

DOCKETED

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Governor's Office of California California Energy Commission

Workshop on Governance for a Regional Power Market

**Remarks of Ron Binz
on behalf of The Hewlett Foundation**

Sacramento, CA • May 6, 2016

The Hewlett RSO Governance Project

- Purpose: to develop ideas for stakeholders' use as they negotiate an RSO governance structure.
- The purpose is **NOT** to advocate, beyond support for the formation of a Regional System Operator (RSO).
- Binz engaged in November 2015.
- Project Methodology:
 - Discussions with numerous stakeholders across western region and at other ISO/RTOs
 - Research on ISO/RTO structures and FERC rulings
 - Written report

Topics Addressed in the Report

May 21, 2016 Draft

- RSO Governance
 - Board: members, construction, voting
 - Stakeholders: structure, rights, duties
 - State Regulators: organization, rights, duties, funding
 - Consumer Advocates: organization, process, funding

- Process recommendations
- Additional research

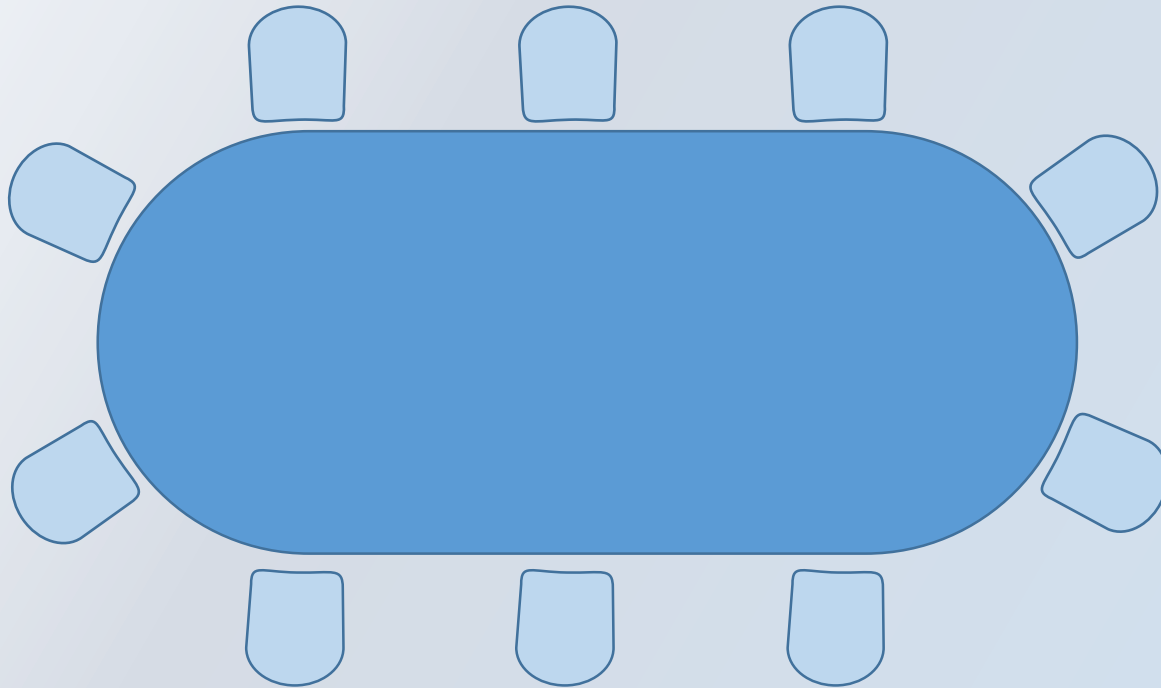
Overview of RSO Board Proposal

- Structure is a transition from today's gubernatorial appointed board to an independent expert board.
- Moves from a “bicameral” board to a “unicameral” board as the RSO membership grows.
- End result: A nine-member independent expert board confirmed by the stakeholders.

