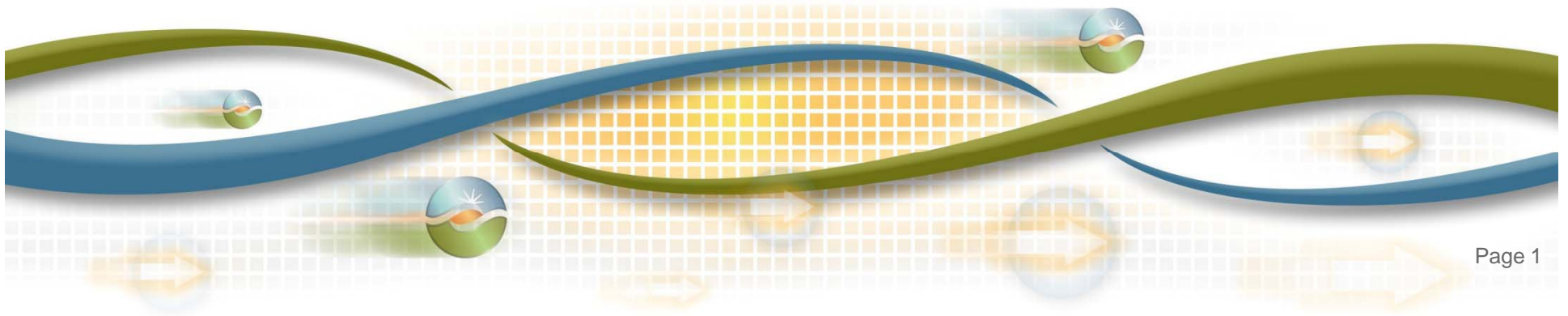




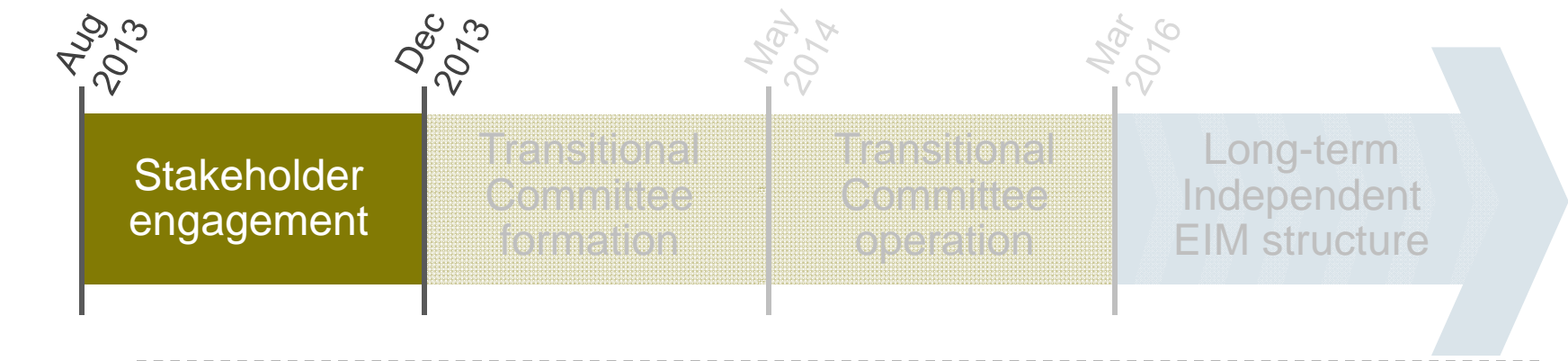
California ISO
Shaping a Renewed Future

Energy Imbalance Market Governance Proposal

Market Participant Conference Call
November 14, 2013



Stakeholder engagement schedule



Aug 20	Portland Stakeholder meeting
Sep 6	Stakeholder comments due
Oct 4	Revised proposal and draft charter published
Oct 11	Stakeholder conference call
Oct 25	Stakeholder comments due
Nov 7	Publish draft final proposal and charter
Nov 14	Stakeholder conference call
Nov 25	Stakeholder comments due
Dec 18	Seek ISO Board approval of committee and charter



