

## DOCKETED

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## **Comments of the Wyoming Office of Consumer Advocate**

*Additional submitted attachment is included below.*



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California Energy Commission  
Regional Grid Operator and Governance  
Docket Number 16-RGO-01  
Re: Comments of the  
Wyoming Office of Consumer Advocate

May 19, 2016

The Wyoming Office of Consumer Advocate (WOCA) is an independent consumer advocate agency established by the Wyoming Legislature to advocate for the best interests of Wyoming utility ratepayers and all citizens of the state in matters involving public utilities. The WOCA represents the interests of all classes of ratepayers. It is the duty of the WOCA to advocate positions and policies that result in just, reasonable and affordable rates for utility services that are safe, adequate and reliable for Wyoming citizens. As the largest retail electric service provider in the state, and with generation and transmission facilities that serve utility customers in five states outside of Wyoming, the expressed intent of PacifiCorp to explore the benefits of joining a Regional System Operator (RSO) based on the current California Independent System Operator (CAISO) model has the potential to profoundly impact the quality and affordability of electric service provided to PacifiCorp's Wyoming customers. Accordingly, the WOCA has a keen interest in all aspects of the RSO proposal being advanced by PacifiCorp and the CAISO and appreciates the opportunity to provide these comments regarding the development of an appropriate governance structure for the proposed RSO.

While the WOCA is also actively engaged in the stakeholder initiatives and discussions regarding the Transmission Access Charge (TAC), Resource Adequacy (RA) protocol and the Grid Management Fee (GMF), we consider the governance issue to be of singular importance in the early development of the RSO. Without a satisfactory resolution of the governance structure issues among all stakeholders, discussion and debate of the other elements of the proposed RSO is moot. For this reason, we urge PacifiCorp and CAISO to prioritize the development of an acceptable governance structure prior to finalizing the remaining elements of the RSO proposal. In our view, it would be a waste of scarce resources to fully develop the balance of the RSO proposal only to find that no effect can be given to the development of an acceptable governance structure.

We are confident that utilities participating in an RSO would gain benefits from greater regional coordination. Such benefits include, but are not limited to, increased efficiencies in unit commitment and dispatch, more efficient reserve acquisition, more efficient management of transmission congestion and more efficient integration of renewable resources. Whether and to

what extent these system benefits will ultimately translate into net benefits for Wyoming ratepayers is undetermined and awaits the completion of PacifiCorp's cost study. Nevertheless, we hope that net benefits to Wyoming customers can be demonstrated with sufficient specificity and durability to warrant PacifiCorp's participation in the newly formed RSO. We do not believe, however, that the net benefits to Wyoming, no matter how large or long lasting, would be large enough to compel Wyoming to support PacifiCorp's participation in the RSO if the governance structure results in the subordination of Wyoming interests to the interests of other states, either collectively or individually. Whatever the net benefits to each state are determined to be, the RSO governance structure must guarantee participating states a continuing right to self-determination regarding energy and regulatory policy, and it must guarantee states a meaningful role in the ongoing management and operation of the RSO. The WOCA would not support a governance structure without these basic guarantees.

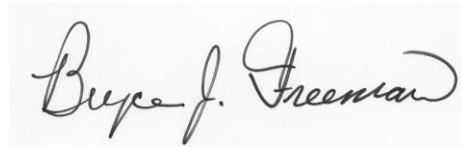
To that end, we have reviewed with interest principles and concepts contained in the several documents presented at the Governance Forum held in Sacramento on May 6, 2016. As a general matter, we agree with many of the principles enunciated by the sponsors of these documents, including those provided by Commissioner Ann Rendahl of Washington and Commissioners Mike Florio of California and Phil Jones of Washington. And, although we find many of the specific governance elements proposed by Mr. Binz to be of great interest and worthy of further discussion, we believe consideration of such specific proposals is premature at this time for reasons more fully set forth below.

In order for any governance structure to be successful, durable and acceptable to the various states in the RSO footprint, it must be truly independent, transparent and inclusive. Such a governance structure must also be tailored to allow the various states a prominent role in selecting RSO Board Members and to participate in the operation of the RSO to the extent necessary to protect their legitimate state interests. We do not believe that such a governance structure can be developed by the CAISO, PacifiCorp or any of the RSO footprint states individually. Rather, we believe a serious governance proposal must come from the states working together toward a common goal similar to the "Confederation of States" concept outlined by Commissioner Florio. In order to be acceptable to Wyoming, and we believe the other PacifiCorp states as well, an RSO cannot continue to be a creature of California Statute. Instead, its authority to operate the regional electric grid and energy market must derive from an agreement among all of the affected states that vests in the RSO the requisite authority from the individual states but reserves for states the right to exercise their traditional jurisdiction over matters such as resource planning, resource choices and energy policy preferences, as well as retail rates.

The WOCA further believes that it would be unproductive to focus on specific alternative governance structures at this time. We acknowledge that there is no doubt merit in further discussion of the specific governance elements proposed by Mr. Binz and others. We also acknowledge that there may be elements of governance models adopted in other RSO regions (i.e. MISO, SPP) that have applicability to a western RSO, thus mitigating the need to reinvent the wheel, so to speak. However, we believe those decisions should be made in a collaborative setting that includes all interested stakeholders within the PacifiCorp and CAISO footprint, and perhaps others who may have a future interest in joining the RSO or entities that will potentially

be impacted by the development of a western RSO. Therefore, the imperative is to initiate a collaborative regional dialog in which these matters can be debated and resolved.

The WOCA is confident that the substantive issues of RSO operations such as the TAC, RA, GMF and transmission planning and cost allocation, although most assuredly difficult issues, can be successfully resolved among the various states. However, we believe that resolution of these issues are entirely subordinate to the primary issues of governance and the quantification of net benefits. In our view, the development of a fair and fully independent consensus governance structure and demonstration of sufficient and equitably distributed benefits are prerequisites to resolution of the aforementioned operational issues. The WOCA intends to remain engaged in the regional dialog on all of these issues and will work in good faith, along with other regional stakeholders, toward an equitable resolution of these important and difficult issues. However, we will not support a RSO proposal that does not incorporate the basic governance principles outlined above.

A handwritten signature in black ink that reads "Bryce J. Freeman". The signature is written in a cursive style with a large, sweeping initial 'B'.

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Bryce J. Freeman, Administrator  
Wyoming Office of Consumer Advocate