“Bicameral”  “Unicameral”

Bicameral Phase – RSO Board of Directors

Expert Committee

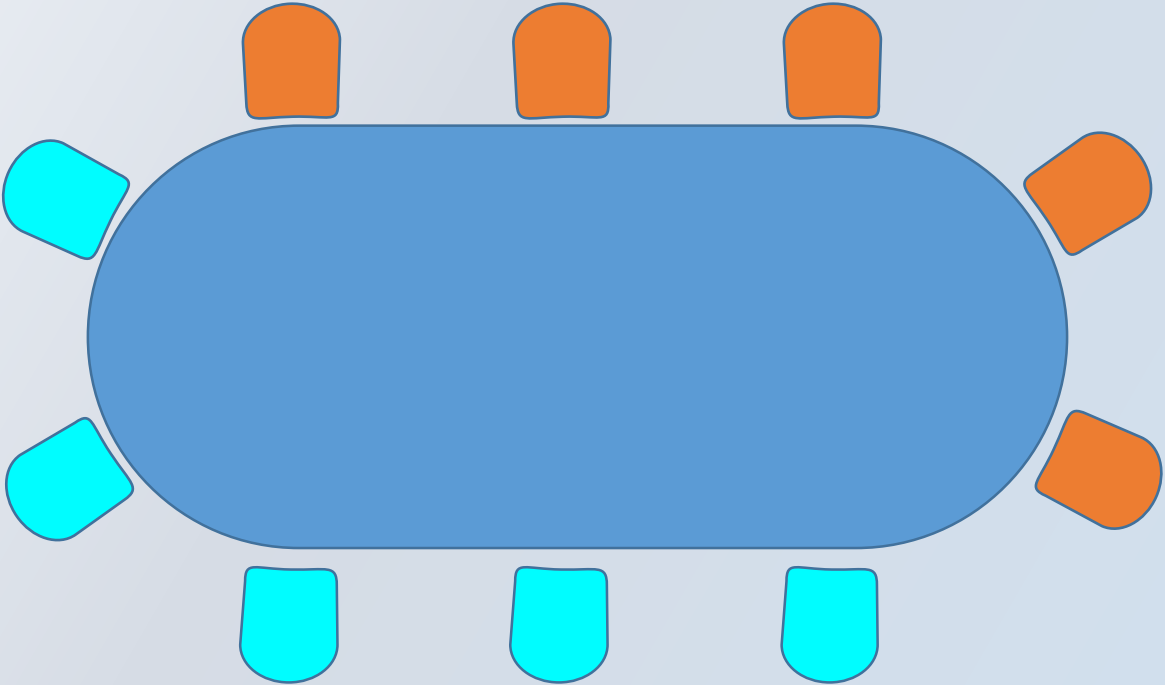


States Committee

Expert Committee

- Candidates identified by nominating committee
- Must fill certain qualifications
- Staggered terms
- Confirmed by
 - Supermajority of Stakeholders Committee
 - Remaining Expert Committee Members
- Similar to: Boards at other ISO/RTOs

