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MR. WEISENMILLER: Good afternoon. I'm Bob Weisenmiller, Chair of the California Energy Commission. I'd like to thank everyone for their participation today. Today's workshop is focused on presenting the System Operators Staff's proposed principles for governance of a regional system operator.

We are holding this workshop to give the western states, the stakeholder community an opportunity to learn more about the ISO Staff proposal and to discuss it. State law, established through SB 350 last year, facilitates the evolution of the California Independent System Operator from a California-centric to regional organization. Specific requirements in that legislation will be presented later by Stacey Crowley.

Part of the process today, as part of the process of today's workshop is informational. No decisions will be considered as this is a transparent window in an open discussion about a regional grid. This is very focused on the perspective from outside California.

Last week there was a similar workshop located in California, California-centric. Eventually the California system operator will make its final proposal taking into consideration the comments you provide today or on line.
Before we go into detail, I just wanted to remind you of the big picture goal context. Western regional markets have existed since at least the late '60s. At that point in time the Bonneville system came on line. There were also the major interstate projects connecting California, Arizona, and the Pacific Northwest.

Similarly in the later '70s there were a number of lines that came on line and tied together the west. So there's been a long history of benefits by regional cooperation throughout the west. These benefits have arisen from the diversity in loads and resources throughout the west. We remind everyone of Randy Hardy's vision of the, west coast vision back in the '80's again, I think.

So in a way our discussion today is not new. Although as with everything, it has to evolve, these relationships, to reflect the new resource realities and technology realities. And I would like to talk about the two technology realities.

The first is that there's a real revolution going on in the power business from renewables, from the cost. Last year at the Clean Energy Ministerial the big news was that in solicitation in Egypt, wind had been the most promising resource or cheapest resource, and at the same time in South Africa solar had been the cheapest resource.

This year in the Clean Energy Ministerial the big
news was that in Dubai there's a very large photovoltaic
project, which has been awarded a contract of 2.9 cents per
kilowatt hour federalized, and similarly in Mexico was a
recent solicitation which resulted in a portfolio of I
think it was about 4.7 on average. And again the cheapest
was photovoltaic, so it was around 3.7 federalized.

So that one of the real things that's affecting
all of us is the low cost of not only photovoltaic and
onshore winds but also, like Secretary Moniz always points
out, there's been a 90 percent reduction in the cost of
LEDs in the last five years.

So if you think about what the technology is
doing on the generation and energy efficiency side, it's
just the opportunities are sort of stunning at this stage,
and at the same time there's been a lot of technological
developments on what I'll call the grid operation side.

You know, certainly low-cost sensors are now
becoming much more available. Software and sensors, you
know, and I think smart inverters, micro grids and the
transmission distribution operating systems; basically
there's a whole lot of options going on in what's
essentially the independent system operators phase.

I think when we had a workshop at the Independent
System Operators symposium last fall I think it was Travis
that basically said that it's really just, the ISO is just
an IT approach. Again, there's been a lot of revolutions there.

Point out that, for those of you with iPhones, the computing power of the iPhone is equivalent to the mainframes that California had in my first period of public service in the '70s. So again, it's just sort of technology is really changing the power industry pretty dramatically.

I think as the technology changes occur, that means we all have to think about what that means. Many of us have been to different events talking about the utility business model and how that affects the utility business model. I submit that the implications are at least as strong for us regulators and sort of what we try to do on a regulatory scale.

Now, much of California and along the west, the west is operating under an outdated power operating system model. While much of the United States is already operating under a modern operating system, the west is still operating under a balkanized system with 38 different balancing programs.

I point out in contrast China has four as does Germany, although the Germans admit that they only have four because it's the legacy of their historic utility system, and they probably should only have one.
We need to find better and more efficient ways to operate the western grid. The world has changed dramatically in the last 20 years. The ability to integrate and dispatch more renewable energy is at our fingertips. Unfortunately we have not kept pace with the times.

In California we have established a 50 percent renewable. But we really need to look at adjusting our relationship with the West to make that something that we can more smoothly achieve. At the same time, our activities there certainly will affect the systems. You know, I think that it's pretty clear, as California has more renewables, which we will do, that tends to pull down wholesale prices, and that tends to really affect the times when power is most valuable or least valuable.

So again, it's long overdue now to have a discussion about the steps we need to take to modernize and integrate the physical operation in the west.

We've noticed a call for a tremendous environmental benefit as well as cost savings for not just California but the entire west. The track record from the imbalance market is already very promising.

So the question is not why we should do this but how do we approach regionalization in a way that's fair, balanced, and addressed the needs of all states involved.
That's the purpose of today's discussion; that is the purpose of our process.

Now, I want to emphasize that this is a transparent process directed to our statutes laid out in Senate Bill 350. Everything presented in today's workshop is open to stakeholder input and feedback. All comments we receive will be posted as well as our response to these comments.

We encourage participation of broad and diverse stakeholders because we know that, as we are transforming the ISO from a California-centric to a regional model that it's equally important that this stakeholder process, which is started from a very California-centric perspective, really has to evolve into a much more regional discussion and dialogue.

So thanks for being here today.

MR. RECHTSCHAFFEN: Thank you very much, Chair Weisenmiller. Thank you to our mountain colleagues for hosting us here.

For those of you who have been participating in the workshops in California, it's like a bad dream. You go to Denver and you see me, and you go to California and you see me. I apologize for that.

But this is a follow-on to the workshops that we've had. As Chair Weisenmiller said, it's highly
appropriate that we expand this to a regional focus because
we are talking about regionalizing the grid operator,
making it a California-only grid operator to one that spans
the entire region.

I'm not going to reiterate what the Chair said,
since we're here to talk about governance, but the context
is very very important. The benefits that stand to be made
will accrue to all regions if they're realized and
implemented properly. There are enormous potential
benefits.

We see reduced reserve margins as we pool our
resources, greater resiliency as we draw on a broader and
more diverse set of resources, geographically diverse and
power diverse. We see great benefits for integration of
our renewable policy. California and Oregon has a
renewable policy that will help us implement those
policies. We'll be able to deal with the intermittency of
renewables through broader balancing, which is a way to
save lots of money and makes integration much smoother.

We see streamline transmission planning as a
possible benefit. Of course the power of using a very
modern IT system with state of the art economic dispatch
and a real cost savings, hundreds of millions if not
billions of dollars eventually. And these can be realized
without prejudicing the interests of non-participating
transmission owners and utilities while respecting and preserving the interests of all the states with our varying environmental and energy policies. That's our objective.

This governance plan that we'll talk about today is not the end of the discussion by a long shot. It will reflect is we've heard in some of our internal discussions. In California with stakeholders through earlier workshops there's a set of comments we got on a workshop with the Energy Commission that was extremely helpful, excellent stakeholders' comments.

And it also reflects the very hard work that the informal body of state regulators that Commissioner Jones and Commissioner Florio have been shepherding since last fall have brought together a lot of expertise about how ISOs around the country work in the interests of our collective group of states, so we're trying to draw on all of these principles to advance the discussion forward.

There are open questions, and some of them are laid out in this straw proposal. You will undoubtedly hear different ideas in the discussion today and in the comment period after this. And we welcome those as we really try to formulate something that works for everybody.

So we very much look forward to the discussion today and thanks everyone for joining us.

COMMISSIONER FLORIO: I'm Mike Florio. I'm the
Public Utility Commissioner in California. Diverse group
of state regulators from around the west have been meeting
and talking about these issues for six or eight months now.
And I'm pleased that the ISO has come forward with a
proposal that now everyone can react to on these very
delicate governance issues.

The economics of integration are pretty
compelling. But the politics are a bit daunting. And we
have fiercely independent western states who may not agree
on a lot of policy issues. But there are economic benefits
that we can all share if we can successfully find a way to
put together and govern a regional entity.

So the commissioners have been working, floating
ideas. And now we have a proposal from the ISO that we can
all react to. I'm very interested in the comments that
we'll hear today. And they just emphasize that this is
the, this is still the early part of the process; certainly
not the end.

So we welcome suggestions how to come up with a
solution that will work for everyone. Thank you.

COMMISSIONER JONES: Good afternoon. I'm Philip
Jones, the commissioner of the Washington Utilities and
Transportation Commission.

First of all, thanks Stacey and thanks Chair
Weisenmiller for coming out to Denver, coming out to a
non-California state where I think you'll hear some
different opinions from what you've heard in Sacramento.

This is a process, as Cliff said and as Mike
said, we started the meeting just to give everybody a
little context on this. So the commissioners started
meeting over a year ago at the western conference in
Phoenix. I see Chair Little from Arizona here. And we had
our first meeting in Phoenix.

And Mike came in and talked about the plethora of
statutes in California that could lead to a regional ISO,
but he also pointed out some roadblocks and some
challenges.

So we started meeting. The Western Conference of
Public Services Commissioners gave us a little seed money
to begin in Portland. So we've had some meetings and
teleconferences. But I would say then it kind of morphed
or evolved into the EIM work. Chair Little has been very
busy working with others selecting the board, and the
process is in place.

So I think we've made good progress. EIM appears
to be working well. There were some issues that FERC has
pointed out that we have to deal with. But I think the
gross benefits that are showing the benefits PacifiCorp is
in. I see my friends from PacifiCorp are here in the
audience. I always call Sara the poster child. You went
first; you did a lot of the hard work.

It's not just an IT system, but it is hard work to change all the computer software, and all the things within a dispatch system, as many of you know, to make each point, each node has to be integrated into this very sophisticated MRTU, the California platform.

So PacifiCorp went first and ADA Energy went second. And then on October 1st we'll have Puget Sound Energy from my state. From Doug's state we'll have Arizona Public Service directly. They will be joining the EIM, which all of you know is FERC jurisdictional.

And also I would say that the publics are starting too, consumer-owned power utilities. Los Angeles is going to start moving toward an EIM. The press reports in my state, Seattle City Light will probably make an announcement next month to join the EIM so that's good; that's energy.

What we're talking about today is a much more significant deal. It's called Participating Transmitting Organization. So if you call the EIM baby steps, this is the full deal. So this is when a utility like PacifiCorp transfers operational control of all of its transmissions away from commissioners like me, commissioners in the six states to basically a FERC-jurisdictional entity, which ISO is.
We have to address issues like withdrawal rights, Section 205 rights. There are a lot of thorny issues that we have to deal with, not to mention six state commissions, including California, that would have to approve the deal.

Believe me, one thing I've heard from all my colleagues from especially the non-California states over the past nine months is governance; governance is key: Who controls, who sets the rules for cost allocation, resource adequacy, and very important issues like that.

It's timely that we're in Denver because here in the footprint of CCPG, Xcel Energy is also looking at an energy imbalance plan. They're looking the other way I think toward SPP looking eastward, but as we are looking westward toward CAISO.

The security constraint economic dispatch I would say is not just an IT platform but it's a tool. It's a tool to get more efficient dispatch over a wider footprint. As Cliff said, geographic diversity is really important especially for renewable resource; not so much for base-load but for renewable resources. So we're all looking for efficient, more efficient dispatch, a broader footprint.

Most studies such as the E3 study shows significant benefits, but they don't show the cost. So what are the costs? How do you allocate those costs? What
is the location of those costs? So these are issues that we've learned over the past nine months that FERC has dealt within many other organized markets like SPP, ISO New England.

These issues are thorny. There are often disputes between states and the ISO, and let's not forget the transmission owners themselves.

Finally, I think it's important, as Chair Weisenmiller laid out objectives of California. But this thing is only going to work if all states agree. California cannot drive this thing by itself. So we need to separate the technology from the public policy goals.

Each of the six states, who will be speaking today in the room, have different public policy preferences. My state, guess what, has a lot of federal hydro and privately owned hydro, so we are very interested in preserving that resource for the benefits of our citizens.

The coal states, coal is not going away soon in many states. It's going to be around. Natural gas is going to be around. So there's a diverse set of resources throughout the west, the western states that have to be integrated through these new tools of what CAISO has.

I believe that it's very important to have this discussion and to have a very vigorous discussion. But
again, it has to work for all six states; it just can't
work for California.

So I look forward to the discussion today. And I
turn it over to my colleague.

MR. BHAGWAT: I think I'm actually going to let
Stacey present first

MR. JONES: Okay, thank you.

MS. CROWLEY: Okay. Good afternoon, and thank
you, Chairman Weisenmiller. My name is Stacey Crowley.
I'm the vice president of regional federal affairs and the
California ISO. Thanks for your opening remarks from the
daïs. That's a very good way to set the stage for today's
discussion.

I'm here today to just provide an outline of the
proposal that has been posted as part of this discussion
today. I want to provide a little bit of background on how
we got there, a little about the proposal itself, and then
talk a little bit about the next steps.

First a little bit of background. As Chair
Weisenmiller mentioned, I was going to talk a little bit
about the context of Senate Bill 350, the piece of
California legislation that got adopted in October of 2015,
last year. In that, among other things, it provided for
the transformation of the Independent System Operator into
a regional organization. And it did that with the caveat
that it should only occur where it's in the best interest of California and its ratepayers.

To do that, the bill set forth some studies, the ISO was to conduct some studies to look at the impacts of a regional market on California and its ratepayers. It looks at several categories of benefits. They're up on the screen here, page 2. It is really the economic and job benefits of a regional market, environment impacts in California and elsewhere. We did look at the westwide benefits to environment impacts, the impacts of disadvantaged communities, and the emission of greenhouse gases and other air pollutants along with the improved reliability integration of the resources.

Those series of studies began shortly after the bill was passed in late 2015. The ISO brought together several consultants to perform these studies. And over the past several months, through a stakeholder process that allowed stakeholders to provide input on the assumption and methodologies that we studied, we came out with preliminary results. Those preliminary results were presented in May. And we had a two-day workshop to go over those results. And we are looking for comments on those preliminary results by June 22.

They are a fairly robust set of studies that look at all of those categories that I mentioned. And they
indicate considerable benefits to the multistate regional energy market of California and its ratepayers.

