

WESTERN ENERGY IMBALANCE MARKET

Discussion of Governance Review Committee Revised Straw Proposal Issues and Next Steps

EIM Governance Review Committee
General Session
March 16, 2021



Agenda

- Decision on Oct 28, 2020 and Dec 18, 2020 general session minutes
- GRC purpose and background
- Discussion of comments on Revised Straw Proposal
- Discussion of proposed path forward
- Public comment, questions and next steps

GRC charter and purpose

- June 2019: Charter
 - Develop, through an iterative public stakeholder process, proposed revisions to the current EIM governance structure
 - May consider potential governance enhancements in the event that a day-ahead market is added to the current EIM market structure
 - Strive to develop a consensus proposal that has the support of all members
 - Present to the EIM Governing Body and ISO Board of Governors a proposal for their review and consideration

Summary of key GRC milestones

- January 2020: Scoping Paper
 - Comments and Stakeholder workshop
- July 2020: Straw Proposal
 - Comments and Stakeholder Workshop
- December 2020: Revised Straw Proposal
 - Comments

Issues in the Revised Straw Proposal

- Issue 1: Delegation of Authority
- Issue 2: Selection of Governing Body Members
- Issue 3: Governing Body Meetings and Engagement with Stakeholders
- Issue 4: Other Potential Areas for Governing Body Involvement
 - Annual Policy Initiative Roadmap
 - Department of Market Monitoring, Market Surveillance Committee, Governing Body Market Expert
 - Funding Technical Assistance for Body of State Regulators
- Issue 5: Governing Body Mission Statement
- Issue 6: Other Topics

Issue 1: Delegation of Authority - diverse opinions

- Delegation of Authority
 - Some support for granting ISO Board of Governors and EIM Governing Body joint authority over real-time market rules
 - Others question whether changes are necessary for EIM and suggest revisiting after more is known about the extended day-ahead market (EDAM) design
- Scope of Joint Authority
 - Some support the proposal to define joint authority to include all real-time market elements, except those items related to CAISO grid and balancing authority area reliable operations
 - Others propose other definitions

Issue 1: Delegation of Authority (cont'd)

- Process for resolving potential deadlocks
 - Some support dual filings at FERC as a last resort, but others oppose this approach
- Decisional classification dispute resolution
 - Some support keeping the current process whereby the Board Chair breaks ties, and others request the tie-breaking role alternate between Chairs of the Board and EIM Governing Body
- Rescinding Joint Authority by ISO Board
 - Some support proposed 85% departure trigger and some support other triggers

Issues 2-6: Broad support for Revised Straw Proposal recommendations

- Issue 3: Engagement With Stakeholders
 - Some support the proposed revisions to the Regional Issues Forum Sectors. Others request adding a Neighboring Balancing Authority Area Sector
 - Some support the proposed liaisons to the Body of State Regulators. Others request that one liaison be designated from a California Consumer Owned Utility
- Issue 4: Department of Market Monitoring, Market Surveillance Committee, Market Expert
 - Some suggest that a Governing Body Market Expert be made available now. Others do not support creation of a Governing Body Market Expert and/or recommend that it be funded by entities outside the CAISO only
- General support and minimal comments on Issues 2, 5, 6

The GRC considered several options for how to move forward.

- Q2 2021 Full Proposal
 - Using stakeholder comments received to date, develop a Draft Final Proposal on **all issues** now
- Phased Proposal
 - Develop a **limited** Draft Final Proposal on Issues 2 – 6; spend additional time exploring options for addressing stakeholder comments on Issue 1
- Late 2021/Early 2022 Full Proposal
 - Spend additional time with stakeholders to further explore comments and options; delay a Draft Final Proposal on **all issues** until further discussion is complete