Modifications from the revised Governance Proposal

- Better defined and extended timeframe for sector nomination and ranking process. As revised, the TC will be established Mid-May 2014 and will hold first meeting in June 2014.
- ISO staff will facilitate first sector conference call where sectors will organize and appoint sector liaisons.
- Relaxed requirement that sectors provide a unique ranking to every nominee identified in the sector nomination process. Sectors required to rank top 12 nominees, but not required to provide individual rankings beyond top 12.
- To assist sectors in ranking potential candidates for the TC, the final draft identifies six general qualities that should be considered when identifying and evaluating nominees.
 - In addition to submitting a resume, each candidate must prepare a narrative statement about their unique qualifications for participation on the TC.

The ISO has posted revised governance paper, charter, and responses to market participant comments

Revised Governance Paper:

http://www.caiso.com/Documents/DraftFinalGovernanceProposal_EnergyImbalanceMarket.pdf

Draft Charter:

http://www.caiso.com/Documents/DraftFinalTransitionalCommitteeCharter_EnergyImbalanceMarket.pdf

Stakeholder Comments Matrix:

<http://www.caiso.com/Documents/StakeholderCommentsTemplate-FinalGovernanceProposal-DraftCharter.doc>

Stakeholder comments and ISO responses (1 of 5)

Stakeholder comment	ISO response
Various comments to clarify the sector formation and ranking process	These clarifications have been added including a shift in schedule to allow the sectors more time for their nomination and ranking process

Dec 18	ISO Board considers EIM governance proposal
Dec 19	Market notice requesting sector participation
Jan 14	Due: Notification to participate, interest in sector liaison
March 4	Due: Sectors complete nomination process
March 6	ISO publishes master list of nominees
April 15	Due: Sectors complete ranking process
May 15	ISO Board appoints Transitional Committee members

Stakeholder comments and ISO responses (2 of 5)

Stakeholder comment	ISO response
<p>(similar to previous comments) Still some differing views on long-term independence, some wanting greater independence, some wanting less, others asking we not pre-judge outcome</p>	<p>This will be the value and primary contribution of the Transitional Committee</p>
<p>Short term role for the Transitional Committee should be better defined and not conflict with existing stakeholder engagement. Some suggest deleting first role</p>	<p>Proposal revises language to clarify advisory role of Transitional Committee with regards to start-up testing and early operational roles, it will not supplant ISO stakeholder process</p>
<p>(similar to previous comments) Honor sector nominations vs. board discretion in selection</p>	<p>The ISO board is responsible for seating a Transitional Committee with the most qualified candidates to ensure success. They will consider experience and industry expertise, leadership skills, and both sector and geographical diversity</p>

Stakeholder comments and ISO responses (3 of 5)

Stakeholder comment	ISO response
<p>Will Transitional Committee have enough independent authority to develop an EIM that will attract broad participation</p>	<p>The long-term success of EIM depends on the Transitional Committee's success in developing a long-term structure that is workable for interested participants in the West. The work of the TC will be an open transparent process. Majority and minority opinions of the TC will be provided to the ISO board, and will be given due consideration by the board. Any individual stakeholder may also provide its opinion to the Board at any time throughout the process</p>
<p>(similar to previous comments) Is modification of California statute or FERC approval required?</p>	<p>Creation of TC does not require change in CA statute or FERC tariff authority. Any proposed governance structure considered or recommended by the TC would need to be studied for its impact on CA statute and FERC Section 205 authority</p>

Stakeholder comments and ISO responses (4 of 5)