With that, we are embarking on the idea that to get to a regional organization, we fundamentally know that we have to change the governance of the ISO to reflect a more regional, regional footprint.

So we also know that it's a voluntary decision. The language in SB 350 points out that that transformation importantly shall not alter the compliance with any state laws. And it requires the ISO to maintain open meetings and public process, which we do now and continue to do.

And again, as I said, it's known that it's voluntary and it does acknowledge that we would need approval from state or local regulatory authorities for this to occur.

So the language in SB 350 lays out a bit of a process for us to get from where we are now to something that is more regionally oriented. It says that the ISO should present the study results that I mentioned, the preliminary results would turn into final, a final report, and that both the final report and governance modifications, as we discussed here today and through this process going forward, to a workshop of three energy agencies in California. Those are the California Energy Commission, the California Public Utilities Commission, and the California Air Resources Board.
Following that workshop, the ISO can submit both the study report and the governance modifications to the governor, and the governor can transmit to the legislature. So there is a process set forward. And at the end of this slide deck here I'll show you a bit of our targeted timeline to get to that.

So we looked and we look at the work that happened around the Energy Imbalance Market, the work around creating the governance structure for that as a very good template to start from. We believe that the work of the transitional committee that was created for those purposes provides a very meaningful foundation for the work that we are doing now. And I think it's something that you'll see draws the circle that basically uses the process that was set up through that committee and the work that they came out with along the way.

During that work and since then we have done some research on what other ISOs, multi state ISOs look like, how they're structured, their boards, their committee structures, all that information provided to the EIM transitional committee when they were looking at governance options. That's all posted on the website. And it's become a useful tool for us to understand really what the options are. Are there good examples to use? Are there things that we can learn not to do? And so I think that
also provides some meaningful background.

And we certainly have even spoken to many of those multi state ISOs sort of on the ISO side and the state regulator side to get a lot of feedback. And then the other regulators here have had discussions as well with those folks.

And I think what that did is added a really robust and collaborative environment. I think that's something that folks recognize as being very important. Relationships were made that didn't exist before. And I think that's going to add something that builds trust along the way. And I think that's a lot of what we have to do in California is build trust with our partners in other states.

And so as we develop this strong proposal for governance principles for the regional ISO, we really took, as Cliff mentioned earlier, really took in large part from the conversation, the papers, the discussions that happened over the past several months into account. And that was really what we think is reflected in this proposal.

And as Cliff said, this is a beginning. We do want feedback. We know it's a place to start. This is something that folks can react to.

Following Senate Bill 350, and really following PacifiCorp's express interest in looking at joining the ISO
back in April of 2015, we began having discussions with the states as was mentioned. Certainly the ISO and Governor Brown's office, Cliff, we met with the states to really understand what the key issues were. And we took that further to then start meeting in a larger group. I think that's been very useful to understand the perspectives of each of the states.

And along the way energy advisers as well. I shouldn't neglect the states' either the governors' office or the energy advisers had a very large role in this, and will continue to do so along the way.

And we know that we have to create something that's workable for all states as was mentioned earlier, and agreeable for all to make this really work. So again, it's an exercise in trust and a proposal that can be shared and supported amongst all states.

As was also mentioned earlier, this proposal also follows on from the May 6 workshop that the California Energy Commission hosted in Sacramento. That was an opportunity to allow public discussion about governance following some of these other dialogues. We, the ISO provided a framework of how our current governance structure works and some legal background sort of to set the stage.

As was mentioned, several papers have been
developed talking about key principles of governance for regional ISO. Those were presented at the workshop. And a panel of industry experts had an opportunity to comment on those concepts as well as their own in terms of developing a broad set of principles for regional governance.

After that workshop we had, as Cliff mentioned, over 20 sets of really thoughtful comments. And a lot of that again was used to develop this proposal. I think we appreciate the time and thought that went into all of those comments. I think they were helpful and useful.

So now on to the proposal. I want to go over, we really have eight categories of principles in this proposal. And they are really just consisting of these, as I say, overarching principles could evolve into legislative language. And we are proposing that the specifics of governance really be developed by a transitional committee, which I will talk about in a bit.

So first, the transitional committee. We know that there are a lot of details to work out on the governance proposal. But in order to get to some legislative discussion and potential movement this year, we wanted to set some high level principles and really leave the detailed work to a transitional committee.

As I stated, the EIM transitional committee proved to be very useful and successful for developing a
model for EIM governance, and we believe that a model such as that could be useful in developing details for a regional ISO.

We think that the committee should be constructed of stakeholders, a broad set of stakeholders from around the west including regulators, and they should be experienced in the energy industry and have, and bring a broad perspective with them.

They would be committed to implementing the principles put forth in this document and the revised document. And they would be committed to working expeditiously so that we could follow, allow the state regulatory processes to occur in a timely manner. Ultimately the committee would submit a proposal for the ISO board to consider.

Key among the principles that have been discussed I think almost without fail is the need to maintain state authority over their traditional policies, process procurement strategies, and state direction. I think that is without a doubt the most important component of this, and I think something that we take very seriously.

We do that now. The ISO currently works in collaboration with the energy agencies, but we do not set policy in terms of resource mix, procurement, things like that. That is something that the California Public
Utilities Commission does with their jurisdictional utilities. And we review that information from a reliability standpoint. As we operate we respect, we respect and we adhere to any other state's policies, and would continue to do that.

In this proposal what we do to sort of ensure that is to suggest that, in the governing documents, we would include language that would prevent the ISO from adopting policies in any state that would diminish, sort of any way that would diminish state authority.

We would also, as we've heard from public comment stakeholders that we should put in our governance documents that we should prohibit the ISO from proposing or endorsing capacity market, and we would also require unanimous approval by the board that gets created, and approval of a body of regulators that we will talk to, to change these governing bylaws as related to the state authority. I think that's important.

Another topic is the idea of our transparency over EIM, our environmental obligations. This is something that we also developed with the EIM where we wanted to keep track and account for GHG emitting resources moving into California in order that they comply with the California cap and trade regulations that are currently in place. And we want to do that for this regionalized ISO as well.
So we would develop a transparent methodology for tracking and accounting for greenhouse gas emissions, and we would also continue to comply with state regulations and be flexible to accommodate future environmental regulations knowing that they may occur.

This could provide an opportunity to work with other states to further compliance obligations with their state policies or their compliance with maybe federal policies going forward.

Another important principle was to acknowledge that participating transition owners must have a clear and fair ability to withdraw from an ISO. We have that now. Our current participating transmission owners currently have an exit provision that requires two years written notice. It's fairly basic in terms of what's written in our agreement. But it's worked well so far.

It really provides a safety valve, although you don't want to get there. It gives the parties an incentive to make matters work while preserving the ability to unwind if something were actually irreconcilable. But that meaning was acknowledged that there should be a process for withdrawal that is clear, that allows for voluntary withdrawal, or a withdrawal from the direction from the state or local regulatory body. In all cases, we need to make sure that the ISO is maintained for reliability for
its current customers going forward.

Another important principle is really transitioning from the current board makeup that we have now to something that is regional over time, and it's something that will facilitate a smooth transition.

Currently our board is a five-member board that is appointed by the California governor and approved by the California state senate. We are suggesting that the current board would be joined by four new members selected by other states. That would allow for a regional voice immediately. And during that time we would also develop a new nomination and selection process.

At that time in the initial board the California members would constitute a majority. And they would, this would start as soon as the governance documents were adopted by the ISO.

There are many ways to do this. There are going to be many ways to think about the nomination and approval process for an ongoing board going forward. We do have the example of the EIM transitional committee that they developed for the EIM where there is a stakeholder nominee process. And in this case the board would approve the first slate, and then going forward the EIM governing body approved any new members coming in.

There is something that we could do that is
similar to that. We talk about making sure that stakeholders have a role in the nomination process, which we did with the EIM. And again, we need to make sure that the board members meet FERC financial independence requirements going forward no matter how they're selected.

There are ways to do this. We talked about, again, stakeholder nominating process. The approval process could include something that has a state role. I'm not sure exactly what that would be, but there are options. And we look forward to feedback and comments on that piece and really all pieces.

Another very important principle is the development of a body of state regulators, also called regional state committee. In the SPP model it's called the Organization of MISO States and the MISO model. This body would provide direction and input on matters of a collective state MISO.

As we proceed, they would be incorporated as a separate entity. And that is similar to how other ISOs do that, but not all. We are suggesting that one regulator from each state within the regional ISO footprint be included. We're also suggesting that an individual from a public utility have a nonvoting seat on this body.

And in this case they will have significant primary authority over certain policy issues, such as
transmission cost allocation and certain aspects of regional resource adequacy. I think the details of that will be further defined by the transitional committee as we have proposed.

And in this proposal we are suggesting that the voting rules for this body be similar to the WIRAB model. WIRAB is the Western Interconnection Regional Advisory Body. And that model is such that an approval would require a vote of the majority of the members of the body as well, and members representing at least a majority of the load within that regional footprint, sort of a dual voting mechanism that allows folks to recognize the load of a particular state, but that no one state could make a final decision.

And there are examples of different voting models, certainly an example of different ways to organize a body of state regulators. In particular we use the RSC model, the Regional States Committee model, and the Organization of MISO States model.

So back on the body of state regulators. They will again have the primary authority over certain issues. And the way that we have suggested is that the regional ISO will need to obtain approval from this body before filing at FERC on these issues.

There may be some exceptions where there's
reliability is imminently threatened or there's something
that would undermine the reliability. We're proposing that
there be some exceptions to that. There's also discussion
that's on this paper about the concept if there's a
stalemate within the body of regulators that there be some
time given to the body to try to discuss the issues and
come to resolution, but at some point allows the ISO to
move forward if the stalemate continues.

And then there's some topics that we think the
transitional committee can look at and consider as it goes
through its public process, including the process to
improve and facilitate broad participation in stakeholder
proceedings. Currently, the ISO has a fairly transparent
and robust stakeholder process. Many members and
stakeholders are pleased with that process; however, we
understand with a larger footprint there may be a need to
revisit the process and then see if there needs to be any
improvements.

Also, the development of a formal stakeholder
committee. We did hear from several stakeholders that that
might be a way to bring in new stakeholders and folks that
want to have a larger role and interest in the market. And
then eventually the creation of a funding mechanism to
facilitate participation by state consumer advocates. That
was also discussed as something that was necessary and
should be revisited.

So finally, there's just two more slides. The first is the next step, as I mentioned in my early remarks, that we are looking at this process really formed out of the language of Senate Bill 350.

Today and last Thursday we are having these public workshops to present our first proposal on governance and get stakeholder feedback both in these meetings and in writing. We're asking those comments to be submitted by July 7 through the California Energy Commission docket. I have a page of reference material on the next slide to help you get there.

We plan to take those comments, and revise the proposal. Our goal is to post that by July 19. And that is in order to potentially hold a joint agency workshop by July 26 that would allow us to submit our recommendation and our final study on SB 350 by early August.

At any time during this process on California ISO related issues, you can certainly email our regional integration@Caiso.com email. Then there are several other webpages to go to to find more information, certainly the docket through the California Energy Commission. There's information on the Senate Bill 350 itself, and some webpages that we have on the California ISO website that allows you to see a lot of information in terms of our
stakeholder initiatives, governance process, our SB 350 study results, and some of the data behind that as well as really anything related to our regional effort.

So with that, I will stop.

CHAIR WEISENMILLER: Thank you, Stacey.

MR. AGUIRRE: Just one moment. I just want to make a record. She said the proposal has actually been presented.

CHAIR WEISENMILLER: Again, you can talk to the attorney about that.

MR. AGUIRRE: The proposal has not been presented. That's a misrepresentation.

CHAIR WEISENMILLER: You can make your comments to the attorney, as I told you last time.

MR. AGUIRRE: You're making a false record. The transcript will not correctly reflect there is no proposal of the set of principles, which is inconsistent with the notice you've been giving.

MR. BHAGWAT: My name is Ashutosh Bhagwat. I am a member of the ISO Board of Governors.

I want to talk a little bit about the process by which this proposal is put together, which is that it's been presented as an ISO Staff proposal, but I want to emphasize it's important that we've been, there's been a lot of involvement by a lot of people, including everyone
at the table with me. And the board has been actively
involved as well since the very beginning.

The idea is, we know this is going to be a
complicated process. We know that there are going to be
disparate views across the west and across California
frankly. And we know we're going to have to reconcile to
the different priorities. One of our tasks, as we see it
as the ISO board and the staff agrees, is to listen. We
really need to hear what are people's concerns.

But I think it's important as we go into this to
recognize something important, which is that this is
important. What we're doing actually matters. And it has
enormous upside. Diversification of resources and
regional intervention has potential for, first of all,
making renewable integration much easier. Second of all,
substantially reducing costs to customers across
California and the entire west, and third of all, creating
significant economic and environmental benefits again
across the west.

Our experience with the EIM over the last year
shows us that this is possible. We've already witnessed
statute levels, but full realization would increase that
by an order of magnitude. That's why we're doing this.
We're doing this because there's a lot to be gained and
California and the west frankly is behind the rest of the
country.

On the other hand, as we proceed to think about changing governance, we have heard many legitimate concerns. And there have been many many adjustments and a lot of input, including everyone at this table. And this is, what Stacey just presented is basically an opening thought on we've incorporated the thought, we've heard the concerns. Especially we recognize concerns about preserving state authority, which is very legitimate.

We've also heard concerns about capacity markets, and recognize that those are legitimate concerns. We've tried to respond to it. And there may be more work to be done. We certainly invite responses. This is still very much barebones.

But we also recognize that everyone is going to have to do some compromising. It's simply not possible for everyone in the west to be thrilled with every single aspect that is going to come out of this. It's going to be a process of compromise moving forward.

It's important to recognize that the reason for it is that gains are so significant that I think from all of our perspectives it's worth thinking about how we can accomplish this in a way that everyone can be satisfied. I think that's where we're starting off.

