

California ISO EIM Transitional Committee (via [EIM@caiso.com](mailto:EIM@caiso.com))

January 23, 2015

To whom it may concern:

On behalf of Seattle City Light ("Seattle"), thank you for the opportunity to comment as the California Independent System Operator ("CAISO") Energy Imbalance Market ("EIM") Transitional Committee ("Committee") considers long-term EIM governance, presented in the *California ISO EIM Transitional Committee Issue Paper, Conceptual Models for Governing the Energy Imbalance Market*, dated January 5, 2015.

Seattle is the tenth largest consumer owned electric utility in the nation and has been greenhouse gas neutral since 2005. We have been engaged in the wholesale energy and transmission markets for many decades. Seattle is a founding member of the Northwest Power Pool's Market Assessment and Coordination Committee ("NWPP MC") and has been deeply engaged in assessing the value of an EIM for the Northwest and the retail customers we serve here at Seattle.

Seattle believes the Committee should recommend that the CAISO EIM governing body must be either a separate EIM body or have delegated authority from the CAISO Board of Directors; with a preference towards a separate EIM governing body. The selected governing body should have the responsibility to represent the interests of all Balancing Authority Areas ("BAAs") who decide to participate in the CAISO EIM. While Seattle recognizes the value proposition created by the EIM for the CAISO and the California retail customers it serves, the primary fiduciary responsibility of the EIM governance body must be to the EIM, the BAAs that utilize it, and all of the retail customers being served by this market - without a preference for the customers of one state over another. This governing body will be making decisions over time that affect the costs and benefits for all participating BAAs/EIM entities when implementing the market, guiding its evolution, and managing seams with other markets. Other potential EIM entities such as Seattle may have very different policy preferences than the state of California (as represented by the CAISO Board of Governors) and the CAISO EIM governance structure must balance all such interests.

In response to the request for specific feedback, and in considering the criteria identified in the January 5<sup>th</sup>, 2015 white paper, Seattle offers the following suggestions related to the identified criteria:

- "Protect the integrity and reliability of current ISO operations" should be expanded to include protect the integrity and reliability of the ISO and its partner EIM entities/BAAs.
- "Provide decision makers and stakeholders confidence that the EIM governing body is pursuing the best interest of the market as a whole" should be changed to EIM market.
- Given the potential for disparate policy preferences in different states and within potential EIM entities, the EIM Governance structure may well have to consider future EIM offerings that differ in different areas of the Western Interconnection.

Additionally, in response to the Transitional Committee's questions to consider regarding the three models proposed, Seattle views an advisory board to the CAISO Board of Governors as an inadequate governance

structure for the EIM. An advisory board does not have authority and does not address the concern about the CAISO Board's current lack of independence from the state of California. When considering the potential structure, Seattle agrees that cost control is necessary and that an autonomous separate entity could create additional cost risks as described; however, further exploration of ways to manage cost risk and create a separate EIM governance body is worthy of time and effort with the stakeholder community. Another element common to each model is the Organization of state regulators. Seattle believes that this may create too much preference towards the needs of jurisdictional utilities and an advisory body such as this should be created in a balanced way to represent other interests including those of non-jurisdictional utilities. Finally, we believe the timeline for development of the CAISO's EIM governance model may not keep pace with the changes pending in the region and the Committee should carefully consider whether it is possible to produce their straw proposal earlier than August 2015.

Again, Seattle appreciates the opportunity to comment on proposed EIM governance structures. If you have any questions regarding these comments, please contact Robert W. Cromwell, Jr. at 206-684-3856. Please add the following individuals to your distribution lists for this stakeholder process:

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Thank you again for this opportunity to comment and I look forward to reviewing the eventual straw proposal in August.

Sincerely,

  
Jorge Carrasco  
General Manager

JC:rcw