

## DOCKETED

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**Greenlining Institute Comments on Regional ISO Governance Issues**

*Additional submitted attachment is included below.*



## **Comments of the Greenlining Institute on Governance Issues Pertaining to a Western Regional Grid Operator**

The Greenlining Institute (Greenlining) appreciates the opportunity to comment on the various governance principles and proposals that have been introduced in the ongoing public dialogue over whether and how CAISO should be expanded to include PacifiCorp. The Greenlining Institute is a research and advocacy organization dedicated to advancing economic opportunity and empowerment for people of color. We seek to build a nation in which communities of color thrive and race is never a barrier to opportunity. Issues of environmental justice and economic inequity are central to our work.

### **California Must Maintain Authority Over Its Clean Energy Policy**

As all parties emphasize, if CAISO expands California must maintain control over its own preferred resource policies, at both the transmission and distribution levels. California must retain the ability to prioritize energy efficiency, demand response, distributed generation, storage, and transportation electrification. We cannot enter into a regionalization agreement that impedes our ability to pursue these key policy priorities.

In determining how to best protect California's policy interests, it is critical to look not only at direct impacts easily identified on paper, but also at indirect impacts that could be unintentionally and irreversibly caused by regionalization. Stakeholders and decision-makers must think through the worst case scenario so that we can avoid it. Key California policy priorities, including reducing power plant emissions, should not rely entirely on market functions for their success or failure. They should be supported either by written ISO policy or, at a minimum, by a governance structure that allows California's (and other states') policy priorities to be articulated and negotiated among the participating states.

We must also leave room for what lies ahead. California must be able to continue in its role as a world leader in the clean energy economy under a regional ISO. For example, should California choose someday to move to a higher RPS, or to increase its greenhouse gas reduction targets, we must retain the ability to do so.

## **Governance Structure of a Regional Grid Operator**

### Decision-Making Authority

Greenlining agrees with the “bottom-up” decision-making structure set forth in *Principles and Issues for a Western Regional ISO* (p. 2), in which states set their own policy wherever possible, a committee of state regulators (or representatives) decides only matters that require uniformity across the ISO footprint, and the ISO board of directors or governors makes only the technical decisions needed for implementation. The ISO must be obligated to fulfil its duties in a manner that respects the policies of each participating state to the greatest extent possible.

It must be clear to all stakeholders, as well as to the board of governors and the committee of state representatives themselves, which decisions are to be made by which body. Additionally, the board of governors should be accountable to the committee of state representatives. Proposals to grant the committee of state representatives Section 205 rights, or to require the committee of state representatives to approve certain actions of the board of governors, would create some accountability. Greenlining also recommends that stakeholders and other public participants should be able to appeal decisions of the ISO – regardless of which body make the original decision – to the committee of state representatives.

Finally, Greenlining supports the “house and senate” voting concept set forth by Commissioner Florio, in which a policy would require that an action be approved by both a majority of the participating states and a majority of the participating load.

### Committee of State Regulators or Representatives

Greenlining supports the proposal to constitute a committee of state regulators or representatives, to make consensus decisions on issues that must be consistent across the regional ISO footprint. This committee should have some oversight of the board of governors, as discussed above.

Greenlining proposes that the committee of state representatives should have the final vote on nominees to the board of governors. This would ensure that the board remains accountable to the policies of the participating states. It would also help ensure that participating states support the board of governors, and select members with whom they believe they can work well and who they can trust to execute the Committee’s shared vision. Models in which the members or stakeholders vote on nominees to the board of governors will be more susceptible to influence from industry participants. Under this scenario, the members committee, discussed below, could be vested with nominating authority, as the CAISO Board Nominee Review Committee is today.

At the May 6<sup>th</sup> workshop, some parties expressed a concern that tasking a sitting commissioner with representing his or her home state on a regional ISO committee of state regulators might prove too burdensome, given that commissioners have more-than-full time day jobs. As an alternative, participating states could elect to

create a new position to represent their interests on the committee, or send a similarly qualified representative who is not a sitting commissioner. Given the delicate balance that will need to be achieved in a western regional ISO between very different energy policies, each state should be represented by an individual who can dedicate an appropriate amount of time and resources to the task.

#### Board of Governors or Directors

The day-to-day operations of the ISO should be executed by a board of governors or directors. This board should be comprised of technical experts and tasked with system and market responsibilities, as well as accountability to the committee of state representatives, as discussed above.

#### Members Committee

The members committee should have a formal advisory capacity, and should be comprised of representatives from all stakeholder constituencies. In particular, Greenlining strongly urges that the members committee have a dedicated seat (or seats) for environmental justice interests, as distinct from environmental interests. While there is significant overlap in the two movements' goals, the top priorities of each differ from each other, and one cannot substitute for another in this context. Both are affected by ISO decisions, and as such it is critical that both major interests are represented. As mentioned above, the members committee should be responsible for nominating potential governors or directors for consideration by the committee of state representatives.

### **The Expanded ISO Must Be Transparent and Publicly Accountable**

The expanded ISO should be subject to rules similar to California's Public Records Act, and to robust open meeting rules. Additionally, the expanded ISO should have administrative procedure rules governing its process for adopting or changing rules.

### **The Expanded ISO Should Facilitate Robust Public Participation**

Public participation processes at an expanded ISO should be accessible and transparent. Input provided by public participants should be considered on the record by both the board of governors and the committee of state representatives in their decision-making processes. Not only will this facilitate public interest input, it will also make it easier for state and local government entities that are not public utility commissions to be heard.

Additionally, some form of compensation for robust, thorough public interest participation at the expanded ISO will help to ensure that the ISO is fully accountable to the diverse interests its actions will impact. Compensation should be available for environmental justice and environmental interests as well as consumer interests. While a dedicated public interest representative body will be productive, it is not a complete solution in and of itself. Compensation should be made available for outside public interest representatives to participate as well.