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Comments on CAISO’s Draft Final Proposal on Revision of Decisional Classification Rules

PPC appreciates the opportunity to comment as part of the EIM Governance Review stakeholder process. PPC’s members have a significant interest in the governance of the EIM from several perspectives: as purchasers of preference power and transmission services from BPA (who is evaluating future participation in the EIM), as load serving entities in the current and/or future EIM footprint, and as possible EIM participants themselves.

In these comments PPC would like to reiterate its January 18 comments supporting the decisional classification change proposal and stressing the need for the larger EIM governance review process.

CAISO’s Draft Final Proposal of Revision of Decisional Classification Rules

CAISO’s proposal correctly identifies a need to update the EIM Governing Body Charter and related guidance document to update the decisional classification process. For issues in the CAISO’s real time market where changes are being driven by impacts to EIM entities, the EIM Governing Body should have primary authority. PPC appreciates the efforts of CAISO staff to pursue this change quickly based on the broad stakeholder support the proposal received.

While the proposal is a change in the right direction, the impacts of the change are still unclear. More details are needed about how the new criteria will be applied to give more certainty around how this change will impact the classification of initiatives. Specifically, there should be more information on how “primary drivers” will be identified and about the type of “factors” that would be considered when determining if those factors are specific to the EIM. PPC also requests that CAISO review existing initiatives in the CAISO policy catalog and indicate which initiatives may change from EIM Governing Body’s advisory authority to their primary authority under this proposal.

Additional Changes to Decisional Classification Rules Should Be Considered

While the proposed change is a good first step, additional changes to the decisional classification rules should be considered. Specifically, the EIM Governing Body should have primary authority over all real-time market rules and over EDAM issues once that initiative begins.

The EIM and CAISO 5 and 15- minute markets share rules and systems so any changes to the real-time rules will impact participants in both markets. Providing primary authority to the EIM Governing Body for all real-time rules would allow for more diverse interests to be considered when updating these rules. If the EIM Governing Body is given primary authority of all real-time market issues, the CAISO Board of Governors would still be given a chance to review the changes on its consent agenda. This would ensure that all real-time market stakeholders are represented when rule changes are approved.

EIM Governing Body should also have primary authority over EDAM issues. If EDAM occurs, then day ahead markets would impact both EIM and CAISO 5 and 15-minute market participants, just like the real-time market rules. As is the case with real-time markets, when both groups of participants are impacted, giving the EIM Governing Body primary authority allows for a more diverse perspectives in the decision-making process. The CAISO Board of Governors would also still have the opportunity to review EDAM issues on their consent agenda.

Importance of Broader Governance Review

PPC appreciates CAISO's efforts to implement the "Straw Proposal" portion of the *EIM Governance Review Issue Paper & Straw Proposal* in a timely manner; however, we want to ensure that the importance of conducting a full and thorough governance review is not lost. PPC looks forward to working with the CAISO and other stakeholders to develop proposals to improve the EIM governance structure and ensure adequate representation for Northwest Public Power.

We would like to reiterate our January 18 comments noting that Northwest public power has a unique perspective. This will be important to consider as CAISO prepares for the larger governance review. Having a representative from Northwest public power on any transitional or governance review committee that may be developed as part of this process will be imperative to ensuring that the unique perspective of NW public power is considered in the updated governance design.

Thank you for the opportunity to comment. We look forward to future opportunities to participate in the governance review process.