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Comments of DC Energy LLC on Regional Governance Issues

Additional submitted attachment is included below.

Comments of DC Energy LLC on Regional Governance Issues

Seth Cochran, seth.cochran@dc-energy.com, 512 971-8767

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DC Energy appreciates the opportunity to comment on items discussed at the workshop sponsored by the California Energy Commission (CEC) and the Governor's office on Regional Governance issues on May 6, 2017. During the workshop it was clear that changes to the governance structure would be needed in order to foster participation in a Regional Service Operator (RSO). Furthermore, it is understood by many that of all the policy initiatives related to regional integration that governance is the number one issue of concern. DC Energy agrees that careful consideration must be exercised in order to ensure the governance model is robust and can facilitate regional integration. Our comments focus on the balance of powers and authorities of states and the RSO organization and developing a process that recognizes the need for strong stakeholder involvement.

The RSO governance should be led by an independent board for the region

One central theme of the workshop was how to develop a western RSO that meets the needs of its participant states. DC Energy supports a balanced approach and seeks recommendations that recognize the importance of not compromising the independence of the RSO organization. We submit that the RSO board should be comprised of independent experts and the governing documents (e.g. articles of incorporation, bylaws, etc) should avoid limiting the ability of the RSO to carry out their role of facilitating marketplace processes and products. Specifically, we believe the RSO should have section 205 rights over their tariff and governing documents. It would be an unfortunate outcome if the RSO governance process became overly contentious and politicized to the detriment of achieving the goals for which regional ISO was created in the first place. Accordingly, DC Energy seeks a process where members are integrated and move forward in a unified direction unencumbered by changing political forces and the often unsynchronized objectives of each state.

The RSO governance structure should include a committee consisting of industry stakeholders that have an advisory role to the RSO board

DC Energy thinks it is useful to draw on existing ISO and RTO governance models, which for the most part have been in operation for a long time. Certain elements of the SPP structure were mentioned repeatedly as an effective model for involving industry stakeholders in the governance process. DC Energy agrees that the level of industry stakeholder involvement is an important consideration and the governance process benefits from having open and direct access to the views of industry participants.

The SPP Members Committee offers an example of an effective working relationships between the board and industry stakeholders. The Members Committee is a voting body comprised of industry participants and it serves as a formal advisory channel to provide opinion and counsel to the board. The committee provides direct feedback to the Board, in a public forum, and

provides insight into the ISO and stakeholders ability to resolve disputes before they arise. This structure would help ensure stakeholder feedback is transparent and timely, which in turn would help facilitate consensus and avoid unnecessary disputes. We believe any such committee in the RSO structure be advisory only and would not have decision making authority. This way the benefits of stakeholder participation are obtained without without compromising the Board's independence. Lastly, it is important to clarify that while we recognize that the value of having an advisory committee reporting to the board, we do not think it is necessary to have full complement of stakeholder committees like many of the current ISOs. This would introduce an unfamiliar and potentially overly complex system that runs the risk of leading to an overall less efficient process.