

Stakeholder Comments Template

Submitted by	Company	Date Submitted
<p>Please fill in the name, e-mail address and contact number of a specific person who can respond to any questions about these comments.</p> <p>Nancy Kelly, nancy.kelly@westernresources.org 208-234-0636</p>	<p>Please fill in here</p> <p>Western Resource Advocates</p>	<p>Please fill in here</p> <p>October 25, 2013</p>

Please use this template to provide your comments on the Energy Imbalance Market Revised Governance Proposal and Draft Charter posted on October 4. Submit comments to EIM@caiso.com. **Comments are due October 25, 2013 by 5:00pm**

Revised Governance Paper:

<http://www.caiso.com/Documents/RevisedGovernanceProposal-WhitePaper-EnergyImbalanceMarket.pdf>

Draft Charter:

<http://www.caiso.com/Documents/TransitionalCommitteeDraftCharter-EnergyImbalanceMarket.pdf>

Please provide your comments following each of the topics listed below:

- 1. Do you support the sector definitions and the nomination and ranking process for the Transitional Committee? Please explain the basis for your views.**

Comments:

Sectors

WRA appreciates the ISO creating separate sectors for government agencies and public interest organizations. We further support separate sector representation for Alternative Energy Providers from other Generators and Marketers. Finally, we support separate representation for EIM Participants from the other utility sectors. Rankings provided to the ISO Board of Governors from the IOU, POU, and EIM Participant sectors

may be unique enough to provide meaningful information to assist the Board in selecting members to the Transitional Committee.

Nomination and Ranking

WRA supports the concept of developing a deep pool of well-qualified individuals with broad cross-sector experience.

WRA supports each sector developing a ranking of the complete pool of nominees and providing this information to the Board of Governors to use in its selection of the Transitional Committee members.

However it appears that the first step in which each stakeholder sector compiles a list of candidates “consisting of at least two nominations” is unnecessary, potentially, counterproductive, and has caused confusion and some discontent. Therefore, we believe an open nomination process should replace the currently proposed compiling of nominees by the individual sectors.

When sectors compile a list of candidates a sense of “ownership” may arise and a desire for “representation” on the Transitional Committee by at least one of those identified candidates.

Alternatively, certain sectors may be unable to “compile a list of at least two nominations.” The ability of sectors to support nominees financially, through time allocation and travel expenses, differ significantly. The financial resources required to participate in the Transitional Committee could be significant to some smaller companies, state agencies, and to those organizations that rely on external funding sources. How that inability to offer candidates would then affect that sector’s ability to participate in ranking the pool of nominees is unclear.

While we appreciate what we perceive to have been the ISO’s purpose in proposing this first step—assuring sector breadth in the pool of nominees—we don’t believe this approach will necessarily achieve that purpose, is unnecessarily complex and has unintended consequences.

WRA recommends an open nomination process and changes to the charter to reflect the open nomination process.

If the ISO continues to use the process currently proposed, “of at least two” should be struck from the charter language, and the sectors ability to participate in the ranking of nominees, regardless of the number of nominations arising in that sector should be assured.

- 2. Do you support the roles identified for the Transitional Committee and the decision-making processes for the committee outlined in the revised governance proposal and draft charter? Please explain the basis for your views.**

Comments:

In our September 6, 2013 submission we commented that “the perspectives, skills, knowledge, background and industry experience required to provide qualified and well-reasoned input to the ISO Board of Governors regarding start-up, design, and implementation are not necessarily the same skills and experience sets best suited to develop a governance structure,” and we suggested populating two committees to meet the different purposes and objectives.

We appreciate the ISO’s acknowledgement of this point during the October 11, Stakeholder meeting. In response to our concern, the ISO expressed optimism that a deep, broad pool of nominees with cross-sector experience can be developed so that a well-balanced Transitional Committee can be formed with members who have the skills to perform both functions well and do so in balanced manner.

While we hope the ISO’s optimism is well-placed, we are not as optimistic that this will be the outcome—in part due to sector differences in ability to fund effort. We continue to believe the ISO should consider populating two committees to separately address the two identified functions: (1) provide the Board with input on EIM-related issues during start-up and early implementation and (2) develop a proposal for an independent governance structure.

3. Do you have any comments on the draft charter? Please explain.

Comments:

See our response to Question 1.

4. Do you have any additional comments not covered above on the changes made in the revised governance proposal?

Comments:

It appears to us that there may be a conflict between the ISO’s desire to develop a well-balanced, experienced, expert Transitional Committee and the decision to not provide financial support to Transitional Committee members. As discussed above, smaller companies, state agencies, and organizations that rely on external funding may be unable to allocate time or travel expenses to this work, despite, its long-term importance. Therefore, a bias may be introduced into the pool of potential Transitional Committee members, unintentionally limiting the breadth of industry experience, experience that could be particularly relevant to developing independent governance. We request the ISO give some thought to how to address this potential bias in the candidate pool.

We appreciate the opportunity to participate in the Stakeholder process.