



Department of Energy

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**California ISO EIM Governance Review
Straw Proposal for Formation of an EIM Governance Review Committee and Draft Proposal
April 1, 2019
Bonneville Power Administration Comments**

Submitted by	Entity	Date Submitted
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The Bonneville Power Administration (Bonneville) appreciates the opportunity to comment on the ISO’s recent April 1, 2019 publication of its Energy Imbalance Market (EIM) Governance Review Straw Proposal for Formation of an EIM Governance Review Committee (Proposal) and the associated draft Governance Review Committee Charter (Draft Charter). Bonneville is a federal power marketing administration (PMA) within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. Bonneville also operates about 15,000 miles of high voltage transmission that interconnects many transmission systems in the Northwest with each other and with Canada and California.

I. General Comments and Scope of the Committee

Bonneville supports the scope and sequencing of the proposed Governance Review Committee (Committee), as well as its composition and anticipated work product. Bonneville appreciates the ISO’s continued commitment to improving the EIM governance structure and believes this review will be foundational to the long-term success of the EIM, as well as any potential future iterations of the market. Bonneville further reiterates its support of using a stakeholder-based committee model—with input from iterative public stakeholder comment periods—to develop EIM governance proposals for consideration and decision by the EIM Governing Body and the ISO Board of Governors (Board).

With regard to scope, Bonneville appreciates the broad purview given to the Committee to consider appropriate EIM governance changes. Additionally, the Proposal’s directive that the Committee will not be the proper forum for market design and market rule changes is an apt clarification; Bonneville

expects that any development of market rules will occur in separate processes. Finally, Bonneville supports the Proposal's inclusion of extended day-ahead market (EDAM) governance considerations within the Committee's scope if the feasibility assessment yields positive results. This possibility further underscores the importance and timeliness of this review process given the structural shifts that could arise from EDAM and the need for regional collaboration in laying its foundation.

II. Structure and Formation of the Committee

Bonneville agrees that the Draft Charter should not prescribe the number and type of sector members ultimately selected to the Committee. But it is important that the final composition of the Committee include a mix of stakeholders that accurately reflects the broad range of interests in the existing and potential EIM footprint. The Proposal aligns with this view. Particularly, Bonneville appreciates the Proposal's directive that the Committee "be geographically diverse and collectively reflect a broad range of stakeholder and industry sectors that are involved in the EIM."¹ Moreover, Bonneville reiterates its support for federal PMA and Northwest public power representation on the Committee. These entities provide unique perspectives in the West given their geography, statutory obligations, customer and stakeholder profiles, transmission portfolios, and resource attributes that cannot be adequately represented by others. Bonneville believes the inclusion of these distinct perspectives to the EIM would ensure the Committee's foundational work accurately captures the full needs of the region, which will be invaluable to the long-term of success of the EIM and any potential future market states.

Bonneville understands that the Committee will serve in an advisory capacity to both the EIM Governing Body and the Board. In addition, the Proposal envisions one Committee member each from the EIM Governing Body, Board, and Body of State Regulators. Bonneville believes frequent and open lines of communication between the Committee and the EIM Governing Body and Board will benefit the governance review process. And the inclusion of one Committee member from each of the bodies will aid the transfer of information and resources to support the timely completion of this initiative. However, given their role on existing decision-making bodies, it may be more appropriate for these Committee members to abstain from voting on formal actions and decisions.

Relatedly, Bonneville seeks greater transparency on the process and criteria for selecting Committee members. Bonneville requests that the EIM Governing Body and Board develop a transparent process for the method in which they will select their members to serve on the Committee. In addition, the sector nominees and subsequent rankings should be made publically available at the time they are provided to the EIM Governing Body and the Board.

Bonneville supports the Proposal's stakeholder sector classifications. Bonneville appreciates that the proposed expansion of the EIM Entity category would include, in addition to existing and planned EIM Entities, those entities that have begun a formal public process to consider joining the EIM. The proposed definition for Publicly-Owned Utilities sector members includes similar language for those entities within the balancing authority of an entity that has begun a formal public process to consider

¹ CAISO, *EIM Governance Review: Straw Proposal for Formation of an EIM Governance Review Committee*, p. 6 (Apr. 1, 2019).

joining the EIM. These expanded definitions would capture potential members in the Northwest who are currently engaged in evaluating membership—including Bonneville and, as a result, many of its customers—that have a significant stake in the EIM governance review process but may otherwise be precluded from participation. If appropriate, the Charter could extend provisional membership to such entities on a conditional basis (*e.g.*, the Charter could apply an appropriate time limitation in which the entity must execute an Implementation Agreement to remain in the sector).

Bonneville views the proposed sector classifications as one effective way to group similarly situated entities for the stakeholder nomination and candidate ranking process. There may also be other solutions to ensure the Committee comprises a depth of diverse entities in addition to the broad interests reflected by the proposed sector classifications. Bonneville continues to believe that the distinct interests of federal PMAs and Northwest public power merit direct representation on the Committee. Bonneville expects the ISO's efforts to facilitate a diverse and inclusive Committee will ultimately yield a more durable and inclusive EIM governance structure.

III. Operation of the Committee

Bonneville appreciates and fully supports the Draft Charter's goal of achieving consensus on the EIM governance proposal(s) it presents to the EIM Governing Body and Board. In the event the Committee cannot achieve consensus, the Draft Charter provides for the possibility of an alternative governance proposal to reflect minority voices. Bonneville supports the proposed minority opinion provision as an important mechanism to ensure the EIM Governing Body and Board have the ability to consider the full range of stakeholders' ideas on EIM governance enhancements. Bonneville suggests that the Draft Charter clarify that all Committee opinions will be submitted to and considered by the EIM Governing Body and the Board.

IV. Timing

With regard to timing, Bonneville urges the ISO to proceed with this initiative expeditiously. The continued expansion of the EIM in size, complexity, and potentially in scope warrants a refreshed and durable governance structure. Particularly, the Committee should be assembled and resourced promptly so that it can begin developing and soliciting stakeholder feedback on EIM governance proposals.

The Proposal further tasks the Committee with considering necessary governance changes to facilitate EDAM if the outcome of the ongoing feasibility assessment is positive. Bonneville supports this proposed directive. The expanded scope and increased complexity of EDAM further highlight the necessity of forming a diverse Committee.

V. Conclusion

Bonneville appreciates the ISO's willingness to consider stakeholder feedback on this Proposal and its continued diligence in advancing the EIM governance review process.