



Oregon

Kate Brown, Governor

January 18, 2019

David Olsen, Chair
California ISO Board of Governors
P.O. Box 639014
Folsom, CA 95630

Dear Chair Olsen:

The State of Oregon appreciates the opportunity to submit comments in response to the California Independent System Operator's (CAISO) *EIM Governance Review Issue Paper & Straw Proposal (EIM Governance Paper)*. Our comments are focused on issues of importance to Oregonians.

The *EIM Governance Paper* begins with a proposed near-term, incremental change to revise the decisional classification rule to expand the motivation test to determine when the EIM Governing Body has primary authority.¹ We support the proposal as it designates primary authority to the EIM Governing Body in a more holistic way.

In Section III, the *EIM Governance Paper* raises a broader EIM Governing Body review.² Within Category One, that review should consider whether the time has come to move to shared authority between the EIM Governing Body and the Board for all initiatives affecting the real-time market. As the real-time market becomes more material to consumers' final energy costs outside California, the currently narrowly-delegated authority, which ultimately operates as veto power on a subset of initiatives today, is perhaps insufficient.

While the *EIM Governance Paper* has appropriately set aside governance questions related to the Day Ahead Market, it is a positive sign that the EIM Governing Body is playing an advisory role in those initiatives.³ Ideally, that advisory role will be conceived broadly and their advice will be given substantial weight in light of the exploration of expansion of the Day Ahead

¹ *EIM Governance Paper*, p. 4.

² *EIM Governance Paper*, p. 6.

³ Western Energy Imbalance Market Initiatives.

<https://www.westerneim.com/Pages/Initiatives/Default.aspx>

Market regionally. Clearly, further substantive governance changes would be needed to facilitate that expansion, but the time is not yet ripe for that exploration.

Section III, Category Three requests input on stakeholder processes. We offer comments related to (1) regional representation in EIM governance, (2) adequate opportunities for public power involvement in EIM issues, and (3) regional meeting locations.

(1) Regional Representation in EIM Governance

The *EIM Governance Paper* notes that the CAISO and its stakeholders have been through the selection process several times for members of the EIM Governing Body. The paper then asks:

*“. . .whether there are any aspects of the [selection] process that warrant reconsideration as part of the EIM Governance Review. Are there, for example, any aspects of the qualifications and criteria used to identify and evaluate potential candidates that should be considered for potential change?”*⁴

The State of Oregon appreciates that the current composition of the EIM Governing Body to date has reflected the broad geographic diversity of the states that have utilities participating in the EIM. We note that the current EIM Governing Body includes members with utility or regulatory experience in the Pacific Northwest, California, Nevada, New Mexico, and Montana.⁵ There are now eight active participants in EIM, representing portions of eight states and British Columbia. According to the EIM website, entities operating in two additional states are scheduled to join by 2021.⁶ As the EIM continues to expand, we recommend that the CAISO consider steps that could be taken to formalize the importance of maintaining geographic diversity among the members of the EIM Governing Body.

⁴ *EIM Governance Paper*, p. 7.

⁵ Governing Body Members, Western Energy Imbalance Market.
<https://www.westerneim.com/Pages/Governance/default.aspx>

⁶ Western EIM Active and Pending Participants, Western Energy Imbalance Market.
<https://www.westerneim.com/Pages/About/default.aspx>

While we do not have a strong preference for how this might be achieved, we do have two suggestions for how it could be accomplished: (i) require geographic diversity of members of the EIM Governing Body by region (e.g., Northwest, Southwest, Mountain West, California); and/or (ii) involve the Body of State Regulators more directly in the nomination and/or approval processes of new EIM Governing Body members. These types of steps would give states across the expanding geographic footprint of EIM greater confidence that the EIM Governing Body will maintain balanced geographic representation into the future.

(2) Adequate Opportunities for Public Power Involvement in EIM Issues

The *EIM Governance Paper* also addresses the role of current stakeholder engagement processes, and in particular, asks whether or not membership of the Body of State Regulators (BOSR) should be revisited.⁷ It is our understanding that the BOSR is comprised of one Commissioner from the PUC of each state in which an EIM participant is located.⁸ While this arrangement has been satisfactory given the membership of EIM participants to date, we note that several public power entities are expected to soon join the EIM (including Seattle City Light here in the Pacific Northwest). The Bonneville Power Administration (BPA)⁹ is also actively exploring whether to join in the years ahead.¹⁰ Recognizing the BOSR is self-governing, the BOSR could consider formally expanding to explicitly include representation for public power entities that are not PUC-jurisdictional. As with the current membership, this should allow for broad geographic representation of public power entities from across the EIM footprint.

⁷ *EIM Governance Paper*, p. 8.

⁸ Charter for Energy Imbalance Market Governance, Section 5.1.1 (Membership of Body of State Regulators). <https://www.westerneim.com/Documents/CharterforEnergyImbalanceMarketGovernance.pdf>

⁹ BPA is headquartered in Portland, Oregon and provides the vast majority of the wholesale power needed by the state's 36 consumer-owned utilities to serve their retail customers, accounting for approximately one-third of all electricity sales in the state of Oregon.

¹⁰ Bonneville Power Administration, "BPA's High Level EIM Timeline." Slide 7. <https://www.bpa.gov/Projects/Initiatives/EIM/Doc/20181214-December-18-2018-EIM-Stakeholder-Mtg-Appendix.pdf>

(3) Regional Meeting Locations

Last, the *EIM Governance* also asks whether there are any changes that should be considered with respect to the “frequency, timing relative to the ISO Board meetings, location, or topics covered” in the EIM Governing Body’s public meetings.¹¹ As noted previously, the EIM now includes participants operating within eight different states and British Columbia. We appreciate that the EIM Governing Body made an effort to hold public meetings across the west (e.g., meetings were held in California, British Columbia, Colorado, and Arizona) in 2018.¹² To ensure there is sufficient opportunity for stakeholders from across the west to provide feedback and input, we recommend that this geographic rotation of meeting locations for the EIM Governing Body become a requirement and that meetings occur in specific states on a regular, recurring basis.

Thank you for the opportunity to comment on this proposal.

Sincerely,



Janine Benner
Director
Oregon Department of Energy



Letha Tawney
Commissioner
Public Utility Commission of Oregon

¹¹ *EIM Governance Paper*, p. 8.

¹² Western EIM, Calendar of Meetings. <https://www.westerneim.com/Pages/Calendar.aspx>