Expert Committee



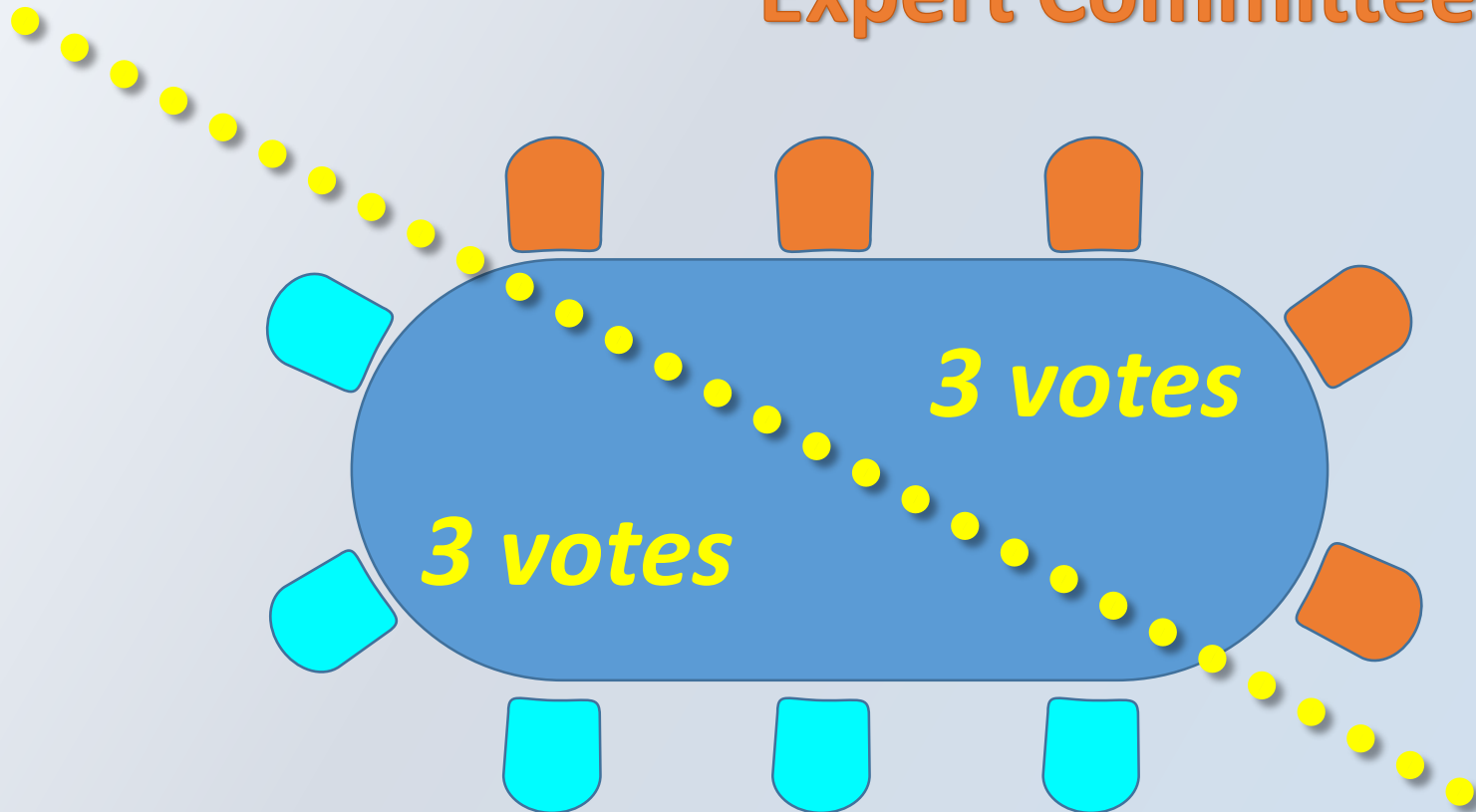
States Committee

States Committee

- **Committee members appointed in state political process.**
 - **Three members appointed by California**
 - **Two members appointed from PacifiCorp states**
 - **One from PacifiCorp East**
 - **One from PacifiCorp West**
- **Similar to: Current CAISO Board**