So thank you.
CHAIR WEISENMILLER: Thank you. Thank you.

Let's go to questions from the dais.

MR. RECHTSCHAFFEN: Stacey, I'm wondering if you could talk a little bit more about the transitional committees and what role there can be for the states in that transitional committee, how many people would be on it, what are your thoughts.

MS. CROWLEY: Thank you, Cliff. This is Stacey Crowley again for the record.

Certainly we do not detail that out in this, in these principles. I think certainly we would like broad stakeholder support as well as state regulators involved in this.

We want it to be a reasonable size so that people can get work done effectively. But I think you want to make sure that it's a broad group. I think we would ask these folks to be committed to working together through consensus and collaboration, which is what the EIM transitional committee did, and that worked very well.

But the details are still to be worked out. And I'm looking forward to folks' suggestions on some of these details.

CHAIR WEISENMILLER: Commissioner Florio, do you have some questions? No. Commissioner Jones? Okay. Let's go to roundtable discussions. Rebecca?
MS. WAGNER: Thank you, Bob. That went more quickly than I was expecting, which I appreciate. I'm going to try and get through this as quickly as possible not only because we don't want to belabor anything too much, but we want to get precise information and we want me to be able to make my flight home tonight.

That was a joke.

I'm going to go ahead and introduce our group of panelists. And I'll start by introducing myself. My name is Rebecca Wagner, former or soon to be former chair of the Energy Imbalance Market.

Assuming all goes well at this next board of governors meeting our board will be concluded, and we will be free to move on to the next iteration, transitional committee.

And today I'm going to just go down the line of my panelists, non Californians. This is the western, the rest of the west panel. And I'm going to start by introducing Travis Kavulla, who's on the phone. And we've been texting, so hopefully he'll be able to respond.

Can we go ahead and do a check on that?

MR. CUCCIA: Operator, can we open up the line to Travis Kavulla?

COMMISSIONER KAVULLA: Hello, ladies and gentlemen.
MS. WAGNER: Hi, Travis.

COMMISSIONER KAVULLA: Hi.

MS. WAGNER: Okay. I think I just heard Siri say something. Travis, I'm just starting the introductions. I wanted to make sure you were on the line.

Most of you all know Travis. He really needs no introduction. But he is currently the vice chair of the Montana Public Service Commission, the president of NARUC, and a member of the soon to be defunct EIM transitional committee.

He's a great guy to work with. We're very sorry that he's not here with us today because it would certainly add to the entertainment of this.

I'm going to go just down the line here. To my left is Steve Buening. He's the director of Market Operations at Xcel here in Colorado. He represents the utility and wholesale electricity market design issues. He has been a promoter of regional market development in the west in order to gain more efficient generation and grid operations.

He also served or serves on the soon to be defunct EIM transitional committee. There's a theme here.

Going down the line, Jennifer Gardner. Jennifer represents the Western Resources Advocates as an attorney
and policy advocate before Western Public Utility Commission, regional energy planning forums, legislative bodies, and other venues where energy decisions impacting them are made.

She served on the nominating committee for EIM. She's also responsible for local engagement in Utah and regional engagement throughout the western interconnect on topics like net design, net metering, electric grid reliability, market function structure.

She's been following the Energy Imbalance Market and now the regionalization of the ISO and clean power plants. I hope you make a lot of money, Jennifer.

Next in line is Marshall Empey. Marshall is the chief operations officer for Utah Associated Municipal Power Systems, also known as UAMPS. He's been with the organization for 30 years and is currently participating in several committees on the transition group and in an implementation of CAISO for EIM and integration efforts.

Marshall also, during his career, has represented UAMPS before FERC, WEC, state regulatory agencies, and with some of the past industry restructuring groups such as Indigo, Desert Star, and Crude West.

Next in line is Abby Briggerman. Abby is an attorney with Holland and Hart here in Denver. She represents large electricity consumers and consumer
coalitions throughout the Rocky Mountain region in a variety of regulatory matters, including rate reliability as well as tariff disputes.

She regularly appears before the Public Utilities Commissions. And before coming out west, Abby represented interests before FERC.

Next in line, as many of you know, Bryce Freeman. He was appointed to his position in May of 2003. And he currently serves as the administrator of the Wyoming Office of Consumer Advocates. The OCA provides infinite representation of utility customers in contested cases before the Public Service Commission in Wyoming.

Next in line is Caitlin Liotiris. She is a senior consultant with Energy Strategies. It's a consulting firm located in Salt Lake City with a variety of clients across the energy sector.

Today Caitlin is here representing the American Wind Energy Association, AWEA. It's a premier national trade association that represents interests of the American wind energy industry.

And finally, last but not least at the far end of the table is Mark Gendron. I hope I got that right.

MR. GENDRON: You got it right.

MS. WAGNER: Mark is the senior vice president of Power Services for Bonneville Power Administration,
BPA, as of March 2014. He oversees a multifaceted organization that is responsible for the acquisition and sales of wholesale and bulk power assets, investments in the federal hydro system and a nuclear plant, acquisition of additional power resources, management of wholesale contracts, and a sizable capital budget.

So with that, I'm going to just do a quick overview of what our format is for today. I'm going to give everyone two to three minutes just to provide their initial reaction to the governance proposal. And then we'll go through section by section of the topics.

And in advance of the meeting I asked the panelists to let me know where they wanted to be asked questions so we could be sure to establish a fulsome record, not a Folsom like California record.

And so we'll go ahead and start down the line with Steve, just a few opening comments. And we'll just go down the path. I'll share my microphone.

MR. BUENING: Thank you, Rebecca. Good afternoon, everybody. Can you hear me okay?

My kids gave me a T-shirt the other day that said, Iterate until convergence. I like that T-shirt and I'd like to see the initial framework here on the governance proposal, I think we need to continue to iterate. And I think we can come to convergence on what
it will be.

Let me mention, and Rebecca, thank you for the introduction. I think you mentioned that PASCO has a lot of wind and I have a lot of wind, as some of you know.

But our utility operating company in Colorado has two-thirds of our retail supply is coming from wind production. We've had days where half of the energy produced in a day for our customers has come from wind resources, and we're on the way to being 30 percent renewable energy from wind.

What we see when we see that kind of variability in our resources is the need for a more liquid pool of wholesale market supply that we can use to balance that variability. And we need to see more efficient use of the grid. Rather than simply holding out capability to be conservative with respect to your reliability, use the tools and technology available to the industry today to dispatch the resources in a way that makes full use of the largest capability.

Our utility has operating companies that are in the Midcontinent ISO and in the southwest power pool. They also have a significant amount of wind resources in those markets. And we see the benefits of that more efficient pool regional dispatch.

That's my motivation for being here today. I
like everybody here, but it wasn't just to sit up at this
table, okay?

But we've participated as PASCO and the WEC and
CAISO solicitation of comments in this process, but I'd
also like to point out that we're working with six other
utilities in the area in order to see what could be done
to achieve some of these goals with respect to all the
utilities in the area, the Colorado Coordination
Transmission Planning Group, CCTPG, the group of utilities
going through the exercise right now calling themselves
the Mountain West Transmission Group are evaluating their
options.

Phil, you have to say, for the sake of fairness,
while SPP is one of the parties who was invited to provide
comments, we also invited the CAISO to provide comments on
how it could structure a solution for our area as well as
the Midcontinent ISO and PG interconnection. So we are
evaluating our alternatives as a group of utilities in the
region.

I'm sorry if I'm going past my two minutes,
Rebecca, but just in terms of general comments on the
governance proposal, I would give encouragement to the
idea of addressing fiduciary duties as one of the issues
at the outset.

I think the RTO in my opinion is at its best
when acting as an agent of transmission owners and market participants while being inclusive and respectful of state and federal regulatory jurisdictions.

So I think we have to be careful about talking about fiduciary duties where there's a clear-cut obligation of the organization that gives them the rudder to do what they need to do in the function of their duties.

One of the things I think to make sure we point out in that characterization is that the RTO be expanded -- the RSO you might hear it called sometimes -- is not a ratemaking organization. It's a tariff service that serves to allocate cost, not to set rates.

I think that's it at a general level, Rebecca. I'll come back to the section comments.

I guess I did have one other that I couldn't fit into one of the numbered sections, but just a suggestion. I didn't see any mention of the relationship between the market monitoring unit and the governance of the organization.

I know that's established right now in the current board of governors structure, but it might be something to keep in mind in terms of the full regional proposal as well.

MS. WAGNER: Thank you, Steve.
Before we go down the line, we'll go to the line with Travis Kavulla for his opening comments.

COMMISSIONER KAVULLA: Thank you very much, Rebecca. Can you hear me?

MS. WAGNER: Very very well.

COMMISSIONER KAVULLA: Excellent. That was one of the worst puns on fulsome I've ever heard, Rebecca.

I'm delighted to join you today. And just in the way of opening comments, I've been involved in the project to try to make the western markets more efficient for a number of years now, really since 2011 when a group of western commissioners got together asking how more efficient dispatch in the west might be promoted.

I guess the reason why regulators either care or should care about this is that under the cost of service based rates that predominate the western United States, utility regulators have an ingrained duty to make sure the assets that consumers are already paying for, regardless if whether they operate efficiently or inefficiently or somewhere in between, are in fact used as efficiently as possible.

And it gradually became clear over the course of the years that there were a lot of more efficient plants relative to less efficient plants that weren't operated as they should despite transmission being available that
linked those plants to load areas.

So I'm delighted we have the real-time energy market up and running in the form of EIM. It's extending to the far reaches of the west now. Montana's largest utility, for instance, has commissioned a study to become a member. And I'm just delighted to see its success.

I guess my high level comments are the following. First, there's no need to reinvent the wheel here as might have been the case with respect to the formation of other RTOs and ISOs over the past several decades.

There are now a number of workable models for ISO governance in the United States. And the things that sprung from those governance models that might be actively changed in order to respect western differences are smaller than the elements that can simply be imported and are readymade and proven to the success of ISOs.

In particular, I would want to call out the southwest power pool, which really is the originator of the model that you're seeing in the regional states committee embodied within this proposal.

You know, even some of the elements of western difference that are sometimes called out are not as different as they seem. You know, the statement the great concentration for instance of power, Nebraska, is already
a participant in an RTO in the form of a southwest power pool.

I think the first and most important principle where the difference in the situation in the west really does come to a head is the fact that you call them ISOs now. That's a creature of state law, even though at this moment, to this day, it is a federally jurisdictional creature.

I really think as a first principle it needs to be articulated that the western ISO can't be a creature of any given state's law; it needs to be an optimizing platform for whatever public policy states might lawfully adopt. You don't want to think of an RTO or an ISO as the body that's making public policy. You want to think of it as it needs to be the body that's efficiently operating the wholesale markets, efficiently operating the regional transmission grid, and incorporating all states' public policies into its operational design.

I think that's kind of a first and most important principle that is tacitly acknowledged in this whitepaper, specifically on footnote 1 on page 3. But that's sort of the equivalent of burying the lead. We need to bring that out and make it candidly addressed in a more than straightforward manner.

I'll hold the rest of my comments until we go
section by section, Rebecca. Thank you for having me, and allowing me to participate by phone.

    MS. WAGNER: Thank you, Travis.

We'll move on to Jennifer Gardner.

    MS. GARDNER: Can you guys hear me okay? Okay, great.

    Well, as usual, Steve Buening and Commissioner Kavulla prove to be hard acts to follow. So I don't know whether I should consider myself fortunate enough to follow you guys or not.

    As Rebecca said in the introduction, I am a staff attorney with Western Resource Advocates. I don't think it comes to any surprise to folks in the room that, as an environmental organization, and one that's focused on clean energy, we are incredibly supportive of the formation of a regional market in the west.

    As Steve said, we've started calling this an RSO, a Regional System Operator. We've been heavily engaged in a variety of stakeholder processes the CAISO is managing related to this effort, and trying to provide as much assistance along the way as possible.

    Related to the governance, I think just at a very high level we were pleased with what we saw from the CAISO in terms of the proposal. We think it's a really good start. We don't think it answers all of the
questions, but we think it's a really good platform from which we can have an ongoing conversation and reach a governance proposal that hopefully can be palatable to the multitude of stakeholders that are engaged in this process.

Just from our perspective, I think there are a lot of things that we like about this proposal, but there are a lot of things that raise questions for us as well. I'm sure we're not alone in that feeling.

So first of all, one thing we are incredibly supportive of -- it's been mentioned a number of times -- is the concept that this is a transition. This is a transitional approach to governance. This will not happen overnight.

We support following the model we have seen through the Energy Imbalance Market, the development of a transitional committee, the development of the nominating committee. We like these because we feel like it offers stakeholder input throughout the process; it offers the timeline in which to transition. But we think that most importantly having that diverse stakeholder input up front is incredibly important to the formation of an RSO.

I think that we are incredibly supportive of the fact that a transitional approach will enable the current type of board of governors to transition not only to a
hybrid board but also eventually to a fully independent board, which we believe is ultimately necessary for the successful functioning of an RSO.

I don't want to go into too much detail in my comments, Rebecca. I'll save that for the more pointed questions.

But one thing that we've been supportive of throughout this entire process is recognizing the important roles for states, making sure that their authority is preserved while also recognizing that we have to have a fully functioning RSO.

I think that it's an important balance that has to be struck. States need to have appropriate authority; they need to have appropriate advisement powers if you will as part of the body state regulators. But that also has to be balanced with the interests of a fully functioning and effective Operating Regional System operator.

With that I will close my opening remarks.

Thanks for that.

MS. WAGNER: Thanks, Jennifer.

Pass the microphone Bryce. I'm sorry, to Marshall on.

MR. EMPEY: Thank you for asking us to comment.

As the introduction said, we've been doing this for years.
UAMPS started out with the first open access contract in the 1980s with the other public power entities in Utah we've been fighting for this in all of the various proposals over the years so we see this as a positive.

