

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	211584
Document Title:	Comments of Bonneville Power Administration on 16-RGO-01
Description:	N/A
Filer:	System
Organization:	Bonneville Power Administration
Submitter Role:	Public Agency
Submission Date:	5/20/2016 2:49:08 PM
Docketed Date:	5/20/2016

Comment Received From: Richard A. Greene

Submitted On: 5/20/2016

Docket Number: 16-RGO-01

Comments of Bonneville Power Administration on 16-RGO-01

Additional submitted attachment is included below.



Department of Energy

Adm. Chron. File

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

GENERAL COUNSEL

May 20, 2016

In reply refer to: PT-5

California Energy Commission
Docket Unit, MS-4
RE: Docket No. 16-RGO-01
1516 Ninth Street
Sacramento, CA 95814-5512

**RE: Docket No.: 16-RGO-01
Regional Grid Operator and Governance**

The Bonneville Power Administration (Bonneville) appreciates the opportunity to submit this comment in the California Energy Commission's (CEC) "Regional Grid Operator and Governance" proceeding. Bonneville is a Federal power marketing administration that serves the wholesale power requirements of many publicly-owned utilities located in PacifiCorp's East and West Balancing Authority Areas (BAAs). Bonneville's customer loads in the PacifiCorp East and West BAAs amount to about 650 MW of annual average load. Bonneville holds various transmission contracts to serve these customers over the PacifiCorp transmission system. In addition, Bonneville operates over 15,000 miles of high-voltage transmission lines in the Pacific Northwest and is a co-owner of, and the path operator for, the Pacific Northwest AC Intertie. As such, the outcome of this proceeding is of direct importance to Bonneville and its public utility customers.

General Comments

Timing of the Governance Proposal

As noted by many of the presenters at the May 6, 2016, public meeting (Workshop), the development of a regional grid operator and the governance of such an operator is a significant undertaking. The current ISO structure is designed to meet the particular policy and energy needs of entities served within the state of California. California entities understandably will want to maintain these energy policies and objectives within the regional ISO. At the same time, transitioning the ISO to a regional entity will require significant consideration of other regional parties' interests. The participation of PacifiCorp alone will involve expansion of the ISO to five additional states, each with its own state specific energy policies and objectives. Expansion will also impact Federal transmission and generation assets located in and adjacent to PacifiCorp's BAAs. Ensuring that these other regional interests are accounted for and protected in the regional ISO will be a significant issue for many entities in the Pacific Northwest. The

discussion during the Workshop made clear that balancing these diverse interests would be a complex, if not daunting, task.

Several of the panelists at the Workshop noted that other regions have worked through these issues. But what the ISO seeks to accomplish here – transforming a single state ISO to a multi-state ISO – is in many ways unprecedented. The lessons to be learned from other ISOs and RTOs on governance, while informative, cannot take the place of a robust regional discussion on what structure would best fit the unique interests of the Pacific Northwest and Southwest regions. And, in many ways, the West is different from other regions with RTOs and ISOs. The significant presence of public power customers and federal power marketing administrations generation and transmission assets, our history of coordination and cooperation, such as through regional power pools, along with a diverse mixture of hydro generation and renewables, require an approach to governance that recognizes the distinctive qualities of the West.

Taken together, developing a governance structure that is responsive to the characteristics of our region will take time. At the Workshop, many commenters discussed the principle that it is more important for the governance structure to be done “right” rather than “quickly.” Bonneville supports this principle. Many of the fundamental issues on governance have yet to be addressed: the composition of the board (state appointed members versus industry experts), how the board members will be selected, how the governance structure will honor state-specific energy policy objectives while seeking to operate a competitive market, the composition of a state advisory committee, whether to grant such committee section 205 rights on certain topics, and how to structure the stakeholder process. These are just a few of the areas that must be considered and decided before the governance structure can be completed, and Bonneville supports addressing them by taking the time needed to reach the right result.

