority over revised or new EIM market rules that would not exist “but for” the EIM. The proposal also includes a list of example market rules that it believes fall within the respective scope of primary authority of the EIM GB and BOG consistent with the application of the “but for” test. Additionally, the TC recommends that a new stakeholder process be launched (following the BOG’s approval of the EIM governance proposal) to develop general guidelines to be used in determining which body has primary authority over a given policy initiative.

PG&E agrees with TC’s approach for establishing the delineation of the EIM GB’s scope of authority and recommends that the “but for” test along with the example categorization of market rules be used by CAISO as an anchoring point for the straw proposal to be developed as part of the upcoming stakeholder process.

<p>4. Composition and role of the advisory body of state regulators (including leaving development of their role and relationship with the ISO to the regulators themselves)</p>
<p>PG&E does not have any specific comments to offer on this element of the proposal.</p>
<p>5. Regional Advisory Committee (including what issues the proposed committee should address and whether it would provide a productive forum for discussion of the issues and/or would enhance the ISO's existing stakeholder process)</p>
<p><i>PG&E is not opposed to the creation of a Regional Advisory Committee, but believes additional detail is needed in the Final Proposal regarding the size of the committee.</i></p> <p>The Draft Final Proposal includes the formation of a Regional Advisory Committee to serve as a forum for stakeholders to address general EIM market operations issues at a high level. This committee would also provide a forum for neighboring BAAs, such as the federal power marketing administrations, to discuss operational seams issues as such issues arise with EIM expansion. The TC envisions that the committee would not displace the CAISO's existing stakeholder process, but rather would augment it. The committee would include representatives from the following sectors: (1) Transmission Owning Utilities; (2) Independent generators and marketers; (3) POU's; (4) Public interest groups and consumer advocates; and (5) Neighboring BAAs. The Draft Final Proposal does not establish any parameters concerning the size of the committee, leaving that decision and other details of the committee's operating procedures to the various sectors to develop on their own.</p> <p>During the TC's June 25, 2015 general session meeting, one of the TC members suggested that membership on the committee be limited to one representative per stakeholder sector (i.e., five members). PG&E recommends that the TC provide additional clarity regarding the size of the Regional Advisory Committee in the Final Proposal. PG&E agrees with the TC's expectation that the committee should not displace or substitute for the CAISO's existing stakeholder process.</p>
<p>6. Commitment to re-evaluate governance</p>
<p>PG&E does not have any specific comments to offer on this element of the proposal.</p>
<p>7. Miscellaneous items.</p>
<p>PG&E does not have additional comments to offer on the proposal.</p>