We do have concerns. You'll kind of highlight them. UAMPS right now has 44 members, 38 of those are in the EIM market. So we're down in the trenches in that market.

And unlike all comments, the market is not working. The settlement statements are absurd. I spent three hours last Friday writing our monthly dispute letter on the settlement statement. So until the settlements get worked out, I can't say that the EIM market is a success. And that's with the full regional ISO.

I'd like the plan to be fully comprehensive before we put that in so it does work when it gets implemented, and not we don't have the afterthoughts.

Sort of a few comments. One of the things that we're really worried about is the cost of this. All of the studies have always highlighted the benefits. We do agree there are benefits; that's why we've always been pro market throughout my career at UAMPS. But there's been very little analysis of the costs of doing this.

And, you know, you can have all the benefits in the world, and if the costs outweigh the benefits, the
consumers are not going to be happy. And we're trying to represent our consumers. I think there has to be more analysis of the cost and/or the staging of this.

For example, we all probably have seen the TAC initiative. The TAC charge, if that's a postage stamp rates, that outweighs all the benefits to the PacifiCorp entities. Resource adequacy maybe not as financially clear, but that's another issue that assigning the resource adequacy across the whole footprint could affect a lot of cost for the PacifiCorp entities. I mean, I'll leave that.

But I think we need to address the costs. And my proposal get into the governance I think is where I'm coming from on those proposals.

Thank you.

MS. WAGNER: Thank you, Marshall.

Next in line is Abby.

MS. BRIGGERMAN: Can you hear me on the microphone?

Hi. I've been asked to speak here today on behalf industrial customer interests. I just sort of need to do a disclaimer at the beginning of this.

Holland and Hart represents various industrial consumers in the Rocky Mountain region. My comments today should not be attributed to a single industrial customer
or a single group of industrial customers that we represent. My comments are meant to be more general.

Generally, industrial customers are in favor of anything that increases competition in the energy industry, but the devil is in the details. I'd like to respond to some comments that were made earlier today that have implied that the benefits are clear. And I don't think that a case has been made yet that the benefits are clear, just echoing your comments also.

We need to see a net benefits test, a clear analysis of the cost before we can conclude this is a good project for consumer interests. I don't think the case has been made yet that this is a good, necessarily a good idea for consumer interests.

One of the key things in terms of governance that is important to consumer interests, industrial consumer interests, is making sure that customers have their voice heard in governance. I'd like to highlight one of the positive things we've seen in this proposal, and this is the preservation of the state authority aspects of this proposal. That is a very good start from our perspective. However, we do have many concerns with proposal.

This seems to be this seems to be heavily weighted in favor of California interests in terms of the
transitional committee, the initial board, the body of
state regulators. California seems to have a lot of
authority here at every step of the way.

We would like to see some more detail on the
scope of authority that each committee or transitional
committee or board is going to have. That aspect is not
really presented here in this proposal. So the scope of
authority of these transitional committees and whatnot is
very important to understand.

Finally, one major issue we have is this seems
to be very rushed. I think a lot of people agree that
this is a major, very important aspect of the CAISO
expansion of the creation of the regional ISO. Governance
is a very very important aspect of this; however, we are
just now getting the initial proposal and we are trying
to, it appears, wrap this up by the end of the summer, and
that is incredibly rushed for one of the most important
aspects of this project so that is a major concern that we
have.

Those are my initial comments.

MS. WAGNER: Thank you, Abby.

We'll turn to Bryce Freeman.

MR. FREEMAN: Everybody hear me? Thanks,

Rebecca.

I need to remind everybody that I am speaking on
behalf of the Wyoming Office of Consumer Advocacy as well, and my views shouldn't be attributed to anybody else besides the Wyoming Office of Consumer Advocates.

I think it's fair to say we did file written comments after the workshop was held in Sacramento last month, and expressed our views about what should be contained in the governance proposal.

Some of the things that are contained in this straw proposal were things that we advocated in our written comments; however, I would say as an initial reaction we have a number of questions, concerns, and even some criticisms of the proposal that came out. We have criticisms and questions regarding, as Abby said, the transitional and initial board, and how those would be selected, and the fact that they'll be California-centric for the duration of, what is so far, an unspecified transitional period.

We have questions and concerns in a number of other areas as well, which I won't get into right now. I'll save those for the topic-by-topic discussion later. But I would just make a couple of general observations.

This, if it was to be adopted and approved in Wyoming, would be a substantial departure from business as usual for regulation in Wyoming. We're used to being, reacting to utility applications that come before the
commission. And so to the extent that the commission
would not be the venue for our voice to be heard, but
rather it would be the ISO and perhaps the Federal Energy
Regulatory Commission, that's a radical departure from the
way regulation has worked in Wyoming in the past, at least
for a substantial piece of PacifiCorp's infrastructure.

We want to be careful, as Abby said, that we get
this right. We think it's been pretty rushed.

A lot of what we view and what we've said about
the governance issue, from our perspective as consumers in
Wyoming, is informed by our work over the years, over many
years, related to the cost allocation that goes on among
the states in the PacifiCorp footprint. It's my, I guess
I would admonish all of us at this point to remember that
that has been a fraught process at times over the past.
And to the extent that the governance proposal that we
have before us now assumes that all of us will just be
able to somehow magically get in a room and agree about
all these things I think is unrealistic.

I think we need to give a lot of thought about
how this would be structured, what the scope is, how
decisions would be made; otherwise, we're going to be
sorely disappointed. I think in that type of a process
states will still be prone to advocating their own self-
interests, and agreeing regionally is not something that
comes natural.

With that, I'll leave the rest of my comments for later discussion.

MS. WAGNER: Thank you, Bryce.

I'm continuing to get reminders to have people speak directly into the phone, or to the microphone.

Caitlin?

MS. LIOTIRIS: My name is Caitlin Liotiris. I'm going to give a disclaimer as well. I work for Energy Strategies, work for a variety of clients. Today I've been asked to speak on behalf of the American Wind Energy Association, so what I say today is what AWEA feels and not necessarily my own position.

AWEA has been a strong supporter of the regional expansion of the ISO and continues to support regionalization. Believes there are a lot of potential benefits for enhanced reliability and significant rate reductions, including the ability to access very low-cost wind energy.

Just like my fellow panelists and other stakeholders, AWEA wants to assure a governance approach is fair and balanced and amenable to California and non-California entities. I think it's a general reaction to the ISO's initial proposal that AWEA thought it was a good starting place. It seemed to incorporate many of the
comments that AWEA submitted following the May 6
governance workshop.

Of course there are a number of areas where the
details will be critical to determining whether the
proposal is reasonable or not and will be amenable across
the west. But AWEA has seen the success of the EIM
transitional committee, and believes that leaving some of
those details to a similar transitional committee is
appropriate, and have faith that that will be successful.

I think the biggest concern for AWEA, and likely
many outside California, is the continued reliance on the
current California ISO board, and that's the continued
control of California in some of the transitional elements
and also in developing some of the key policies in
implementing a regional ISO.

So some of the concerns there have to do with
the ISO board being responsible for appointing
transitional committee members, approving the final
details from that committee, and then of course the
continued California majority on the board through the
transitional period.

AWEA believes that there needs to be broad
support across the industry, and that's got to happen
regardless of whether the process is controlled by
California or not. And therefore it seems reasonable to
include additional approvals necessary for a governance structure to move forward, perhaps approval by some body of stakeholders or the productive body of state regulators in addition to the ISO board.

With that I think that I will leave the rest of my comments to questions.

MS. WAGNER: Thank you, Caitlin.

Last but not least, Mark.

MR. GENDRON: I have the microphone in my mouth.

I'm last, and definitely feel like I'm at the end of a very long line.

I'm Mark Gendron with Bonneville Power Administration. I greatly appreciate having the opportunity to participate and engage in this discussion about the western ISO governance.

And Bonneville is a federal power marketing agency. And we market the electric output of 31 federal hydroelectric projects in the Pacific Northwest and some non federal projects.

Whenever requested, we are required by statute to sell power to meet the firm requirements of certain qualifying utilities and federal agencies in the Pacific Northwest. Bonneville also operates 75 percent of the high voltage transmission system in the northwest. This system is essential for PacifiCorp to serve its loads in
the west side of their system.

The federal hydro system is committed to many
many different uses that limit its flexibility. But the
surplus capability of the system we believe will play an
important role in providing zero carbon capability and
also helping managing oversupply in California and also in
the broader west.

BPA has a statutory obligation to serve 19 of
our preference customers with load located inside
PacifiCorp balancing authority with an average load of
about 600 megawatts. The governance and market rules of
the future western ISO have a significant impact on the
service that we provide for those customers.

Just very high level, our interests are really
fourfold at Bonneville. First, our primary interest is
that we continue to protect the value of the federal
hydroelectric and transmission system for the preference
customers and existing long-term transmission customers of
Bonneville.

Our second and also critical interest is
Bonneville must engage to maintain reliability of the
western grid. As the energy markets change in the western
interconnection, that is an important interest.

Third is we believe decision-making processes
associated with a western ISO should rely on
collaborative, collaboration seeking consensus-driven outcomes, and finally we need each other. Bonneville needs EIM entities and prospective BTOs to serve our loads in the region, and members of the ISO and potential BTOs also need Bonneville to deliver power through our transmission facilities.

At a very high level, our overarching comments would be the principles as drafted reflect consideration of respecting western state authorities and integration of western ISO. They do not yet, however, consider or suggest appropriate roles for federal power marketing agencies. This consideration we believe is essential because of the unique situation at the Bonneville Power Administration in the western interconnection of the lines of the western ISO in coordination with the EPA.

The principles should incorporate the concerns of the non-jurisdictional publicly-owned transmission operators who are not subject to state regulation or most FERC marketing authorities. Addressing these concerns requires the engagement of federal transmission operators in that they do not intend to join this.

Again, we really appreciate being here, and look forward to the opportunity to engage.

MS. WAGNER: Thank you, Mark.

Now we'll go ahead and turn to the actual
proposals, and walk through the eight principles. As I noted before, I have a general idea of who wants to comment on what so I'll just go ahead and call on you randomly so you are forced to pay attention every second because you don't know when you're going to get called on.

First of all, I'll turn to Travis since he's on the phone and we don't want him to feel left out.

So Travis, why don't we start off with you on the first general topic of the preservation of state authority.

COMMISSIONER KAVULLA: Thanks, Rebecca.

You know, this is really a linchpin issue for states, obviously, and for good reason. I think a lot of states as well as load-serving entities that are self-regulating, like rural electric cooperatives and public power, have looked skeptically on certain markets such as PJM and the like sort as a kind of runaway train that has gradually usurped the resource procurement function that used to be native to their decision-making authority.

Having an obvious safe harbor of these items to states and those load-serving entities in question is particularly important. And I think that's what, I think that's what the first section calls out.

There's a lot of legal detail to it, and we'll
get into some of that in the body of state regulators, which has certain Section 205 in the Federal Power Act tariff filing rights to direct filing through the ISO board with respect the authorities that are observed. 

In general, I think this first section articulates a valuable principle, and should include by the way the thing that I laid out in my opening comments that the ISO has to not be a creature of any given state laws, but really a platform where all of them could be taken together in perspective.

One very specific caution I would make is with respect to the third bullet point however which prohibits the ISO from proposing or endorsing any centralized market for the forward procurement of electric capacity products. This is really an overly broad prohibition to express by principle.

I don't think that anyone in the west anticipates the day where we're going to have a capacity, a centralized capacity market through which load-serving entities have to procure all of the necessary capacity to meet our resource advocacy obligation, which is something that any ISO of any market size has to come up with.

However, there will be a role even in ISOs where the marketplace is virtually integrated or where states
direct procurement for a centralized capacity market to
dispose of small surpluses or deficits of capacity.

Midcontinent Independent System Operator runs
one of these where only a small fraction of capacity in
the region is clear. And I can tell you firsthand as a
regulator of a utility that operates the PPO in MISO that
that has saved customers a lot of money. By allowing
Montana co-utilities and other utilities like it to rely
on a residual centralized capacity market, you're allowing
them to defer resources that might be attributable only to
momentary load growth, for instance associated with an oil
boom in the case of Montana, and you're allowing them to
take advantage of a fairly clear price signal for that
capacity without having to enter into a more complex
bilateral transaction for the same resource.

So I think a prohibition of this type should
remain in place, but it needs to be more narrowly drawn.
It should be expressed, in my view, as prohibiting a
centralized capacity market through which load-serving
entities are required to procure all of the capacities to
meet resource advocacy obligations, and not a wholesale
prohibition on the trades of any capacity through an
auction.

Thanks.

MS. WAGNER: Thank you, Travis.
Jump around here. Let's go to Mark.

MR. GENDRON: Bonneville supports the states' roles in advising the independent board on specific issues that traditionally have been under their jurisdiction. But at the same time, BPA, the federal agency, operates under its own statutes, and we have our own separate obligations.

We believe the principles really need to recognize that those federal authorities, although often very compatible with the state authorities, are indeed distinct. We think the governance structure should compel the independent board not to make FERC findings or policy changes impacting specific issues without consensus from representatives from both the states and the federal government to fully take into consideration the unique requirements that exist with Bonneville Power Administration.

Relevant to --

MR. RECHTSCHAFFEN: Excuse me. Can I ask for clarification?

Can you explain more? I understand the broad principles but, Mark, I'm sorry, how, what is, what does that mean in practice? Does that mean that power market agencies have to be on the board, or the Board could only reach out after a public process in which the body of
state regulators consults with the BPA?
		Maybe you can put this in your comments. But it
seems like I'm not quite sure I'm following what that
actually means in practice.

MR. GENDRON: I think what we're saying is that
there may not be a perfect fit for Bonneville Power
Administration or power marketing entities on, you know,
on this committee, the body of state regulators. And that
we are, although we have similar interests, we really are
very unique. And we operate under statutes and
requirements that are separate and independent laws and
regulations.

