

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the EIM Governance straw proposal posted on March 19, 2015.

Please submit comments to EIM@caiso.com by close of business April 16, 2015

The straw proposal is available on the ISO website at:

http://www.caiso.com/Documents/StrawProposal-LongTermGovernance_EnergyImbalanceMarket.pdf

The slides presented during the March 31, 2015 stakeholder meeting are available at:

http://www.caiso.com/Documents/Agenda_EnergyImbalanceMarketGovernance-StrawProposal.pdf

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the straw proposal for the EIM Governance initiative. Please use the following template to comment on the key topics addressed in the proposal:

Structure - composition of the Nominating Committee, composition of the EIM governing body, and process for selecting members.

Comment:

We are OK with the proposed composition of the Nominating Committee and have no other comments.

Scope of authority – scope of authority, including whether it is appropriate and workable, the examples of issues that would fall within the primary and secondary authority of the EIM governing body, and process for resolving disagreements about the particular proposed rule changes or the scope of authority generally.

Comment:

Xcel Energy supports the proposed delegated authority model, recognizing this is a compromise which meets multiple criteria and reflects a balance of participant's interests. We believe the consent agenda model for the CAISO Board of Governors to address resolutions of the EIM

Governing Board is workable. In any scenario with separate governance between the EIM and the other functions under the CAISO, there will be the need for close collaboration and communication.

We believe there is an additional area that will require collaboration and which is outside the governance of the CAISO (and hence outside the delegated authority of the proposed EIM Governance Board). In particular we remain concerned that as the number of EIM Entities increases, there will be increasing instances of different EIM Entity Tariff designs, which are used to implement and settle the EIM dispatch on a local basis. We recommend the EIM Governance Board at least provide advisory guidance to EIM Entities in order to establish and maintain compatible practices which do not impede the efficient operation of the market on a regional basis. Perhaps the EIM Entities would benefit from the creation of a pro forma tariff, and this may assist prospective EIM Entities in their evaluation of benefits.

Documentation – documentation of these arrangements in the ISO’s bylaws and a charter from the ISO Board of Governors, and mission of the EIM governing body that would be identified in its charter

Comment:

The bylaws of the EIM Governing Board should not unduly constrain its options. In particular initiatives to add additional value or benefits and which are supported by its members should not be precluded in the bylaws. A rigid constitution of bylaws that would constrain the EIM Governing Board from evolution in response to market changes should be avoided.

Committee of regulators – composition, including the balance of representation between state commissions and public power, and role of the committee

Comment:

The Advisory Body of State Regulators (ABSR) is consistent with common practice in other multi-state markets and yields benefits for cross-state collaboration and information sharing. Xcel Energy supports the establishment and funding of the ABSR through the EIM governance structure.

The proposed role of public power representatives to the ABSR, however, may not be appropriate. The public power entities are commercial participants in the wholesale electric marketplace and not regulators of the electric industry. Their representation should be accommodated in public meetings of the ABSR on a comparable basis with any other wholesale market participants.

There may be some confusion in this aspect of the current governance proposal. In particular the distinction between governance inputs to the EIM Board and stakeholder inputs into the market design and stakeholder representation process may be blurred by including Public Power in the ABSR membership. The impacts to public power of market design changes (in contrast to governance issues) and associated deliberations can be occur through the established CAISO stakeholder process, which is the forum we propose be used for all EIM market-design-related stakeholder issues. We challenge the EIM Transitional Committee to make this distinction more clear and request removal of Public Power representatives from the ABSR. If the Transitional Committee does not adopt this recommendation, at least the proposed participation funding subsidy for wholesale market participants in the ABSR should be excluded.

Trigger for re-evaluating EIM governance
<p>Comment:</p> <p>We support the development of a list of key developments that could trigger re-evaluation of EIM governance. We believe this will attract and retain new entrants by addressing some of the current governance design compromises based on existing balanced interests.</p> <p>We reiterate our differentiation (expressed above) between governance of the EIM and the EIM market rules and design. Changes in the governance of the EIM initiated by the triggers would not necessarily result in changes to market rules. So we believe the risks of market design changes associated with a governance review are minimal.</p>
Criteria for evaluating proposals – to revise and simplify the criteria for evaluating governance proposals, as reflected in the appendix
<p>Comment:</p> <p>No comment.</p>
Miscellaneous items – Please provide comments to other aspects of the straw proposal or governance related issues here.
<p>The CAISO already has a robust stakeholder process in place for the creating and vetting new market rules, including its real-time market which comprises the EIM functionality. We are concerned that if the EIM Governing Board were to create an additional and distinct stakeholder process to review the EIM market rules it would be duplicative, increase costs, and not yield any materially different results. We recommend the EIM market design stakeholder process leading to revisions to business practices or tariffs should operate in a consolidated fashion in concert with the established CAISO stakeholder forums.</p> <p>Similarly, if EIM participants consider a proposal of the CAISO potentially not justified, their inputs should be accommodated in a manner consistent with and comparable to the inputs of other stakeholder participants in the established CAISO stakeholder process. The Transitional Committee may wish to consider if there should be an explicit recognition of comparable rights and treatment for EIM stakeholders in the CAISO stakeholder process.</p>