Voting on the Bicameral Board of Directors

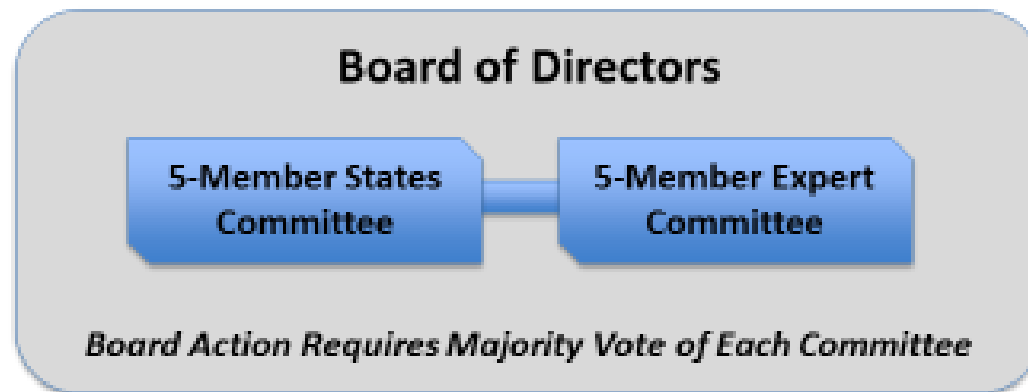
Expert Committee



States Committee

Summary of Board Structure

Board Structure of a Western Regional System Operator



5-Member States Committee

- 3 Appointees by California; 1 by PAC West; 1 by PAC East
- Sunsets 1 year after CA is < 50% of RSO load or at 5 years

5-Member Expert Committee

- Nominated by Search Committee
- Fulfills qualifications criteria
- Confirmed by Stakeholder supermajority and each Board Committee
- Expands to 9 when States Committee sunsets

Sunset of the States Committee

The States Committee sunsets one year after

EITHER

California's load is less than half of the RSO load

OR

Five years, whichever occurs sooner

Move to Permanent (Unicameral) Board

- The final year of the States Committee is a “wind down” year.
- During the wind down year, the Expert Committee is expanded from 5 to 7 members.
- One year later, the Expert Committee is expanded from 7 to 9 members, constituting the permanent Board of Directors.

Stakeholders Committee

- Nationally, each multi-state ISO/RTO has such a committee, ranging in size from 15 (MISO) to several hundred (PJM, ISONE).
- Smaller boards have representatives from various stakeholder sectors – 6 to 14 sectors.
- Usually have duty to advise Board of Directors and to elect (confirm) board members.

State Regulator Committee

- Common to multi-state ISO/RTOs
 - MISO – Organization of MISO States (OMS)
 - PJM – Organization of PJM States (OPSI)
 - ISONE – New England States Committee on Electricity (NESCOE)
 - ISONE – Northeast Council of Public Utility Commissions (NECPUC)
 - SPP – Regulators State Committee (RSC)
- Annual budgets
 - Range from ~\$800K to ~\$3.0 million

State Regulator Committee

- For Western RSO, a potential structure:
 - Committee with one Commissioner from each state in the RSO footprint;
 - Provisions for additional non-voting members (e.g., other state PUCs);
 - Voting protocol: WIRAB model (majority of load and majority of states)
 - Funding for regional coordinator with small staff; Commissioner and staff travel;
 - Budget provided by RSO, collected in the transmission charge.

Consumer Advocate Organization

- For Western RSO, a potential structure:
 - Regional Committee: one advocate from each NASUCA member or affiliate member in the RSO footprint;
 - Provisions for additional non-voting members;
 - Funding for regional coordinator with small staff;
 - Separate fund, administered by regional coordinator, with grants to reimburse costs of qualified non-profits under funding standards;
 - Funding would be a line item in RSO budget;
 - Annual reporting to RSO Board on effectiveness and uses of funds.

