

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	212178
Document Title:	Governance Comments of: WRA, WGG, NRDC, UCE, & Sonoran Institute
Description:	N/A
Filer:	System
Organization:	WRA, WGG, NRDC, UCE, & Sonoran Institute
Submitter Role:	Public
Submission Date:	7/7/2016 4:07:23 PM
Docketed Date:	7/7/2016

Comment Received From: Jennifer Gardner

Submitted On: 7/7/2016

Docket Number: 16-RGO-01

Governance Comments of: WRA, WGG, NRDC, UCE, & Sonoran Institute

Additional submitted attachment is included below.

Regional System Operator Governance Comments
Submitted on behalf of Public Interest Organizations

July 7, 2016

Western Resource Advocates appreciates the opportunity to submit the following comments on behalf of the following Public Interest Organizations (PIOs): Western Grid Group, Natural Resources Defense Council, Northwest Energy Coalition, Utah Clean Energy and Sonoran Institute.

As the California Independent System Operator (CAISO) and PacifiCorp consider the formation of a Regional Independent System Operator (RISO), governance has become a primary issue of concern. California Senate Bill 350 directed CAISO to develop a proposal necessary to transition the CAISO into an RISO. As required by SB350, the final proposal must be presented to the California Legislature for approval. In response to numerous stakeholder requests for a formal stakeholder process to address RISO governance, the California Energy Commission (CEC) hosted its first [stakeholder workshop](#) on May 6, 2016.

On May 20, 2016, PIOs submitted their first set of [RISO governance comments](#). As reflected in those comments, PIOs believe that the final proposal submitted to the California Legislature should be broad, providing general guidance, so that specific governance decisions (e.g., committee and membership structures, voting requirements, charters, etc.) can be developed by and vetted through a comprehensive stakeholder process during an RISO transition period.

Thereafter, on June 9, 2016, CAISO released its [“Proposed Principles for Governance of a Regional ISO”](#) (CAISO Governance Proposal). Following the release of the CAISO Governance Proposal, the CEC hosted two additional [stakeholder workshops](#) – one on June 16 in Sacramento and another on June 20 in Denver. PIO representatives participated in governance roundtable discussions as part of each of these workshops, providing substantive input on RISO governance principles generally and the CAISO Governance Proposal specifically.¹ Following the verbal remarks made by PIOs during each of these workshops, we appreciate the opportunity to offer written comments.

CAISO’s June 9 Governance Proposal is quite detailed in certain areas and more broad in others. Generally, our comments are reflective of this structure. However, PIOs wish to reiterate that the final governance proposal submitted to the California Legislature should be broadly construed. It should provide only enough detail to make necessary changes in California legislation to enable the CAISO to transition to an RISO. Perhaps even more importantly, it should be broad enough so that specific governance decisions (e.g., committee and

¹ PIOs were represented by Allison Clements of Natural Resources Defense Council (NRDC) at the June 16 workshop, and by Jennifer Gardner of Western Resource Advocates (WRA) during the June 20 workshop.

membership structures, voting requirements, charters, etc.) can be developed by and vetted through a comprehensive stakeholder process during an RSO transition period (and managed by a Transitional Committee of Stakeholders). It would be a mistake to add too many details regarding RSO governance to California legislation now, as it risks tying the hands of all stakeholders during this important transition.

I. PRESERVATION OF STATE AUTHORITY

When forming the RSO, state sovereignty becomes an important threshold concern. Through governance, the RSO should strive to preserve the same level of state authority that exists absent an RSO.

The June 9 CAISO Governance Proposal makes clear that the RSO's new governance structure should include binding provisions to protect and preserve state authority over those matters currently regulated by the states themselves, including: procurement policy; resource planning and Certificate of Public Convenience and Necessity (CPCN) approvals for utilities within their jurisdiction; and resource or transmission siting within their state. Consistent with our May 20 governance comments, PIOs support maintaining the state sovereignty that exists absent an RSO.

PIOs also noted in our previous comments that more specific details regarding state rights (e.g., whether states will have Section 205 filing rights at FERC) should be determined as part of the comprehensive governance stakeholder process following passage of California legislation. We elaborate more on this issue as part of our comments in Section VII.

II. GREENHOUSE GAS ACCOUNTING

The RSO should provide for the transparent accounting of emissions from GHGs and other regulated pollutants. In so doing, it will not only assist states in tracking their respective environmental obligations, but will help to ensure that regional emissions decline over time – one of the many benefits of RSO formation.

PIOs acknowledge that although provisions for transparent accounting of GHG emissions are included in the CAISO Governance Proposal, GHG accounting is not a governance principle per se. However, PIOs believe that transparent and effective accounting for GHGs and other regulated emissions is not only relevant, but critical, as part of the expansion of an RSO footprint beyond California. California law requires the transparent accounting of GHGs, and Oregon and Washington require emissions tracking as well. In the future, it is likely that some type of tracking and reporting will be required for all western states as a result of federal environmental regulations, including the Clean Power Plan.