Another principle discussed at the Workshop was the notion that the governance structure be durable. This, too, Bonneville supports. A durable governance structure, however, is unlikely to be developed if participants are not given the time to thoroughly consider the proposals. A durable structure will take time to develop, and even more time to vet, review, and evaluate with participants. Consequently, sufficient time should be given to allow regional parties to work through the difficult issues in order to find durable governance solutions.

Sequencing of the Governance Proposal

A closely related issue to the timing of the governance proposal is the sequencing of related tariff adjustments and participation agreements for the regional ISO. At the Workshop, a number of presenters mentioned addressing “first things first”, specifically noting the primacy of developing the governance model before making significant revisions to the ISO’s tariff. Bonneville concurs with this principle as well. The ISO is in the process of developing a number of initiatives designed to apply if and when the ISO expands its footprint. Already, the ISO has proposed developing policies and rules around regional Resource Adequacy and Transmission Access Charges that would be codified in tariff and enforced through participation agreements.

Bonneville is concerned that developing these regional rules or participation agreements concurrent with or ahead of the governance proposal may be placing the proverbial cart before the horse. Regional rules should be addressed and approved by a regional body. The current timeline, however, has these regional rules finalized and approved before the governance proposal is constructed, leaving little to no opportunity for a future governing board to weigh in on these key initiatives. Bonneville supports a measured approach where, ideally, the regional governance structure would be functioning and available to opine on these and other regional issues. If this is not possible, then, at the very least, final decisions on the regional rules should be postponed until a preliminary governance model has been established. With a better sense of how regional representation in the new ISO will be handled, stakeholders will have more certainty regarding how the regional proposals may be addressed or implemented.

Specific Comments

Stakeholder Process

The CEC invited participants to submit comments on specific areas or principles to be considered in the development of a regional ISO governance structure. Governance in the ISO includes not only the composition of the Board, but also how stakeholders and other entities interact with and provide input to the Board. During the Workshop a number of panel members expressed satisfaction with the current CAISO stakeholder process. However, there was a general recognition that changes to the stakeholder process may be warranted in the expanded ISO footprint. One idea mentioned was the development of particular stakeholder committees or groups that would be assigned specific areas in which to advise the ISO Board. These committees would be given certain powers to consider and develop proposals, which could then be proposed to the ISO Board for consideration.

Bonneville supports the development of a limited number of such committees to advise the regional ISO Board. These committees would act as a supplement to, rather than a replacement of, the current stakeholder process. Creating a few specialized committees to advise a regional ISO Board would provide an effective and efficient way of receiving input from various stakeholder groups whose interest or concerns may otherwise be lost in the broader stakeholder process.

For instance, a special committee could be developed to allow federal entities, like Bonneville, to advise the ISO on matters related to seams issues and general policy issues related to federal entities with transmission assets and load service obligations in the ISO's expanded footprint. As noted above, Bonneville has significant transmission assets located in or adjacent to PacifiCorp's BAAs, and Bonneville serves hundreds of MWs of public power load in PacifiCorp's system. Ensuring Bonneville may continue to meet its reliability and statutory obligations as the regional ISO expands will be key issues for Bonneville and its customers. However, Bonneville is concerned that reliability or statutory concerns raised by federal entities may be overlooked by the regional ISO Board if presented simply as one of many comments in a

general ISO stakeholder process. Accordingly, Bonneville suggests that the ISO governance structure consider creating a special advisory committee, such as a “Federal Entity Advisory Committee,” to advise the regional ISO Board on matters relevant to federal transmission and power service in the West. This advisory committee would provide a crucial connection between the regional ISO and the federal entities, with the likely benefit of greater communication and coordination of their respective systems.

Conclusion

Bonneville again appreciates the opportunity to submit comments in this proceeding and looks forward to the further development of the governance structure for the regional ISO.

Sincerely,



Suzanne B. Cooper
Vice President, Bulk Marketing