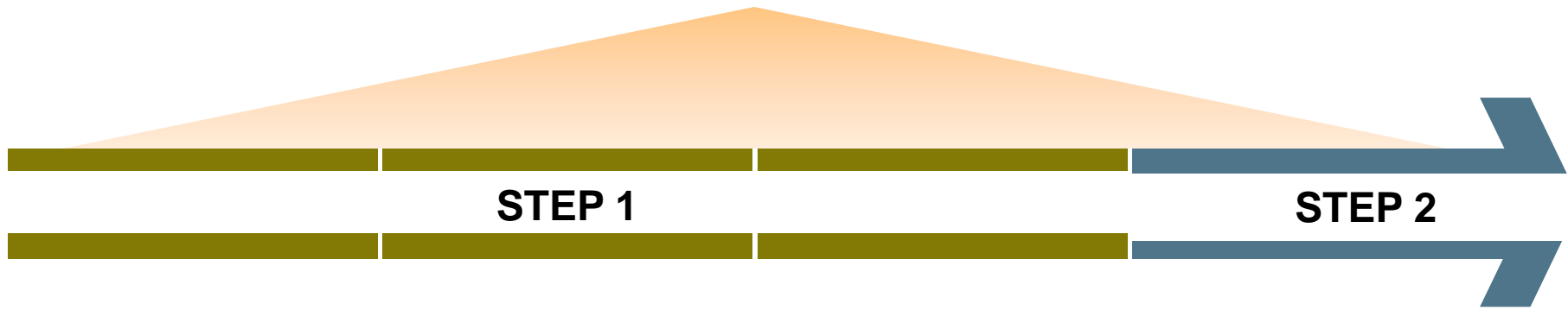
Stakeholder comment	ISO Response
Clarify sector qualification for ESPs and CCAs	Current definitions do not exclude these stakeholders, most should qualify in the Generators and Marketers, IOU or POU sectors
(similar to previous comments) CAISO should reserve position on the Transitional Committee for PTOs	Transitional Committee should consist of a diverse, well-qualified group that can promote the objectives of a successful EIM. It should provide meaningful input to the ISO Board on a governance structure going forward that will suit all interested entities
(similar to previous comments) Transitional Committee meetings should be held also in other states and should be held in public	The Transitional Committee will decide on meeting location. Charter requires that the Transitional Committee follow an open transparent process similar to ISO process

Stakeholder comments and ISO responses (5 of 5)

Stakeholder comment	ISO Response
Details on Transitional Committee members, replacement policy	Charter describes process for member replacement as well as process for voting to remove members not fulfilling their duties
Fair and reasonable exit provisions	EIM market design proposal clarifies exit notification and applicable charges
(similar to previous comments) Tariff authority with regards to real-time market	Delegation of tariff authority will be discussed through the Transitional Committee stakeholder process
No compensation may bias the Transitional Committee	Meetings will be located within the Western Interconnection and available via conference line or web-conference and subject to open meeting policies.

