

## DOCKETED

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*Comment Received From: Andrew Meditz*

*Submitted On: 7/7/2016*

*Docket Number: 16-RGO-01*

**SMUD Comments re: Workshops Re: Regional Grid Operator and Governance**

Attached are comments from Sacramento Municipal Utility District.

*Additional submitted attachment is included below.*

**STATE OF CALIFORNIA  
BEFORE THE CALIFORNIA ENERGY COMMISSION**

<b>In the matter of:</b>	)	Docket No. 16-RGO-01
	)	
<b>Regional Grid Operator and Governance</b>	)	SMUD Comments re: Workshops Re: Regional Grid Operator and Governance
	)	
	)	
	)	July 7, 2016

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**Comments of the Sacramento Municipal Utility District re:  
Workshops Re: Regional Grid Operator and Governance**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on the Proposed Principles for Governance of Regional Independent System Operator (ISO), dated June 9, 2016, and the two subsequent workshops in June. SMUD recognizes the importance of governance for a regional grid operator and the significant effort underway by the California ISO (CAISO) and others to develop an acceptable governance structure.

SMUD's comments below focus specifically on two key issues. In addition, SMUD supports the California Municipal Utilities Association's comments and the Public Power Comments on the California ISO's Proposed Principles for Governance of a Regional ISO comments submitted in this docket.

Process

Regional governance development is on an accelerated timeline that appears too aggressive given the complexity of the issue and the number of remaining open questions. A properly vetted governance model is not only critical to the success of a regional ISO, but also to the interests of the State of California and other western states given the potential impact the expansion will have throughout the region. The CAISO is expected to turn general principles into a cohesive governance proposal within a few weeks, and then the Governor and the Legislature will need to be brought up to speed and adequately informed on the issue before a vote by the August 31, 2016, end of the legislative session. As others have stated at the two workshops, SMUD agrees that this is simply too unrealistic considering the uncertainties that remain regarding key pieces of the proposal, such as the scope of state authority, the nature of public power representation, and the composition of a transitional board. In addition, at this juncture there are more questions than answers on a host of significant market-related issues,

including the structure of a Regional Transmission Access Charge, the form of any Regional Resource Adequacy requirement, and the treatment of Greenhouse Gas. Accordingly, SMUD believes extending the legislative goal to next year (2017) would be a prudent path forward to ensure the thoughtful and deliberate resolution of these and other important issues. While this may delay PacifiCorp's planned state regulatory proceedings into Q2 or Q3 of 2017, a few months' delay is a blip considering decisions made to form a regional ISO will have implications for many years into the future.

### Public Power Role

SMUD strongly supports an influential role for public power in the regional governance model. Publicly-owned utilities provide electric service to a substantial portion of the west, including major metropolitan areas, and therefore should be included in the decision-making process. The proposal currently is to include a non-voting, advisory-only position for a publicly-owned utility on the Body of State Regulators. Depending on the ultimate design and scope of duties of the Body of State Regulators, which has yet-to-be-determined, this role may not be enough. If a Market Advisory Committee is also formed to aid the decision-making process, publicly-owned utility representation on this committee is critical as well.

/s/

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cc: Corporate Files [LEG 2016-0483]