So I think there could be another body that
Bonneville could participate in such as a market advisory
committee. But the body of state regulators appears to
be, you know, the body that might be a good fit; we
just believe it needs to recognize the uniqueness of the
federal power marketing entities.

Did that answer your question?

MR. RECHTSCHAFFEN: A little bit. But maybe it
would be best if you try to address it more specifically
in your written comments, what other bodies you are
envisioning or how it might work in practice, and that
would be helpful.

MR. GENDRON: Thank you.
I think Travis' comments regarding capacity markets is, I think generally we're supportive of that. We think that the prohibition on capacity markets, although we generally appreciate that, is a bit far too restrictive, and there may be opportunities for a short-term capacity or ancillary services that we wouldn't want to see limited for a broad prohibition on capacity markets.

MS. WAGNER: Thank you, Mark.

Just to follow up on that, what might be useful in your comments is, if there's any other model or how other power marketing agencies, I know each of them are unique and slightly different, but if there's another good model out there that's always helpful to draw from.

Next I turn to --

CHAIR WEISENMILLER: Just for a second, I also was going to ask Travis if he had specific language for Point 3 on page 2 that would be useful.

COMMISSIONER KAVULLA: I would be happy to share some.

MS. WAGNER: By the end of the call, or in comments or some other --

COMMISSIONER KAVULLA: I can share it in writing.

MS. WAGNER: Thanks, Travis.
Any other questions from the dais? Okay, thanks.

I'll turn to Bryce.

MR. FREEMAN: Thank you, Rebecca.

This is an area where we certainly agree that any regional organization that manages transmission infrastructure and markets needs to preserve, to the greatest extent possible, state sovereignty and authority.

We do have some questions about how that would work because there appears to be some conflicts in the proposal with regard to authority that states have traditionally exercised over the necessity for building utility infrastructure that they would continue to exercise that, it appears to us, for example CPUC authority, that may not fit exactly with the scope of the authority that is envisioned by the straw proposal for the RSO, so we have many questions there.

And in keeping with some of the concerns that we have in other areas, we do have some concerns with voting as well as with regard to the capacity markets and those sorts of things.

If you wanted to, if the RSO was implemented with a prohibition against capacity markets, and that was later proposed to be changed, it appears to us that it would require a unanimous vote of the board. But perhaps
a simple majority of the body of state regulators would suffice to change the governing principles. Another question we're just not sure of.

We are concerned, however, and this is a concern that I've heard in several quarters, that the ISO through the RA process might be able to trump the preferences of states and state and local state regulatory authorities for resource mix if a utility was either unwilling or unable to satisfy the RA requirements. Would the ISO then be able to simply acquire the resources to make that local utility adequate regardless of state preferences? Many questions about this.

But in general we support the principle that the RSO ought to respect the sovereignty and energy policy choices of the individual states to the greatest extent possible.

MS. WAGNER: Thank you, Bryce.

Jennifer?

MS. GARDNER: So I addressed this briefly in my opening remarks. But generally we were very glad to see that the governing principles from the ISO made clear that a new RSO, a Regional System Operator, will not impede existing state authority.

Generally WRA supports the federation states' authority in forming the RSO because we recognize the
important regulatory role of states when it comes to the
effective and reliable operation of utilities in the west.

Now, that being said, the ISO governance
proposal still raises questions for WRA as to exactly what
the state authority might look like in practice. We
firmly believe that effective RSO governance must
ultimately be able to strike a very important balance
between the interests of participating states and the need
for an independent RSO board to do its job effectively. I
said that before as well.

And that job effectively in our view means
ensuring the new regional energy market be run effectively
as well as reliably.

Going back to the statement I made regarding
the questions that we still have after reading the
proposal, one thing that came up -- and Travis alluded to
it in his remarks -- is this whole issue of 205 filing
rights by the states. I know that we're going to get into
that probably in our discussion of the body of state
regulators. But this might need some additional
clarification from the ISO.

The way that WRA is reading it and some of our
other public interest colleagues are reading it is the 205
filing rights of the state in the decision by the ISO
proposal take the 205 authority a bit further than what
we've traditionally seen in the SPP or ISO.

Rather than having complementary 205 filing rights, we're actually seeing something that goes a little bit further, and almost acts as almost like a veto, acting as a mechanism to prevent RSO or maybe 205 filing rights unless they align with what the body of state regulators wants.

If this truly is the case, this would be something that's a little bit I don't want to say more aggressive, but it does tend to give the states a little bit more authority in the area than we've seen in some other regional markets. I'm not sure what this would, how FERC would react to this.

We need to do a little bit more analysis internally before we submit written comments on it, but that is an issue that we do want to make sure that we're raising in this forum.

MS. WAGNER: Thank you, Jennifer.

Caitlin?

MS. LIOTIRIS: So AWEA supports a strong role for the state regulators, and advocated in writing submitted in May for a model that ensures that state jurisdiction was preserved.

So the ISO proposal seems to be in line with the principles that AWEA sought and hopes, AWEA hopes that the
ISO proposal does address most of the concerns of the state.

I think one thing that we were slightly concerned about is in Bullet 2 of the proposal, which notes that any policy that would diminish or impair state or local authority in the areas of the proposal that would be preserved would be prevented, the ISO would be prevented, from adopting those.

And it seems like there could be a potential that any policy brought forward could somehow meet that criteria so it seems like there might be, the statement may be overly broad and could be narrowed a little bit any policy that would materially diminish a state authority.

So again, AWEA does support a very strong role for state regulators, and hopes that that can continue to be preserved. But there may be some way to continue to ensure that the ISO continue to function and go forward.

MR. RECHTSCHAFFEN: I had a follow-up question for Jennifer about the Section 205 filing rights. Would you prefer I wait until we get to that section?

MS. WAGNER: Yes, let's do it in sections; that would be better for clarity of the record.

Thank you, Caitlin.

Steve?

MR. BUENING: Thanks.
Rather than attack the written word, I'll assume that there were some view of the world that were behind the written words that maybe I'll just comment on how it comes across to me.

I think historically in California, ISO developed with incredibly close ties and collaboration with the California PC. In my experience in other RTOs, I don't see that level of day-to-day interaction between RTOs.

I see Bill Smith in the group here. Maybe he can comment on that as well as the former executive director of the Organization of MISO States.

I just would caution I think in terms of the expectation of the relationship between the states and the ISO, we need the ISO to be structured as an effective operating organization with real-time operating responsibilities, not consulting with the PUC on a day-to-day basis.

Organization of the states and interaction of the states needs to be designed in a way that they're engaged, when appropriate, but not burdened with a whole set of new duties as a punishment for having allowed their state utilities to participate in a regional organization.

I think, for instance, a case where the state committee is being potentially set up for a problem that
was addressed in some of the other comments here is just assuming that this governance proposal doesn't need to do anything about regional transmission cost allocation and, Don't worry. The state regulators will solve that. That's almost preserving too much authority right off the bat.

I think a lot of the states -- and I don't want to say this in a way that's an indictment of their technical skills, but it's just a reality the resources that they have and they can bring into a regional transmission cost.

State's dialogue is complex, and most people aren't up to speed even on the current Order 1000 rules and cost allocation procedures where this camel's nose is already under the tent. I don't think in terms of the governance structure going forward we can just assume that should be taken care of separately by them.

One thing too that behind the lines potentially in the view -- again, not a criticism just a caution -- I think there are folks in California who have a view that they own the ISO as an investment. And this is not like I have $100 in a savings account and now I'm only going to be earning $50 if someone has access to the account. In that sense you would be diluting your investment, right?

In the case of an ISO, I have costs that's been
funded by the people in California. Thank you. And the
expansion of the RSO as an interstate organization is an
opportunity for the people in California to allocate those
costs, a bigger footprint, so that's a win-win, not
something to be taken away on the earnings on the
investment you made.

I just got concerned when I saw the description
in some written materials about the investment California
made as creating this preconceived notion that something
was being taken away by expanding, instead of viewing it
as an opportunity to improve the benefits for everybody.

Because on the other side of the coin, for the
people who would be coming in, I think the opportunity to
share in an already established development is better than
the greenfield cost of starting up an alternative method,
though there would be some investment there too, so with
that guarded caution that I gave.

MS. WAGNER: Thank you, Steve.

Abby or Marshall, did you have any comments on
this section?

MS. BRIGGERMAN: Yes, I had one brief comment.

From the first bullet point under the
preservation of the state authority, the ISO structure
will include binding provisions to protect the state
authority over matters currently regulated by states
themselves.

I'm concerned about that word "currently" in there to the extent that a state is granted additional jurisdiction over matters by their legislature. I don't see why this principle should apply less to any future jurisdiction granted to a state.

So that word currently gives me pause.

MS. WAGNER: Okay. Marshall, anything to add to this section?

MR. EMPEY: Yes, I do.

I think one of the concerns we have, as has been said before, CAISO is California-centric; California has done this over the years. They do have their own way of doing things.

But we have to have the state authority just so that the PacifiCorp states right now and the rest of the states aren't overwhelmed, because California does have the infrastructure, the CAISO staff, and that I think they could overwhelm all of the current state regulators and energy offices.

So I think that's to get everybody's opinion, and there has to be some structure there.

MS. WAGNER: Okay, thank you.

Any questions from the dais? Is that Phil? All I can see is your arm.
COMMISSIONER JONES: Maybe to Travis and others, Jennifer, we talked about Section 205, but 206, and I'm referring to the CPUC staff comments, and I'm just going to read them.

It says, The ISO board of management are not the only arbiters of the utilities policies and regulations. ISO tariffs can and often are modified in response to complaints initiated by a party under Section 206 or investigation initiated by FERC itself so a government's model should minimize any requests to FERC to order the ISO to institute a capacity market.

Do you have concerns about this, about the Section 206 complaint process to FERC, and that FERC could order the regional ISO to institute a capacity market?

MS. WAGNER: Phil, who were you addressing that question to?

COMMISSIONER JONES: Let's start with Travis, and then maybe Bryce. I'd like to hear from Bryce.

MS. WAGNER: Okay. Travis?

COMMISSIONER KAVULLA: Well, I mean, I think it has to be acknowledged that FERC has jurisdiction today over the wholesale markets for electricity whether they're bilaterally settling or settling with central dispatch.

And so, I mean, if the theory is that FERC could
order through a Section 206 investigation motion a
creation of a capacity market in the west, but in a
regional ISO context I think also they could order similar
things even in the bilateral wholesale market.

Now, I don't think they would be crazy enough to
try that in the western United States. People would get
their pitchforks in a hurry. But it's true that FERC
regulates with more depth on the central dispatch regional
market the ISOs and RTOs, and inevitably, if the west
decides to take this step, you will perhaps inevitably be
hearing more about FERC.

But it is also the case that FERC has had a lot
to say already about the western bilateral markets and
it's conceivable they'll play a role one way or another.

MS. WAGNER: Bryce?

MR. FREEMAN: Yes. I guess my view is is that
the body of state regulators should have the ability
proactively to file with FERC under Section 205. To me,
the Section 206 process is an inferior process, and shifts
the burden to the complainant.

So I think it's greatly important that the body
of state regulators retain the right to proactively file
with FERC on issues that may arise before the RSO board.

MS. WAGNER: Thank you, Phil. Any other
questions from the dais?
Okay. Let's turn to the next section, greenhouse gas accounting. And based on earlier indications, Jennifer, Caitlin, and Bryce, I'll have you comment and obviously others can if you so choose. I'll start with Jennifer.

MS. GARDNER: All right. When we submitted comments to the PUC after the first governance workshop, this was something that we actually advocated for. Again, it's probably not a surprise; we're an environmental organization. We're really passionate about seeing emissions trapped and kept to a minimum, if not reduced.

I think one of the concerns that's been raised in tracking greenhouse gas emissions is this is just another example of California having a way to impart their policies and requirements onto other participating states in this process.

We disagree with that. We look at this in a slightly different way. We not only view this as a benefit to the entire regional market footprint in terms of tracking regional emissions, but we see this as another way to track the benefits of a regional market.

We're not only concerned with reliability benefits; we're also concerned with the environmental benefits of a regional market, making sure that emissions can come down in the long term as a result of more
efficient dispatch.

So we are incredibly supportive of this provision, and think that long term it absolutely needs to be done.

Thanks.

MS. WAGNER: Thank you, Jennifer.

Bryce?

MR. FREEMAN: Jennifer, I agreed with you right up till the point where you said you didn't think it was just a way for California to impose its policy on other states. And not surprisingly, you know, being a representative of customers in Wyoming, our job is to advocate for reliable and affordable electricity for Wyoming customers.

The greenhouse gas counting mechanism seems to me to be exactly as you characterized it, as a way for California to foist its greenhouse gas policies on other states.

Wyoming does not have a greenhouse gas emission standard. It doesn't have an RBS standard. There's no requirement in Wyoming law or policy, as far as I know, to mitigate greenhouse gas emissions. And the California ISO, at least to my understanding, factors in greenhouse gas emissions, among other things, in the dispatch of generation resources in the California ISO.
So all of that leads me to believe that it certainly could be viewed as a mechanism that impinges on the very state sovereignty that Section 1, that we just discussed, claimed to protect.

MS. WAGNER: Caitlin, did you want to address greenhouse gas?

MS. LIOTIRIS: Yes, thank you.

Generally I think AWEA believes that a transparent methodology for tracking and accounting for greenhouse gases is crucial for regional expansion of the ISO.

Bryce, I think the key point here is it's tracking and accounting for greenhouse gas emissions. And the greenhouse gas costs that are imposed on California entities or generation dispatch for California load are the only, would be the only time that a greenhouse gas cost is applied.

Today in the EIM that's the way things work. We have a really good model to start from for implementing this in a regional ISO. AWEA recognizes that there are going to be challenges to getting this right, but it's strongly supportive of this principle in the ISO's proposal and thinks that with the transitional committee it supports the ISO to get this right and track greenhouse gas emissions for California, and applies those costs to
loads just in California.

