

EIM Governance Review

Submitted by	Company	Date Submitted
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PG&E provides the following comments on the EIM Governance Review Issue Paper and Straw Proposal published December 14, 2018.

PG&E believes the current Energy Imbalance Market (EIM) governance institutions – the Governing Body, Body of State Regulators, and Regional Issues Forum (stakeholder body) – are each functioning well and together provide appropriate and effective oversight of the growing EIM marketplace. No major structural changes are warranted at this time.

PG&E understands that timing of the current Review is dictated by the Charter¹ established by the Transitional Committee during the creation of the EIM. PG&E agrees that it is premature to tee up governance issues related to any potential extension of EIM to the Day Ahead Market (E-DAM) as part of this Review, and that E-DAM governance should be a subject of the separate stakeholder initiative to be initiated by CAISO at a later date. With that said, PG&E has two specific recommendations for topics that may be addressed within the scope of the current, limited Governance Review.

1. The decisional classification process for stakeholder initiatives should provide greater transparency when initial classifications are contested and then, subsequently, either upheld or over-ruled, short of invoking the formal dispute resolution mechanism. Currently, the Guidance document (“Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body”, IV A) provides as follows:

After stakeholder comments are due on the draft final proposal, Management will reach its conclusion about the initial decisional classification and its plans to seek approval for the initiative. Management will notify the Chair of the ISO Board and the Chair of the EIM Governing Body of this initial decisional classification and provide links to the relevant papers about the initiative. If any stakeholders have submitted written comments on the draft final proposal disagreeing with Management’s proposed decisional classification, the notice

¹ Charter for Energy Imbalance Market Governance section 2.2.4 provides: “No later than September 2020, the EIM Governing Body will initiate a review of EIM governance in light of accumulated experience and changed circumstances.”

will also include a link to the relevant written comments from stakeholders regarding the initial classification. The notice, which will be posted on the ISO website, should also include a date when any responses from the Chairs are due back to Management. Under ordinary circumstances, the Chairs will have at least one week to review the notice before any response is due.

Unless Management receives an objection from either the Chair of the EIM Governing Body or the Chair of the Board, Management should proceed to present the initiative for approval as proposed in its notification. If an objection is submitted, the Chairs of the two bodies shall confer on the matter. Unless the Chairs agree on the proper decisional classification, the following dispute resolution process will be triggered.

PG&E notes that nothing in this section requires disclosure to stakeholders of the meeting that may take place between the Chairs of the Governing Body and CAISO Board to discuss an objection to the proposed classification, nor of the basis for their agreed-upon determination to either retain or alter CAISO Management's initial decisional classification. In the interests of stakeholder transparency, PG&E would therefore propose to amend the text in the second paragraph of this section as follows:

Unless Management receives an objection from either the Chair of the EIM Governing Body or the Chair of the Board, Management should proceed to present the initiative for approval as proposed in its notification. If an objection is submitted, the Chairs of the two bodies shall confer on the matter. If agreement is reached, the subsequent final proposal will note the date on which the meeting occurred and explain the basis for the final decisional classification. ~~Unless~~ In the event the Chairs do not agree on the proper decisional classification, the following dispute resolution process will be triggered.

2. PG&E believes that an expansion of the number of members on the EIM Governing Body should be included in scope for this Review. The West is a large, diverse region with many different stakeholder and geographic perspectives. PG&E believes that, as EIM expands both geographically and via a broader menu of complex products and services, it will be beneficial to create a larger, more representative Governing Body. This is equally as true in the current real-time only market context as it is likely to be in any future extension to the Day Ahead Market.

Currently, EIM is overseen by a five person Governing Body. There are eight US states (and one Canadian province) represented among active EIM entities, with two more preparing to join. PG&E notes that other multi-state RTO/ISO regions typically have Boards of at least nine members, in order to represent a broad diversity of interests.² PG&E proposes that CAISO seek further comment from parties on whether five is the right number of Governing Body members

² See, for example, Table 1 in "Considerations in Establishing a Western Regional System Operator," Ronald J. Binz, Draft dated April 21, 2016 available at http://www.energy.ca.gov/sb350/regional_grid/documents/2016-05-06_documents.php

or whether a larger membership would better represent the diverse range of voices and interests throughout the region.