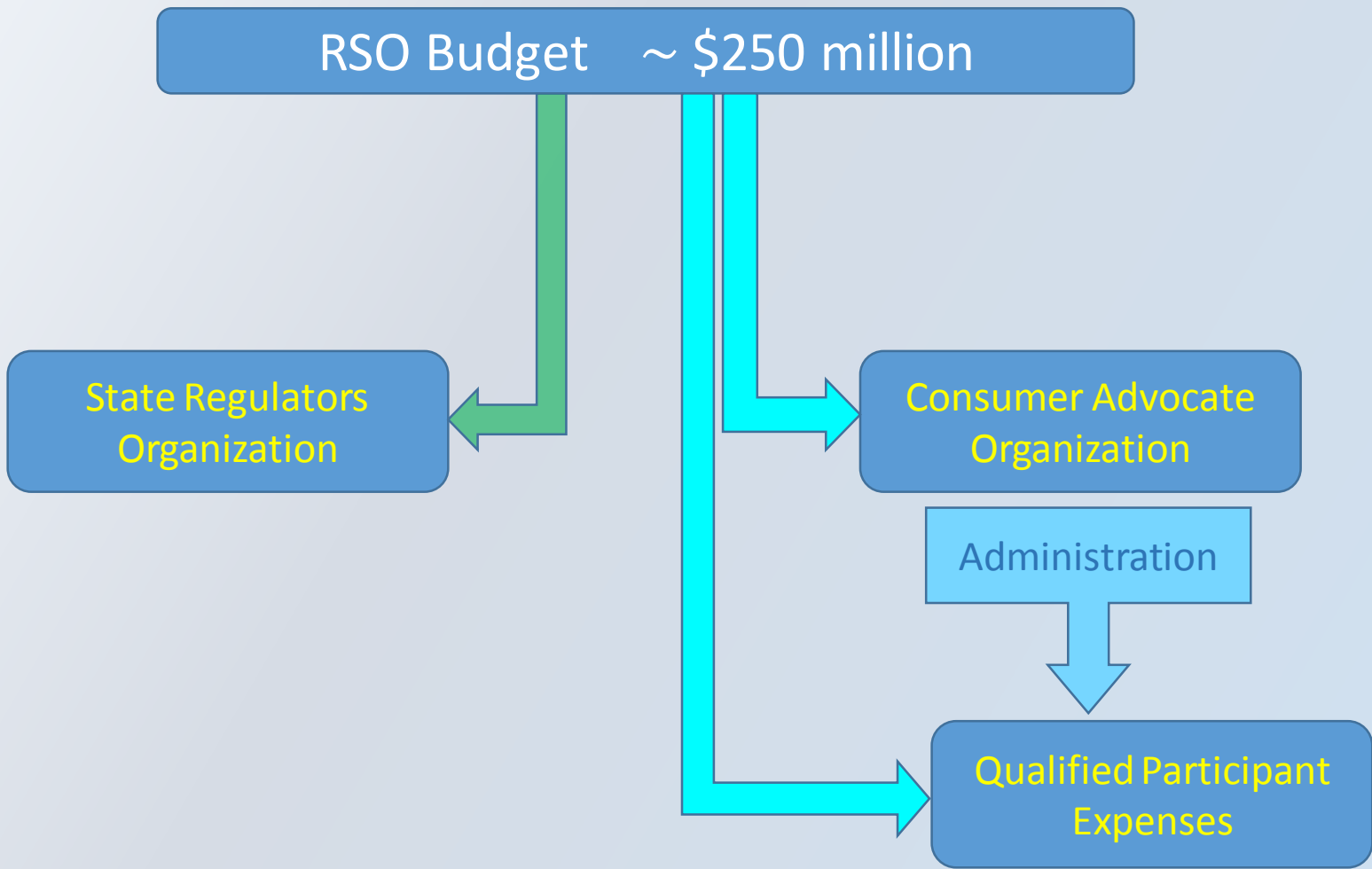
Consumer Advocate Organization

- NASUCA member and affiliate members:
 - Washington Office of Attorney General
 - Oregon Citizen's Utility Board
 - Wyoming Office of Consumer Advocate
 - Utah Committee of Consumer Services
 - The Utility Reform Network
 - Office of Ratepayer Advocate
- Funding for advocate costs
 - Not restricted to NASUCA members

Consumer Advocate Organization

- Process for expense compensation
 - Proposal made to CA Committee
 - Review and preliminary approval subject to standards
 - Review of applicant's performance
 - Approval for reimbursement
- Standards for expense compensation
 - Financial need
 - Provided effective assistance to RSO or FERC
 - Advocacy benefits consumers in entire region
 - Costs are reasonable

Regulator and Consumer Organization Funding



Thanks for the invitation.

I look forward to your questions.