MS. WAGNER: Anybody else on the panel? Abby?

MS. BRIGGERMAN: I just wanted to piggyback on Bryce's comments.

As a general matter, it's a little confusing to me why this is a matter of governance and why this is included in a governance proposal. Accounting mechanisms seem more appropriate for other initiatives. But just a little unclear why this is included in this section of this whole project.

MS. WAGNER: Anybody else like to comment on this? Marshall?

MR. EMPEY: Just a short comment. I mean, this is one of the things we're worried about cost is does greenhouse gas accounting have anything to do with running a transmission system in a regional market? And one of the times we met with CAISO and asked how come they're so expensive they said, We do anything that anybody asks.

I think that's one of the things I want to try to get in the new regional ISO is that they focus; there's no scope and we focus on what they're supposed to do. If somebody wants to track greenhouse gases, there's the ability to do that outside the regional ISO.

MS. WAGNER: Anybody else? Any questions from
the dais? Okay.

Turning to the next section is transmission owner withdrawal. I believe that was an issue that was largely raised by the body of regulators in their analysis of this. So I didn't have many of you jumping in to comment on this.

Bryce, did you want to touch on it?

MR. FREEMAN: Sure. Thanks, Rebecca.

You know, this is another area where we basically have a lot of questions. We certainly support something in the governance documents that gives transmission owners, either because they find it in our own best interest or have received an order from their state regulatory authority or otherwise to have easy and relatively free exit from the RSO. So to the extent that that sort of high level principle is in the document, we support that.

I guess I was a little, or one of the questions I had is it's unclear to me how an exit right would work in an RSO that's say five or ten years old where you have built some new transmission infrastructure; it's been allocated among the different transmission owners, and is being recovered. What happens to the cost recovery obligation if a transmission owner decides to exit the organization?
So just an example of some of the questions that we've got.

MS. WAGNER: Anybody else want to comment on this section? Okay.

Any questions from the dais? Travis, did you want to comment?

COMMISSIONER KAVULLA: No, thank you.

COMMISSIONER JONES: Rebecca, just for the good of the order, I drafted, this was a big issue at our meeting in Salt Lake City with state regulators about two months ago raised by Oregon and Washington and others. I drafted, talking to SPP and MISO and various others, I drafted kind of a rough paper on withdrawal rights. We'll post this somehow on the website afterwards. It's kind of a rough cut at it.

Basically my conclusion is, it could be long, contentious, and messy. It's not easy in, easy out process that the EIM is. Once a transmission owner commits to joining usually there are provisions that it's a five-year minimum. There's a two-year notification process, up to two years, so it's often litigated before FERC.

So for jurisdictional purposes, the states may have a role in approving PacifiCorp or any other transmission owner joining ISO. If the PTO wants to
withdraw from the ISO, my tentative conclusion is it's all FERC; it's pretty much a FERC process.

    MS. WAGNER: Thank you for that clarification.

I'm sure everyone will be anxiously awaiting your proposal. But it is a component. Thank you, Phil. It is a component and it's important.

    I think every ISO has some provision for exit that's reasonable, but I agree it's far more complicated than the easy in, easy out of the EIM.

Next we'll turn to the transitional committee of stakeholders. I guess that generally most people want to comment on this area.

    I'll start with Mark.

    MR. GENDRON: Bonneville would prefer to see a direct cut over to an independent board rather than the transitional approach.

    Having said that, if a transitional board does occur, and if it's made up of a majority of California ISO board members and a minority of others, we're concerned that, you know, more time will be spent on adapting existing California market designs rather than taking a holistic approach kind of from the beginning.

    That's our comment relative to initial board transition.

    MS. WAGNER: Okay. Bryce?
MR. FREEMAN: Frankly, we have fewer concerns about the transitional stakeholder committee, although we do have some.

It's not clear in the straw proposal exactly how this committee would be structured and how it would be formed. It's not clear why it would be limited in some particular way by the current ISO board. We think it would be important for all stakeholders with an interest to be able to participate.

The voting structure, and how the stakeholder committee would arrive at decisions is unclear in the straw proposal, which is a problem because this is where much of the substance, the TAC and the RA and grid management fee and all those other things, would be worked up for presentation to an interim board, transitional board or an initial board. We just think there is a lot of holes there that we don't understand how all that would work.

And I guess the last thing I would say is that states have to be at the table and have represented their states, states and stakeholders, because at the end of the day, it will be those very states that need to, at least in the PacifiCorp footprint, approve whatever comes out of this process.

MS. WAGNER: Thanks, Bryce.
Abby, did you have comments on this section?

MS. BRIGGERMAN: Thank you.

This really goes to my initial comments about how this process seems to be heavily weighted in favor of California with a transitional committee. The committee is appointed by the ISO board, and any proposal that the committee comes up with has to be accepted by the ISO board, as I read this.

That's problematic. It's a handpicked board by the ISO committee, rather a handpicked committee by the ISO board, and anything they do is approved by the ISO board, and that seems to put way too much control in the hands of California at the very outset of this entire process. And I think that's a pretty problematic proposal for the folks outside of California.

MS. WAGNER: Okay.

Jennifer, did you have comments on this?

MS. GARDNER: So I understand concerns that have been raised by Abby.

I think the way that it's envisioned right now is that it seems to be very California dominant.

Rebecca, I certainly don't want to put you on the spot, but you were heavily involved in the work that the transitional committee did. And that might be helpful for folks who aren't as familiar with how that process was
operated, to understand how those individuals who made up
the transitional committee were in fact selected and
approved is very similar to what is being envisioned for
this current proposal.

Particularly at WRA we are supportive of a
transitional approach, as I've already stated in my
opening remarks and throughout my comments so far.

One thing that we would like to clarify is that
we believe that a diverse set of stakeholder interests
should be represented both in the transitional committee
as well as the nominating committee.

Also, we feel that those diverse set of
stakeholders should have voting rights. There would have
to be a division between voting rights and non-voting
rights amongst members of these various committees.

From my personal experience on the EIM
nominating committee, I found that we tended to work
through consensus and so the distinction between voting
and non-voting rights, at the end of the day, really
didn't matter. And by giving voting rights to all
participating voices, you really give them a sense of
ownership in the process, and it's something that we're
strongly supporting and will continue to advocate for in
our comments.

MS. WAGNER: All right. Marshall?
COMMISSIONER KAVULLA: Rebecca, if I could chime in here, I guess in my view you could have three different alternatives to the body that's actually responsible for writing and filling out the details of the governance proposal. And there's going to be a lot of details that have to be resolved at the end of the day after the basic principles that should hopefully be decided in this more conceptual process.

And really those three options are the ISO staff itself, which currently has a pen on this document, a body of stakeholders, like the transitional committee, or something else, some kind of self-appointed vigilante group that goes out and writes a document not under the authority of the ISO.

You know, the third just isn't going to happen. The first isn't desirable because it's inherently California-centric, no offense to the ISO staff, and so I think really you're left with some kind of body of stakeholders.

And the way the EIM transitional committee worked was similar to how WECC and others populate the leadership of their member committees and representatives. I thought that should probably be spelled out by ISO staff for those unfamiliar with it.

It works though kind of a sector nominating and
voting process, but ultimately gets to the point of proposing a list of sector consensus members to approval of the ISO board.

And by the time the sectors -- and there are seven or eight sectors I believe -- got to the point of actually forwarding the names to the board for consideration of who to populate on the EIM transitional committee, the board had a little bit of discretion of who to place on it, but not really unbounded discretion. I mean, they had a pretty clear list of names that seemed to be the people who wanted to serve on this.

Now, as was discussed earlier, the universe of issues in a true-blue ISO formation is a heck of a lot larger and more important than just the real-time energy market. So I think it is a more complicated process. It probably spells out a need for more members on a transitional committee, and maybe some predefined subcommittees or TACs of that particular transitional committee.

It needs more boundaries between what is governance versus what are the nascent elements of market design, whether it be TAC or GFC since those things tend to blend together with one another so there does need to be more clarity.

You know, one thing, as long as I'm on the
topic, people kind of blended No. 4 and No. 5, transitional committee of stakeholders and the transitional board, and I think they blended it because it's a really complicated mousetrap that this whitepaper is trying to set up.

In other words, you have the current ISO board set up the transitional committee of stakeholders that then constitutes a transitional board, and then at some point in the undefined future becomes a final board. To me, that may be just a little bit too complicated.

I think it may be a better idea, if it is politically achievable, to have a transitional committee of stakeholders that then just features a cutaway to a genuinely independent board. After all, it's the transitional committee of stakeholders that should be vested with the governance implementation responsibilities that are part and parcel of the interests of states, PPOs, as well as some of the active load entities, whether they're industrial consumers or the type of people that Marshall represents that have to pay the bills of the PPOs when they come down the line.

I think you're, in the attempt to be more politically accountable by creating this more nuanced and complicated mousetrap, I would suggest you're actually being less accountable possibly, and that's something to
really keep your eyes on and think hard about.

MS. WAGNER: Thank you, Travis.

MR. RECHTSCHAFFEN: Travis, just on your last point, I understand your concern about the complicated nature of the mousetrap.

If you could elaborate on your last point why you think it's less politically accountable to have an interim board.

COMMISSIONER KAVULLA: I just think if you feature the transitional committee as -- I'll put it this way, Cliff. I appreciate the question.

I think most unsophisticated parties -- and that's not meant to be a harsh term, but people who just aren't eating, sleeping, and breathing this would read the current proposal and think, Ah, where is the real action? Is it in the transitional committee of stakeholders or is it in this initial board?

I actually think most people would have the takeaway that it's the latter, but it's really in the former where the details of the governance are going to come to the surface.

So I think possibly by cutting out the initial board, you would draw a line under transitional committee of stakeholders to indicate that that, after all, is where the real hard work of coming up with
governance commissions is made.

We see this too in the creation of the EIM board. The EIM board is going to have things to do, but that market is largely already defined, and the governance features are already in place. Those EIM board members are going to be really independent, but I'd much rather have them be the type of market experts that the nominating committee has selected -- thank you to Commissioner Little and others who are in the room who helped with that -- than necessarily a kind of stakeholder-like or state representative model of the board.

I'm not entirely opposed to the complicated mousetrap; I just want to caution that it might be overly complex unless it's judged to be absolutely necessary in the interest of political ....

MS. WAGNER: So did we lose you, Travis, or did you just stop?

COMMISSIONER KAVULLA: I just stopped.

MS. WAGNER: Okay. Marshall?

MR. EMPEY: I think Travis made a good proposal. Our big concern about this was there was timing on this; that you were setting an interim board. Actually the last bullet makes provisions for successors to the interim board, so it seems that they would go and go and
go forever and we didn't know what powers they did have.

I actually really liked Travis' proposal to minimize or do away with the interim board, and have a transitional committee of stakeholders put this together.

MS. WAGNER: Okay. Anybody else want to comment on the transitional committee?

Any questions from the dais?

MR. BHAGWAT: I have a question. Ashutosh Bhagwat, ISO Board.

The question is, I understand the concerns about the ISO board appointing the transitional committee. But I'm wondering who else would do it.

MS. GARDNER: This is Jennifer. I'll take a stab at this.

Although we, in full disclosure, support what's being proposed by the ISO, I've heard a number of folks -- and it kind of goes back to the chicken and egg problem. You know, when does a body of state regulators get created? When does the transitional, or transitional committee get created?

One option I guess would be form a body of state regulators early on, and they could have some type of approval authority if you will over a transitional committee.

I'm not recommending that on behalf of WRA
today; I'm simply offering it as a possible answer to your question.

COMMISSIONER FLORIO: I guess one way you could do it is say have each state designate one member and then identify a number of sectors of stakeholders that would each appoint their own member. That would be another way of going at it.

MS. WAGNER: Steve?

MR. BUENING: Thank you. Steve Buening from Xcel Energy. I just want to throw out a personal opinion here.

Honestly, coming at the idea of market expansions from the standpoint of the utility doing business in the market, I'm concerned about the regulators being too strong in the process, a constitutional convention.

I think the regulators' role should be to balance the public interest after the ink is dry, not be the one that sends us down a certain highway. I think that should be the role of the principals; in other words, the transmission owners and the generators and the market participants, the load-serving entities.

I don't object to regulators giving guidance to that process. But I think California made that mistake once back in its inception. It embraced the hubris that
the market should be designed by regulators and legislators, and that had a disastrous outcome.

I'm not saying the governance is the same thing as the market design, and I don't want to bring up any old ghosts, but I guess I did.

MS. WAGNER: Okay. So just doing a time check here, we have about 30 minutes left to cover the remaining topics.

Let's move on to, which is just an extension of the discussion that we were having, the initial board and transitional period.

Bryce, do you want to start the subject off for us?

MR. FREEMAN: Sure. As we discussed in the prior section, I think Abby pointed out that she thought that the transitional stakeholder committee really is pretty California-centric. If that's true, the proposal for the initial board is the mother of California-centric propositions here.

And you know, we just have a lot of serious concerns about, you know, the fact that the initial board under the proposal would continue to be accountable to the governor in California. The current ISO board members would continue to constitute a majority of the nine-member board during the as yet unspecified transition period.
That obviously has implications for all of the things that we've been working on for the last year in the way of TAC, RA, metering, and everything that will get hammered out under that initial arrangement would essentially be accountable to the California political process.

We are also concerned that with regard to the other four board members, which would constitute a minority of this nine-member board, that it's not clear exactly how those would be selected. The straw proposal simply says that the other states would agree on those four other board members.

And the process, based on our experience, that would just invite immediate division among the other states. You've got five other states and only four board seats, whose ox gets gored in that negotiation? I thought maybe a better alternative would simply be to have one initial board member from each of the six states as the initial board, which could later be expanded, or in the alternative, reconstituted. That may be perceived to be more fair by the PacifiCorp states. This is a very problematic provision of the straw proposal, in my opinion.

