



**COMMENTS OF NV ENERGY ON THE
EIM GOVERNANCE REVIEW COMMITTEE
SCOPING PAPER
DATED JANUARY 29, 2020**

February 21, 2020

NV Energy thanks the members of the Governance Review Committee (GRC) for their willingness to take on this important responsibility at this critical juncture. The breadth of the issues identified in the Scoping Paper illustrates the challenges in enhancing the governance structure of the Western Energy Imbalance Market (EIM) and the potential expansion of the day-ahead market (EDAM). NV Energy supports the joint comments submitted by the EIM Entities. NV Energy submits these limited additional comments to emphasize certain issues.

I. The Delegation of Authority for Market Rules

NV Energy respectfully requests that, as a foundational principle, the GRC seek to achieve the maximum independence for oversight of the market, consistent with existing California law. This request should not be viewed in any manner as a criticism of the actions of the CAISO Board of Governors. Rather, as FERC noted in Order No. 2000, governance must be independent in both reality and perception. In all other RTOs and ISOs, oversight of the markets is performed by independent, non-politically aligned individuals. More can and must be done to implement, this important principle.

The fully independent EIM Governing Body should be delegated primary authority for initiatives related to the real-time market, with the limited exception of issues that apply uniquely to the CAISO Balancing Authority Area. If EDAM goes forward, the primary authority of the EIM Governing Body should be expanded to encompass the day-ahead market as well.

Having demonstrated the feasibility of the two tier governance structure, it is time to remove the current limitation on the scope of the EIM Governing Body's primary authority. The CAISO Board of Governors would always have the ability to remove an initiative from the consent agenda for discussion and possible rejection. In all cases, however, FERC will be the ultimate arbiter of what is reasonable and not unduly discriminatory under the CAISO Tariff.

While oversight of the markets should be under the primary authority of the EIM Governing Body, all other tariff rules would continue to remain with the CAISO Board of Governor's primary authority. A limited subset of issues that affect both the real-time and day-ahead markets and other programs could be considered "hybrid," requiring formal approval by both the EIM Governing Body and the CAISO Board of Governors.

II. Possible Funding for the BOSR

In the Scoping Paper, the GRC raises the issue of funding for the Body of State Regulators (BOSR). State regulators must have the resources they need to actively monitor the CAISO markets and to provide comments both in the stakeholder process and, if necessary, at FERC concerning potential market revisions.

The members of the BOSR are best situated to determine the scope and type of resources that would be most useful and efficient to assist them in performing their oversight activities. Once those needs are identified, the BOSR members can determine if they are best met through separate state-by-state actions or through a central assessment administered by the CAISO.

Moreover, just because the CAISO is the agent for the collection or disbursement of the revenues, it doesn't mean that this aspect of the grid management charge must be assessed on all CAISO market participants. It is certainly possible, as with other CAISO charges, that it only be assessed only to EIM Entities with representatives on the BOSR.

III. Other Potential Areas for Governing Body Involvement

A. Oversight of the Stakeholder Calendar

The CAISO Staff maintains a catalogue of current and potential policy initiatives and an Annual Policy Initiatives Roadmap to identify those initiatives that the CAISO will actively consider. Today, the CAISO Staff only provides a briefing of the final Roadmap to both the EIM Governing Body and the CAISO Board of Governors. Neither body formally approves the plan. Given the importance of the roadmap as the guidance document for market improvements, CAISO Staff should submit the document for both review and formal approval. This would be no different than the process employed for the annual transmission plan that is approved by the CAISO Board of Governors. Any significant modifications to the roadmap would have to be approved in a similar fashion. The EIM Governing Body should review, approve, and monitor the progress of activities on the Policy Initiatives Roadmap related to the real-time market, and, if EDAM moves forward, the day ahead market. The CAISO Board of Governors should have the same authority with respect to all other initiatives.

B. Oversight of the Market Monitoring

Market monitoring is provided by the Department of Market Monitoring (DMM) and the Market Surveillance Committee (MSC). Consistent with the EIM Governing Body's primary responsibility for independent oversight of the real-time and potentially the day-ahead market, the functional reporting responsibility for DMM and the MSC for these market monitoring activities should be transferred to the EIM Governing Body as an independent committee of the CAISO Board of Governors.