Guiding objectives drive long-term independent EIM

Prompt & direct input
Adaptable structure
Promote successful implementation



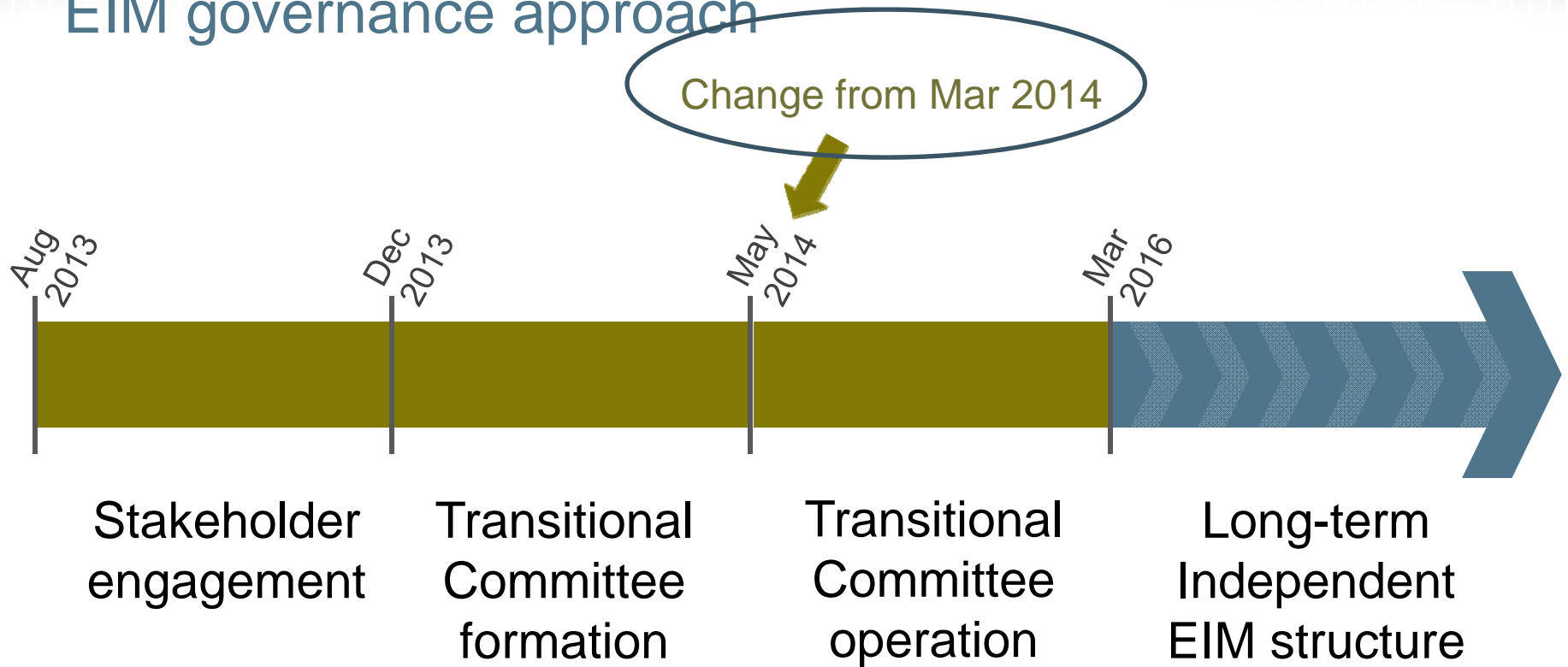
Stakeholder Transitional Committee

Roles:

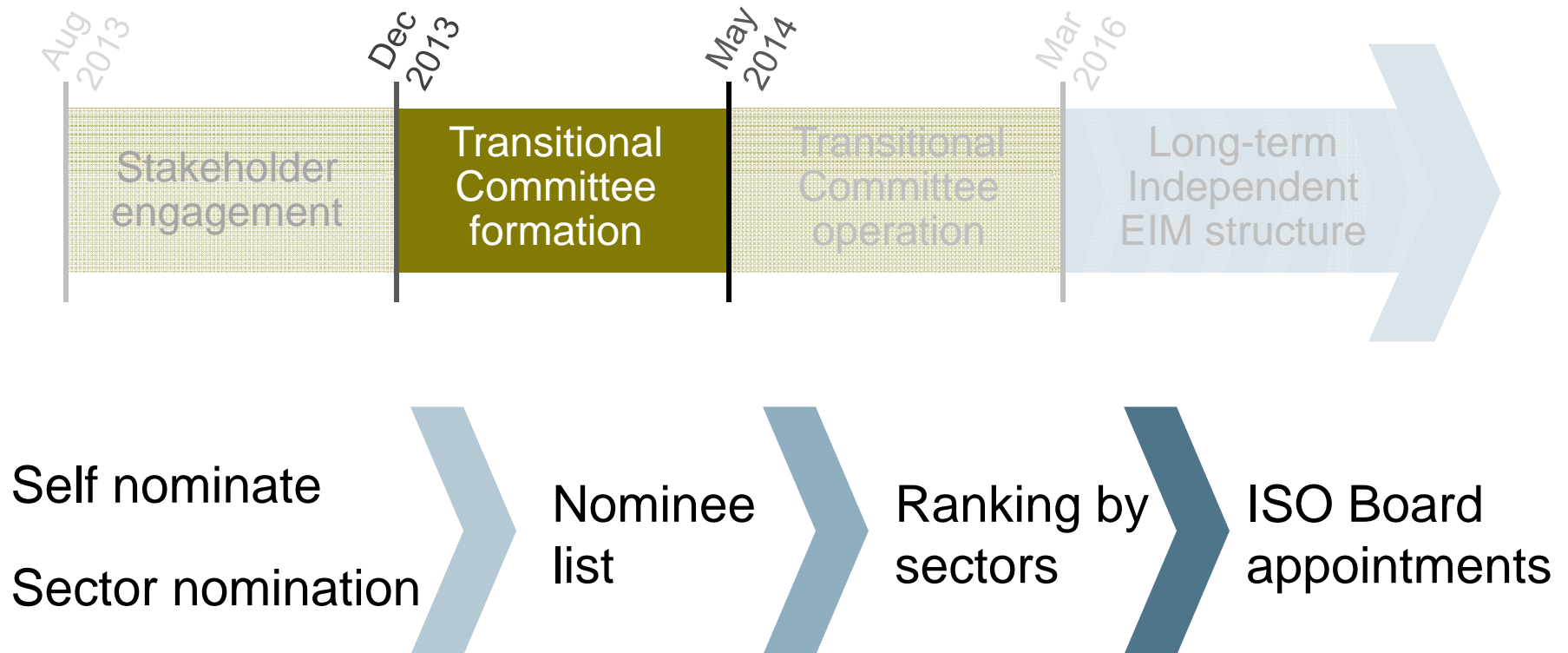
- Propose independent EIM structure
- Advise on EIM matters