MS. WAGNER: Thank you, Bryce.

Travis, did you want to elaborate more on your
COMMISSIONER KAVULLA: No. I think I got out most what I'd like.

I would just like to endorse that comment that Bryce just made. I mean, say that, again if you must have this feature because it's deemed a political necessity for some reason, realizing, by the way, that it may be political anathema to any other state but California, that you should at least put a very clear deadline about when this initial board expires right up front so that people have a clear idea that a truly independent board's in place.

But in general, I think there's a lot of common ground actually, what you just heard from Bryce and also what you just heard from Steve Buening.

I think it behooves everyone to have in place a market board that's actually populated by independent members who have some expertise in this field. And it's certainly no offense to the current ISO board or should whoever the other states be, the four appointees of them. But I think we need to realize that the decision of these people will be called upon to make may be infused with politics, but they're really ideally a market design.

And the big questions of initial tariff design and governance can then be left to be sorted out through
the public processes that are already under way now and
through the stakeholder populated transitional committee.

That leads to the genuine stakeholders,
including the people who actually own the assets and are
paying the bills and regulating those people respectively,
the decisions that are more infused in politics and call
for essentially deal-making, and it leaves the more
complex matters of market design to the people who are
actually running the ISO.

MS. WAGNER: Okay. I'll turn to Abby.

MS. BRIGGERMAN: I just wanted to say I couldn't
agree with Bryce more. He made very excellent points,
particularly the fact that CAISO or excuse me, California
is guaranteed at all times a majority vote in the
structure that's in bullet point 4.

Again, it's the ISO, the existing ISO board
which is appointed by California, nominated by the
California governor and approved by the California senate
to have, you know, a guaranteed minority right for all the
other states is very problematic for anybody outside of
California.

Sorry, one more thing. There's very little to
nothing in here about the scope of authority of this
initial board, what they're going to be doing. So we
would like to see more information on what the initial
board is tasked with doing.

MS. WAGNER: Marshall, did you have, did you want to comment on this section?

I'm reminding everyone I'm getting notifications that we need to continue to speak into the microphones.

MR. EMPEY: No, I don't have anything more.

MS. WAGNER: Okay. Jennifer?

MS. GARDNER: I'm actually going to ask a question, if that's okay, Rebecca.

MS. WAGNER: Depends on who you're asking.

MS. GARDNER: All right.

Well, I've been intrigued ever since Travis brought up his counterproposal and using his mousetrap analogy, which I may need more clarification on.

But from my understanding of Travis' proposal, he's looking to not abolish but skip a step in the process and make it less complicated. Go from the current board of governors, use the skills of the transitional committee, which would be made up of a diverse set of stakeholders, including states, to develop the governance documents, but eventually go from an ISO board governance to a fully independent regional board and skips the step where you have a hybrid board.

I'm curious, we've heard concerns from Bryce and Abby, what Travis is proposing, which I think is very
interesting, if that's something that would give you a little bit more assurances that this would not be as dominated by California interests as what you're stating today.

MS. WAGNER: Bryce, Abby, you guys want to take a shot at that?

MR. FREEMAN: Well, as I understand Travis' proposal, it certainly sounds at first blush like an improvement over what's in the straw proposal. But I would certainly reserve judgment on that until, as we say, we see the details.

But it certainly -- I just don't see how this is going to be acceptable to states outside of California without some modifications. To the extent that Travis' idea limits California's influence, that would be an improvement.

MS. WAGNER: Abby, any thoughts?

MS. BRIGGERMAN: Yes. I hope I'm interpreting your question right.

I don't necessarily see the relationship between speeding up the process to a new governing board and mitigating California's majority rule throughout this entire process.

I mean, when we get to the final stage of the thing -- and I'm sure we're going to get to this in a few
moments -- but when we get to the final stage of things, California still has essentially what I've been calling a veto authority over everything anyway.

So I'm not entirely sure what the relationship is between speeding up the process to the final board and reducing California's majority vote, or mitigating California's influence through this process is.

MS. WAGNER: Caitlin, do you want to add anything?

MS. LIOTIRIS: You know, I think the things that I was going to say have been covered. I think generally we would probably support a faster transition in that it would mitigate some of the concerns about California dominating of the board for an undefined period of time.

In some ways maybe I'd go back a little bit to the transitional committee. One thing we didn't talk about is how their final recommendation is approved. And maybe if there is, in addition to a faster cutover to an independent board, also some additional checks and balances there so it's not solely approved by the ISO board but also approved by the presumptive body of state regulators or some stakeholder group would help address some of the concerns I'm hearing from Bryce and Abby.

I know it doesn't address all of them, but it would probably just help to get us down the road.
MS. WAGNER: Anybody else want to comment?  

Steve?  

MR. BUENING: Sorry if I'm talking too much, but just let me throw out an observation.  
The transitional committee of stakeholders listed in No. 4 structurally has quite a different role and set of responsibilities than what the transitional committee had for the Energy Imbalance Market, in my view.  
The transitional committee for the EIM had to figure out how to do something as an add-on to a given organizational charter for the CAISO and do it in a way that it didn't mess up the tax status, and addressed the concerns of the EIM entities.  
I mean, fundamentally this transitional committee of stakeholders should be called something more clear. This is the group that is writing the charter and bylaws for a ground-zero regional transition organization, and it might want to be addressing how it transitions existing CAISO structure into that regional structure, but coming at it from a different kind of fundamentally much more profound way.  

MS. WAGNER: Any questions from the dais?  

Okay.  

I want to keep us moving along here. Our next section is the composition of the ISO board.
Nobody really wanted to jump out and address this. Does anybody want to make any comments on this section?

MR. RECHTSCHAFFEN: I have a question about -- and if people have any comments, they can put it in writing -- about what role states should have on a nominations committee or in the approval process of the permanent board. We sort of left that for further input, and that would be interesting if folks have specific suggestions about that.

Once we get past whatever mousetrap we keep in place, complicated or simple, either we'll have a permanent board or a mousetrap nomination committee and approval process.

We've heard different suggestions about the roles states are playing or others, and I think it's what roles states should play.

MS. WAGNER: Does anybody want to respond to Cliff's comment now? Or think about it and put in writing?

Jennifer?

MS. GARDNER: Again, I've been saying this repetitively and I apologize.

But to your question about the nominating committee and the role of states, from WRA's perspective,
we do feel like the EIM model worked very well.

As someone who served on the EIM nominating committee we had the state alternative. Chairman Little is with us today. He was on that committee as well.

Again, it worked very well.

We had I remember a number of representatives from a number of stakeholder interests on that committee. It functioned incredibly well, like I said, even though technically they're voting versus non-voting interests. I believe all interests should have a vote.

Our committee tended to work with consensus, so that distinction really became irrelevant. But I envision something like this for this process as well.

MS. WAGNER: Anybody else want to comment on that right now?

Okay, let's turn to the establishment of the body of state regulators for discussion. Out of deference to my colleague, still the commissioner, Travis, do you want to start off the section?

COMMISSIONER KAVULLA: Sure. So each one of the ISOs that has a multistate footprint that exists has some kind of body of state regulators. And their functions are really well described in the materials that EIM transitional committee put together. There's an excellent spreadsheet, that I would recommend to everyone, that
describes their different functions, as well as I think I understand that Bill Smith, the former executive director of the Organization of MISO States is in the audience there.

Bill, raise your hand and wave, Bill, if you're there.

He is the author of an excellent academic article that describes some of the origins and purposes of such bodies.

There's been a healthy debate over what kind of authority a body of state regulators should have. The proposal is mirrored, as I understand it, after the Southwest Power Pools Regional State Committee. It's housed within the ISO itself. And it has Section 205 rights that are essentially borrowed from the ISO native powers of AR filings.

There's a healthy debate that has to happen over whether to house such a body within the ISO or as a separate organization like Bill's OMS or PJM's offices. I don't have at this point a strong opinion about that because I think there are good arguments on either side of the process.

There's also a crucial distinction here in the sense that one of the individual, one of the individuals on this body is from a publicly owned utility. As I
described earlier, the Southwest Power Pool has a considerable amount of public power. There it is assumed that the state utility commissioners, who traditionally sit on the RFC, are representing not just the certain public interests of their state in relation to investor-owned utilities, but also the public-owned utilities and the rural electric cooperatives.

So that level of trust in the representation of state utility commissioners may not exist in the western United States. And if it doesn't, and if there's a particular need for public power, to have a representative on this body, that might be something that's an argument in favor of having someone in the advisory or non-voting role on this body since they are in fact self-regulating; they're their own regulators.

They're also a market participant. And voting or non-voting, it does throw a bit of competition into the nature of that body and it's something that needs to be thought about as well. But at this point again I don't have a strong opinion on that one way or the other. I just note it because it is very different than the norm.

Finally, it's also been noted that if this body does seem to have a lot of reserve authority and power, that's true. And it has authority over things that some state commissions don't have a lot of personal horsepower
behind. That I think makes the argument for having some kind of professional staff that's dedicated to these issues and under the charge of any regional state committee.

Clearly this committee is going to be considering proposals that have had a lot of work done relevant to them by people other than employees of state commissions or employees even of the ISO perhaps that they consider.

I will say ironically, in the rush to grant reserve powers to the states in the west -- and this is kind of an irony. I don't even know that I should mention a state regulator -- but it almost seems to have given the state regulators more authority over certain things than they might, some would say, have already.

You know, the subject of transmission cost allocation for instance is something that state regulators functionally have a certain amount of control over. But it is, as any lawyer will tell you, jurisdictional FERC and ultimately if there's a conflict, FERC is the one that would set the rates for transmission even if, because of their siting authority and powers like that, states would be able to functionally deny the siting of transmission lines that were not considered efficient or in the public to be a necessity.
So more thinking does have to be done about that. However, I do in the end support the same reservation of authority for Section 205 filing rights that exists in the regional state committee of SPP, and is probably speaking accurate to say that the regional state committee there enjoys both authority over resource adequacy and transmission cost allocation in order to preserve or further effectuate states' resource planning rights as well as their transmission siting and CPCM rights.

So I'll conclude my comments there with a general endorsement of this section while citing a few very important issues that need further consideration.

MS. WAGNER: All right. Thank you, Travis.

Be mindful that we have about ten minutes left within our panel. I'm sure probably we'll be able to do a little overlap.

Mark, we haven't heard from you in a while.

MR. GENDRON: I think Travis made a number of very good comments.

All I would add to his point is that we feel that this committee needs to have the consideration and resources so that there's a real strong goal of the board to achieve consensus with this advisory body, with this body of state regulators.
Travis opined that potentially adding a public power representative might be worthwhile. I would offer that in addition to that, as I had said, stated earlier, this may be the right home or place for Bonneville Power Administration as a federal power policy marketing entity.

MS. WAGNER: Okay. Marshall?

MR. EMPEY: Yes. This is sort of my primary subject here.

First, to address Travis, the reason the public power wants a position on this is we represent about 20 percent of the consumers, and at least in most of the states we represent, the regulators don't represent us. And so that's why we want somebody on this committee -- again, my favorite subject -- to control the cost of the organization.

We see an independent board with the super strong CAISO staff, who's very smart and very good, without the Board getting viewpoints from a strong both regional stakeholder or regional regulator committee, state committee.

And also we want a market advisory committee. The Board need to lean on those rather than staff for all of the decisions that they will need to do.

So again, we want a strong state advisory committee with one or more positions for public, publicly
owned committees because of the amount of consumers that
we represent in this item.

MS. WAGNER: Abby, did you want to comment on
this section?

MS. BRIGGERMAN: This just sort of echoes my
general theme that California has too much authority in
this whole proposal. And it really comes down to the
second-to-last bullet point in this section which gives,
requires a majority of the load for any approval or any
vote. And that's California by far. It's not even close.

I don't know the exact numbers, but I think
California's load is approximately four times as large as
PacifiCorp's. So it would take a long time, in addition
to a lot more load, before California's ability to veto
anything through this provision would be mitigated.

So also this kind of ties in with the TAC
revised straw proposal, which gives I believe the same
body of state regulators the authority to both vote to
build a policy driven project and the cost allocation of
the policy driven project.

Having California have that much of the vote or
veto authority and policy driven project whether to build
them and how the cost allocation works is pretty
problematic from a non-California standpoint.

Thanks.
MS. WAGNER: Thank you, Abby.

COMMISSIONER KAVULLA: We just need to get California to save more energy and install more net metering systems, and soon enough we'll being in a good position.

In all seriousness, in all seriousness, I do think if we're going to take, you know, at the end of the day this is going to require mutual trust between California and non-California.

And I do think inevitably there are going to have to be fallback governance features that enable both the non-California parties and California some kind of appeal rights. And hopefully the idea behind them is that those vetoes will never actually be used because their presence will adduce the creation of some kind of consensus.

But I appreciate Abby's comment, especially with respect to the initial transitional board. It seems particularly flagrant to me.

CHAIR WEISENMILLER: This is Bob.

This paper has some different scenarios that hit this question when it might switch.

MS. WAGNER: Okay. Anybody else want to comment on this section? There's about three minutes left on our panel, one more section to go.
Steve, I know you wanted to talk about it.

MR. BUENING: Thank you. I'll try to be brief.

Look, as a stakeholder in MISO and in SPP I interact, or our organizations interact with those state committees. They both have performed ethically, and I don't have a preference in one design over the other off the top of my head.

But just like we, as a utility, participated as a stakeholder in that process, I'm concerned to think there should be somebody who's more of a stakeholder than me, and why market participants in the form of public power should have some defined role as a stakeholder when no other stakeholder has a defined role. That seems to me like a super vote or something like that, and I just have a reaction to that.

Then on the other section there's this sub bullet A that talks about the body of state regulators plays a lead role in directing policy for the regional ISO.

Policy is huge. I think what we see in the other state committees is it addresses issues with respect to rate filings and cost allocation.