We recognize and support states' ability to have differing policies on GHG accounting and reduction. We do not believe establishing a GHG accounting program will impinge on individual state policy, nor make one state subject to the policy of another state. We acknowledge that

there will be a cost to establish and maintain an accounting program, but any costs are expected to be minimal, are in the public interest, and will help states track emissions for purposes of environmental compliance. Ultimately, PIOs believe that an RSO can provide the necessary infrastructure for achieving deeper carbon emission reductions throughout the West.

III. TRANSMISSION OWNER WITHDRAWAL

Governance for the RSO should include withdrawal provisions that enable transmission owners to leave the RSO when necessary, while at the same time protecting the interests of those transmission owners that choose to remain. PIOs recommend that the RSO adopt CAISO's existing transmission owner withdrawal provisions.

Generally speaking, an RSO will be responsible for the successful operation of the regional market, including the following RSO-related tasks: (1) reliable dispatch of electricity; (2) market operations; (3) market monitoring; (4) transmission scheduling; and (5) system planning. Although the RSO will be charged with important responsibilities, markets are generally considered voluntary organizations by the Federal Energy Regulatory Commission (FERC), subject to transmission owner withdrawal.²

Given the myriad responsibilities of RSOs, transmission owner withdrawal provisions should balance a number of important interests – i.e., the need for a robust and successfully operating RSO (including the need to protect the interests of existing transmission owners while recognizing the legitimate need of other transmission owners to exit the RSO); the need to consider the direct financial interests of those that buy, sell and transmit power in the RSO; and the need of the RSO to consider the larger public interest.³ FERC can even withdraw its approval of market-based rates if the RSO is unable to ensure that it is sufficiently independent, functional and effective to ensure the health of its wholesale market transactions.⁴

As an example, CAISO's current withdrawal provisions require participating transmission owners who wish to withdraw from the CAISO to provide two years' prior written notice to all relevant parties.⁵ Withdrawal is contingent upon the transmission owner obtaining any necessary regulatory approvals.⁶ Also, the transmission owner wishing to withdraw is required to make a good faith effort to ensure that its withdrawal "does not unduly impair the CAISO's

² In FERC Order 2000, "FERC issued a call for *voluntary* organizations that would provide transmission services on a regional basis and establish a free market for wholesale electricity (emphasis added)." See: Michael H. Dworkin & Rachel Aslin Goldwasser, *Ensuring Consideration of the Public Interest in the Governance and Accountability of Regional Transmission Organizations*, 28 ENERGY L.J. 543, 558 (2007).

³ *Id.* at 546.

⁴ *Id.* at 547.

⁵ California ISO, *Transmission Control Agreement 13*, <https://www.caiso.com/Documents/TransmissionControlAgreement.pdf> (last visited June 27, 2016).

⁶ *Id.*

ability to meet its Operational Control responsibilities as to the facilities remaining within the CAISO Controlled Grid.”⁷

PIOs view CAISO’s current withdrawal provisions as both reasonable and necessary and recommend that they be replicated for purposes of the RSO as a way to balance the important (and sometimes competing interests) inherent in RSO operations.

IV. TRANSITIONAL COMMITTEE OF STAKEHOLDERS

A Transitional Committee of Stakeholders should be formed to develop a more detailed governance process (including relevant governance documents) during the transition period between the CAISO Board of Governors and the RSO’s independent board. Members of the Transitional Committee should represent a diverse set of stakeholder interests and should appropriately engage with each other and with their respective sectors to ensure transparency and to adequately represent stakeholder interests and concerns. Each member of the Transitional Committee should have a voting role. The CAISO Board of Governors should afford due deference to all final decisions of the Transitional Committee.

The CAISO Governance Proposal envisions a Transitional Committee of Stakeholders (Transitional Committee), appointed by the CAISO Board of Governors, and comprised of a “representative cross section of stakeholders and state regulators throughout the region.” The Transitional Committee is required to submit its final proposal to the Board “within 6 months of inception.”

In our May 20 comments, PIOs recommended a transitional period and process, similar to the process adopted for governance of the Energy Imbalance Market (EIM). Specifically, the EIM Transitional Committee was established by the CAISO to serve as an advisory committee to the CAISO Board of Governors, with two specific functions: (1) to advise the CAISO Board on matters related to the final testing and early operational phase of EIM; and (2) to develop a proposal for a long-term EIM governance structure with specific defined authority over EIM on a going-forward basis.⁸

Members of the Transitional Committee were not only representative of a diverse set of stakeholders and qualifications, but were selected through a nomination and appointment process. Specifically, members of the Transitional Committee should have “broad and relevant industry experience, as well as expertise in areas most relevant to development of the EIM” (e.g., governance, corporate, legal and financial matters, electricity or other regulated industry management and market design).⁹

⁷ *Id.*

⁸ California ISO, *Energy Imbalance Market Transitional Committee Charter 3* (2015), <https://www.caiso.com/Documents/EnergyImbalanceMarketTransitionalCommitteeCharter.pdf>.