Independent
EIM structure

EIM governance approach

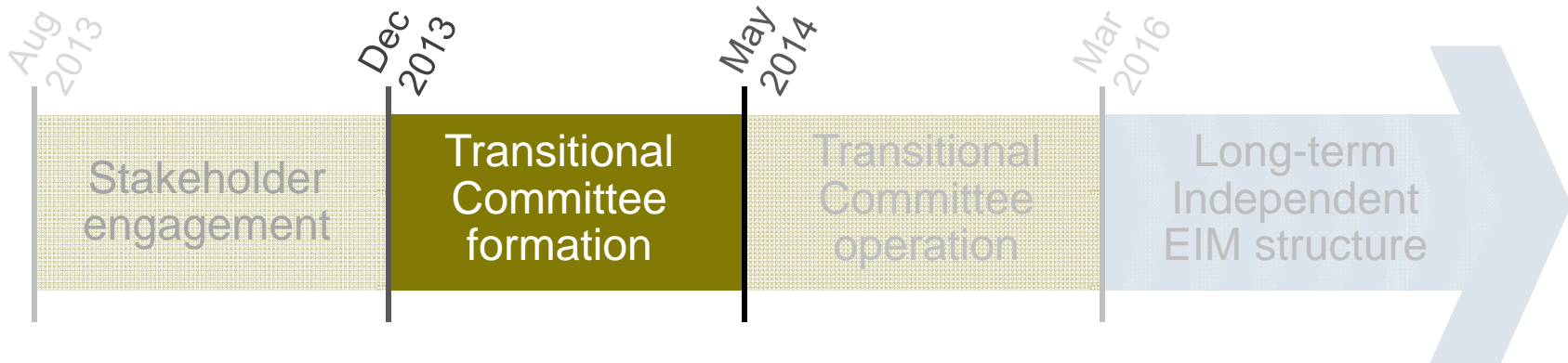


Nomination and ranking process



- Qualifying criteria:**
- Industry and market experience and excellence
 - Geographical diversity