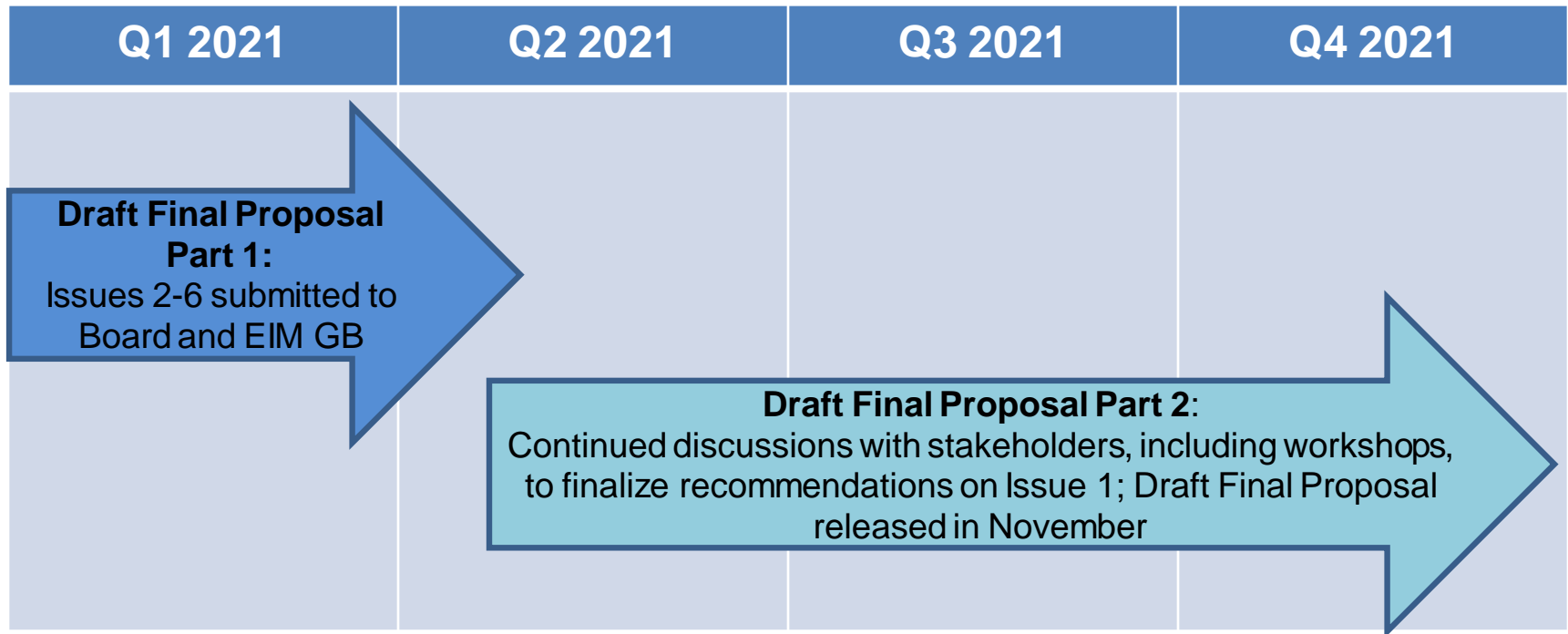
Key considerations in evaluation of options

- Broad regional agreement on most of the Revised Straw Proposal recommendations for Issues 2 – 6
- Opportunity to implement and provide benefit of certain recommendations in the near-term
- Delegation of Authority (Issue 1) topics are likely to benefit from additional time and public discussion to fully understand stakeholder positions and address concerns
- A phased approach provides opportunity for stakeholder workshops on challenging issues
- CAISO and many regional stakeholders are prioritizing Summer 2021 Readiness efforts

The GRC is recommending moving forward with the Phased Proposal

- **Draft Final Proposal Part 1** would address Issues 2-6 from the Revised Straw Proposal
- **Draft Final Proposal Part 1** would include previous recommendations and address stakeholder comments raised in Issues 3 and 4
 - RIF Sector representation
 - Governing Body Market Expert
- GRC will submit **Draft Final Proposal Part 1** to the Board and EIM Governing Body for joint consideration in Q2 2021
- GRC will continue working with stakeholders to address comments raised in Issue 1, with tentative plans for a **Draft Final Proposal Part 2** by Q4 2021

Phased approach enables Board and EIM Governing Body to move forward on some issues while providing additional time to address more complex issues



Approval process

- Draft Final Proposal Part 1 is posted approximately two weeks prior to GRC general session meeting
- GRC holds general session to take public comment and consider whether to approve proposal and submit to Board and EIM Governing Body
- If GRC approves proposal, it goes to Board and EIM Governing Body for joint consideration
- If both bodies approve the proposal, the recommendations are codified in governing documents and subject to the EIM Governing Body's advisory input and Board approval

Calendar of potential next steps

Month	Activity
March/April	GRC publishes Draft Final Proposal on Issues 2-6 (Part 1)
April	GRC votes on whether to approve and submit the Draft Final Proposal Part 1 to the Board and EIM GB for joint consideration
May	Joint Board/EIM GB meeting to vote on Draft Final Proposal Part 1
June	GRC general session meeting – to frame the process for Part 2
July	EIM GB advisory input and Board vote on changes to governance documents for Part 1 (Issues 2-6)
September	GRC general session workshop on Issue 1
October	GRC general session workshop on Issue 1 – if needed
November	GRC publishes Draft Final Proposal Part 2 addressing Issue 1
December	GRC votes on whether to submit Part 2 Draft Final Proposal to the Board/EIM GB for joint consideration

Milestones and dates subject to change

Helpful links

EIM Governance Review Committee information

<https://www.westerneim.com/Pages/Governance/GovernanceReviewCommittee.aspx>

EIM Governance Review Initiative webpage

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Western-EIM-governance-review>

Western EIM Governance Review Committee Revised Straw Proposal

http://www.caiso.com/InitiativeDocuments/Revised_Straw%20Proposal_Western_EIM_Governance_Review.pdf