Bill, you correct me if I'm wrong on my perception. It's not anything that has to do with policy. And just as a standard of improving the process, I don't
think, unless the state committee wanted to, that it
should have to vote on everything with respect to every
205 filing that the RTO would make. It should have the
option to offer an alternative if it doesn't like the 205
filing being made by the RTO.

It's just an opinion on my part that if you take
the state committee and make them review and affirmatively
accept every 205 filing, that's a lot of work. That's all
I'm saying.

MS. WAGNER: Okay. Anybody else want to comment
on this section?

MR. RECHTSCHAFFEN: Rebecca, on the point Steve
made, he just made the point about what role public power
is to have in the SPP or not. When we've been in
California, the discussion is the public power is on the
body of state regulator, should they have a voting role
versus an advisory role.

I think it would be useful if we got comments on
both those points and others what the proper role should
be. Should they be on it? Should they have a voting
role? Should they be in an advisory capacity?

MS. WAGNER: That was a hotly debated topic of
EIM. We spent a lot of time going around and around on
that, so it doesn't surprise me that it comes up as a
sticking point.
Next we'll turn to the stakeholder processes and stakeholder participation. The ISO listed out a few considerations.

At this point, Bob, if you don't mind, I'm going to turn it over to you so I can run to catch my flight.

But I think that there was --

MR. AGUIRRE: What about public comment? It's 3:45. Does the public have any involvement?

CHAIR WEISENMILLER: There will be a public comment after this.

MR. AGUIRRE: It's supposed to be at 3:45.

MS. WAGNER: Bob -- sir, it says listed times are general guidelines only. So we're going to --

MR. AGUIRRE: The public has no involvement in the process. Everyone is going to leave and you're squeezing out the little bit the public would. That's okay.

CHAIR WEISENMILLER: This is your second shot. Let's go forward.

Rebecca, who on the panel wants to address this issue?

MS. WAGNER: We'll start with the, going down the line here, who wants to jump in first on the stakeholder process and stakeholder participation?

Caitlin?
MS. LIOTIRIS: I'll be very quick.

AWEA supports the ISO current stakeholder process, which means to allow all interested parties to have their voices heard. And whatever is developed in the future, broad participation from a large cross-section of industry should definitely be continued.

MS. WAGNER: Bryce?

MR. FREEMAN: We're not terribly familiar with the ISO stakeholder process, only through the RTO development that we've had here so we don't have a great touchstone.

But we do support a strong stakeholder process. We think it should be funded. Without funding, stakeholders such as the Wyoming Consumer Advocate and others will be unable to participate. That would weaken the ISO, and expose it to greater contest.

We think that a funding model should be established up front before filings are made with the state by PacifiCorp.

And lastly, we do not support a stakeholder process and a funding model in which charter consumer advocates like the Wyoming Office of Consumer Advocates are locked together with other so-called public interest groups, like Jennifer and Caitlin.

As much as I like you guys, I don't think that
we represent the same interests --

MS. GARDNER: No offense taken.

MR. FREEMAN: -- we should just, we should be
represented independently.

CHAIR WEISENMILLER: Jennifer? Caitlin?
Comments?

MS. GARDNER: Yeah. I'll be quick.

I actually do agree with Bryce's concerns. I
think historically the public interest groups we saw on
the nominating committee as well having combined consumer
advocates, and although our interests oftentimes do align,
I think our end goals can be slightly different in terms
of how we like to see them implemented.

I think that's just based on our different
missions, so I do support Bryce's concerns. There should
be some separation between these different interest groups
in terms of how they're represented on a stakeholder
committee.

WRA also at this point -- I will think this
through a little bit more before we submit comments -- but
we are supportive of a more formal stakeholder process
that looks slightly different than what we see at the
California ISO today, which is probably best described as
more than informal, and focused along topic areas rather
than a formal stakeholder group that advises the ISO.
Again, I'll elaborate on those in our comments. But we would like to see something slightly more formal, and along those lines, we would like to see voting roles for the various interests, including public interest groups.

Thank you.

CHAIR WEISENMILLER: Steve and Travis, to the extent you've been involved in some of the other stakeholder processes, any comments?

MR. BUENING: I don't have any.

COMMISSIONER KAVULLA: I don't have any comments, but I'm really excited to hear what that stakeholder has to say during public commitment.

Thank you.

CHAIR WEISENMILLER: Anyone else on the panel?

MR. EMPEY: Just quickly, as I said before, we are in favor of a market advisory committee, a formal committee, like Jennifer said, that has a more formal role advising the CAISO and the board.

CHAIR WEISENMILLER: Okay. Anyone else on the panel?

MS. BRIGGERMAN: Yes. This is Abby Briggerman. Industrial consumers are always in favor of anything that allows them a greater voice in any of those processes. To the extent that a committee of large
consumer interests is created, we'd obviously be in favor of that.

CHAIR WEISENMILLER: Anyone else on the panel? If not, then I'll thank the panel for their contribution. Again, encourage everyone to do written comments. And we'll transition to public comment.

At this point we have three blue cards. Anyone else who has comments please see the public advisor, fill out a blue card. And we'll let IID's representative go forward.

Three minutes, please.

MR. AGUIRRE: First, I have love in my heart for all of you here. We're just in a completely different, coming from a completely different position.

If you want to join the ISO just join it; become a participating member. That's what the California legislature has invited everyone to do.

ISO is not run by California; it's run by PGE and Southern California Edison. That's who runs everything through it. Now the proposal is to put PacifiCorp in there.

Steve, you seem like a really nice guy. Since all of our California representatives allowed you to insult our state and didn't stand up for our state, I feel the need to do so.
First of all, Xcel, as you know, documented market manipulation back in 2002. You guys have the transcripts. Our market in California wasn't designed by the legislature. It was designed exactly like this.

I represented the lieutenant governor of the State of California in the litigation against Enron and the other market manipulators.

There is no public participation. The IID is 160,000 (sic) public utility. It's been around for 100 years. We're totally opposed to this because the ISO doesn't work. The ISO prices are through the roof. The transmission access charges are a joke. It's 12, 13 bucks per megawatt.

If you'll look at this, my report, I have all this broken down in two papers, which I hope you'll take a look at.

The ISO is, also the EIM doesn't work. It's not working. Are you kidding me? FERC didn't even give it market rates because it's got market power. We need to break down the idea of long-term planning. That should be something that's separated from the ISO and distributed out to the planning areas like I hope that you do in your states, community planning groups.

We'll never make energy transition unless we actually get a new system. The old system doesn't work.
I know the public is listening to this, we're reading this transcript, there's about 53 really good people here, about 30 of them have signed in. The 30 that signed in are almost all industry people so they're here -- I understand where you're coming from, but you are not the public.

And Steve, again, the people who own America don't run America. That's not how America works. This is democracy. You should, Oh, you should have a choice. You need to be regulated. We want you to make money, but you guys, you're very naughty if you're not regulated and you need to be regulated.

Look, no offense intended, I love my state. I love the state of Colorado. My son went to the University of Colorado, and all your other states.

But you are behind. Wyoming, Utah, you're suing to stop the power -- hold on. You're suing to stop President Obama's power plan. Come on. Climate, global, climate warming doesn't just go on in California. We're all in this together.

I'm sorry I don't have more time because our tyrannical Mr. CEC over here doesn't believe in public participation. But let me tell you something.

When I go back to California and I tell the legislatures how these people have run things -- remember,
we are dismantling the CPUC today because of the corruption. The legislature is dismantling the California Utilities, Public Utilities Commission because of the corruption, okay?

We have a horrible problem. Let's get together and have a different kind of workshop where everyone gets an opportunity to participate, and we don't have a canned presentation on behalf of our captive regulators as those that are sitting in front of here from the governor's office and CEC.

Thank you.

CHAIR WEISENMILLER: Next speaker, please, Jan Strake. Thanks for being here.

Again, if you have public comment, please fill out a blue card. Go ahead, Jan. Three minutes.

MR. STRAKE: Jan Strake, San Diego Gas and Electric Company.

I just want to first of all say that what I'm going to just mention today isn't something that our company adopted as its position. We're still thinking about the governance internally.

The one thing that we are wrestling with, and encourage everybody to provide a little more detail on, is this relationship between the body of state regulators and the authority that they would have over the transmission
cost allocation.

We're not familiar with this new world within the ISO where it's all allocated through FERC. So this is sort of a step into the abyss for us; we're not really sure where this goes.

So one of the questions I would have is, by virtue of the mutual agreement of all those parties that already have 205 rights, is that how they get that authority conferred on the body of state regulators? Just wondered what the basis for that is.

One minute. Pretty good.

CHAIR WEISENMILLER: Okay, thank you.

Robert Kahn.

MR. KAHN: Hi. My name Robert Kahn. I'm here representing the Northwest and Intermountain Power Producers Coalition, NIPPC.

It's an important data that some 30 percent of the generation in the west outside of California was independently developed, and is operated by IPPs. It's an important data point, and explains why I'm here.

We as generators, marketers, service providers to the power sector really want this to work. We want it to work in a way that is fair, transparent, and builds opportunity ultimately for ratepayers.

It's been a long road. A lot of us have worked
on this concept for a number of years. Every time we do
it, as exhausted as we are at the end, we pick ourselves
up and we do it again. Each time we do, we get smarter,
and we learn to trust each other more.

I have to say, to cut to the bottom line, it
won't surprise you to hear NIPPC say that we don't see
sharing Section 205 authority as a really good idea. We
can't see FERC accepting it. We think it's an illusionary
concept, not withstanding the fact that the states matter
and the state regulatory commissions matter a great deal.

I have to say though, from our perspective, they
don't do much for us. The record would show that over the
years, independent power producers regularly lose out to
the monopsy power of the industrial utilities.

California is the exception there, but that's
something that I'm not here to talk about.

I really think that we can get this right.
Nobody said it was easy. The bottom line, though, is
we're creating a synergy where the parts are going to mean
more, the whole will be more than the sum of their parts.
Frankly that's an existential step that we're taking.

It will, in the end, be worth doing, just like
breaking up Ma Bell was worth doing. The documentation
will be there in due course. The critics will be heard.
All of them, even the most flamboyant, will be heard. But
at the end of the day we've got a job to do. We need to
trust one another.

I just close with this. I had occasion to be
the liaison representing my industry in the regional forum
for EIM. I'm already noticing something going on that's
akin to what I'm hearing about the process with the
transitional board. There is a fundamental trust around
that group that is more than the sum of its parts.

I think that the experience of the transitional
board is the model we ought to follow going forward.
We'll have detailed comment in writing.

Thanks very much.

CHAIR WEISENMILLER: Thank you.

Anybody else in the room? Someone on the phone.

Please identify yourself.

MR. HEUTTE: Fred Heutte, Northwest Energy
Coalition. We'll be submitting comments along with other
groups, I'm sure.

I just have one question really as much as
anything, which is why this proposal is following the idea
of a body of state regulators as with SPP rather than a
body of states as with MISO or OPSI, OMS or OPSI as Travis
mentioned.

I realize that there's, you know, nuances to
this. But it might be, in particular in representing
public power, it might be better to have a broader representation. I realize that could create complications as well.

That's my question or comment.

CHAIR WEISENMILLER: Any information you have to help us clarify the differences between the two would be good in your comments. Good.

Anyone else on the line?

MR. HUETTE: This is Fred. If I could have one more comment, if you don't mind, to add in support of what Mark Gendron was saying.

It's very important for the PMAs in the west, Bonneville and WAPA, to be represented in some fashion in this process. So I just encourage there be some additional thinking along those lines.

Thank you.

CHAIR WEISENMILLER: Again, if there's anything in the examples of the existing ISOs on how PMAs are part of the process, certainly that information would be useful to us too.

MR. CUCCIA: For the folks on the phone, a reminder to get into the call queue, hit pound 2 on your phone.

Operator, go to the next caller, please.

Caller, please state your name and the company
that you represent.

MR. TANSEY: This is Ben Tansey. I don't really have a question. I just wanted to say that the audio was really shitty on this call.

CHAIR WEISENMILLER: Anyone else now?

MR. CUCCIA: Operator, could you go to guest 57. Guest 57, please clearly state your name and the company that you represent.

OPERATOR: Guest 57 was actually Ben's audio line.

MR. CUCCIA: Okay. Then there's no one else in queue.

CHAIR WEISENMILLER: Okay, then this meeting is adjourned.

Actually, before we adjourn, are there any comments from anyone at the dais?

MR. RECHTSCHAFFEN: Just want to thank everyone for their participation. We obviously have a lot to chew on. I'll underscore what Chair Weisenmiller said, that the more specific you can be in your written comments on the areas of concern, language, areas you can come up with that we need to work on specificity, the better.

And we'll keep working to trying to hone the proposal in the next weeks and months ahead.

MR. CUCCIA: All right, folks. As a reminder,
please submit your written comments.

CHAIR WEISENMILLER: Hang on a second.

COMMISSIONER JONES: This is Commissioner Jones.

Thank you all for coming. Commissioner Florio and I are going to continue the process with an informal discussion process. We welcome participation in that process as well.

We'll meet tomorrow, and we'll probably have some more meetings. And we're doing everything we can to try to work with the schedule that Bob and Cliff have laid down to the states to try to get something down, even though it is rushed in the next couple of months.

CHAIR WEISENMILLER: I want to thank everyone again for their participation today. We're looking forward to written comments.

MR. CUCCIA: Written comments are due on July 7. Please submit those through the energy.ca.gov website. All of you who received information about this meeting, it's the same website where you obtained instructions and information. We'll look forward to your comments.

(Whereupon the proceedings were adjourned at 4:01 PM.)
CERTIFICATION

I, Martha Loomis, Certified Shorthand Reporter, appointed to take the within proceedings hereby certify that the proceedings was taken by me, then reduced to typewritten form by means of computer-aided transcription; that the foregoing is a true transcript of the proceedings had subject to my ability to hear and understand, and that I have no interest in the proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand.

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Martha Loomis
Certified Shorthand Reporter

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