Nomination and ranking process



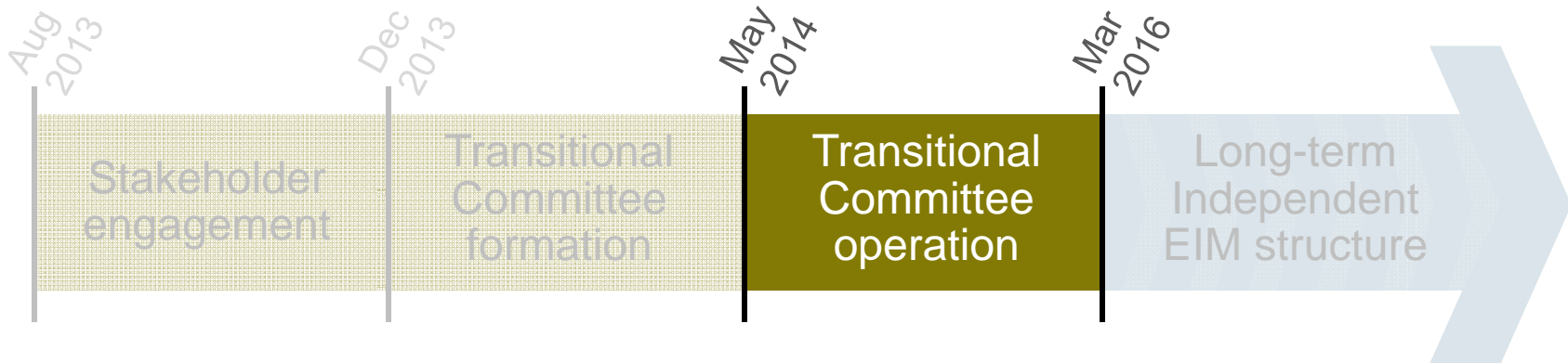
Sectors

- Investor owned utilities
- Publicly owned utilities
- Generators and marketers
- Alternative energy providers
- EIM participants
- Government agencies
- Public interest entities

Qualities that should be considered:

- Proven leadership skills on diverse and complex issues;
- Understanding of regional issues;
- Ability and willingness to consider and represent broad range of perspectives;
- General industry experience;
- Support for the success of EIM; and
- Availability to participate in Transitional Committee on an ongoing basis

Transitional Committee operation



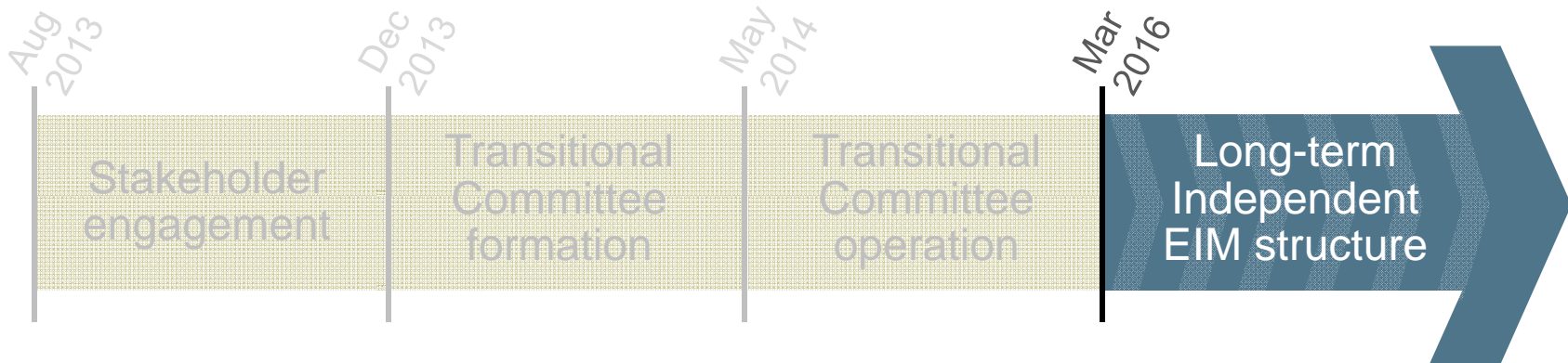
Structure

- Stakeholder advisory committee
- 9 members including an EIM Entity
- Possible growth to 11 members with additional EIM Entities

General Operation

- Open meetings with stakeholder comment and review
- ISO staff support
- No compensation or reimbursement

Long-term independent EIM structure



- Membership independent from market participants
- Specific delegated authority
- Transitional Committee will propose details of:
 - Structure
 - Number & qualifications of members
 - Membership term
 - Selection process
 - Decision process
 - Authority over aspects of EIM

Next Steps

Please submit comments on the template
provided to EIM@caiso.com
by November 25, 2013.

ISO Board consideration of governance proposal and
Transitional Committee charter
December 18, 2013.



Questions