⁹ *Id.*

The nomination process was organized through the following stakeholder sectors: (1) Investor-Owned Utilities; (2) Publicly-Owned Utilities; (3) Generators and Marketers; (4) Alternative Energy Providers; (5) EIM Participants; (6) Government Agencies; and (7) Public Interest Entities.¹⁰ Each sector chose its own liaison, who was responsible for coordinating sector meetings necessary to appoint and rank Transitional Committee nominees.¹¹ Following the sector ranking of their candidates, each sector liaison submitted final rankings to the CAISO Board of Governors for consideration. The CAISO Board of Governors then appointed and confirmed each member of the EIM Transitional Committee, giving “careful consideration to the membership qualifications detailed within the charter and the rankings provided by the stakeholder sectors.”¹²

The final membership of the EIM Transitional Committee reflects these requirements¹³:

Name	Sector	Company/Organization
Brad Albert	EIM Entities	<i>Arizona Public Service</i>
Stephen Beuning	Investor-Owned Utilities	<i>Xcel Energy, Inc.</i>
Tony Braun	Publicly-Owned Utilities	<i>Braun Blaising McLaughlin & Smith, PC</i>
Sarah Edmonds	EIM Entities	<i>PacifiCorp</i>
Dede Hapner	Investor-Owned Utilities	<i>Pacific Gas & Electric Company</i>
Travis Kavulla	Government Agencies	<i>Montana Public Service Commission</i>
Kevin Lynch	Alternative Energy Providers	<i>Iberdrola Renewables</i>
David Mills	EIM Entities	<i>Puget Sound Energy</i>
Mark Smith	Generators and Marketers	<i>Calpine Corporation</i>
Walter Spansel	EIM Entities	<i>NV Energy</i>
Rebecca Wagner	Government Agencies	<i>Public Utilities Commission of Nevada</i>
Robert Weisenmiller	Government Agencies	<i>California Energy Commission</i>
Carl Zichella	Public Interest Entities	<i>Natural Resources Defense Council</i>

Once formed, the EIM Transitional Committee operated under the CAISO’s Open Meeting Policy (e.g., materials submitted to the Transitional Committee, and written minutes of each meeting, were required to be filed with ISO records and published on the Transitional Committee’s webpage).¹⁴ Importantly, it operated independently of the CAISO Board of Governors in developing a detailed EIM governance proposal. The Committee was given 18 months following its establishment to develop a final governance proposal for the EIM.¹⁵

¹⁰ *Id* at 4-5.

¹¹ *Id* at 5.

¹² *Id* at 7.

¹³ *Energy Imbalance Market Transitional Committee*, CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (June 27, 2016), <https://www.caiso.com/informed/Pages/BoardCommittees/EnergyImbalanceMarketTransitionalCommittee/Default.aspx>.

¹⁴ California ISO, *Energy Imbalance Market Transitional Committee Charter* 9.

¹⁵*Id* at 11.

PIOs support the development of a Transitional Committee of Stakeholders for purposes of RSO formation, where each stakeholder sector has a voting role. We recommend that the Transitional Committee be comprised of one representative from each of the following stakeholder sectors: (1) Investor-Owned Utilities; (2) Publicly-Owned Utilities; (3) Generators and Marketers; (4) Energy Service Providers; (5) RSO Participants¹⁶; (6) Government Agencies¹⁷; (7) Public Interest Organizations; and (8) Consumer Advocates.¹⁸ Each representative will have a vote.¹⁹

Membership on the Transitional Committee should be decided through a process similar to that of the EIM Transitional Committee – i.e., sectors determine their sector liaisons for purposes of organizing ongoing sector meetings, sectors rank their respective candidates, and sector liaisons submit final rankings and relevant candidate information to the CAISO Board of Governors for approval (i.e., confirmation and appointment). The CAISO Board of Governors should provide due deference to the final sector rankings (and later, to any final decisions of the Transitional Committee). Where its selection differs from the final sector rankings, the CAISO Board should be required to provide a detailed written explanation to the appropriate sector liaison supporting its decision. Additionally, careful consideration should be given to whether an alternative dispute resolution or mediation process should be developed.

PIOs additionally recommend that a “Sector Process and Rules for Engagement” guidance document be developed for the Transitional Committee of Stakeholders. This guidance document would recommend a process for how members of the Transitional Committee can best engage with each other and with their sectors throughout the process. This document should be designed to ensure transparency in the decision-making process of the Transitional Committee, as well as to ensure that sector voices are adequately heard and consistently represented throughout the process.

¹⁶ A member of the “RSO Participants” sector would be a member from any entity participating in the RSO. In other words, any entity that provides wholesale generation, transmission service or retail electric service within the RSO footprint.

¹⁷ By identifying state interests as “Government Agencies,” PIOs are intending to clarify that a member from any participating state agency can represent this sector (e.g., Governor’s Office, Energy Office, Public Utility Commission, etc.) on the Transitional Committee of Stakeholders. State consumer advocates should not represent this sector, however, as they are represented by their own sector.

¹⁸ Note that this differs slightly from the EIM Transitional Committee. The EIM Transitional Committee permits one representative from each EIM Entity and allows additional entities to join the Transitional Committee at the same time as they join the EIM (resulting in EIM Entities having more representation on the Transitional Committee than other sectors). With the RSO Transitional Committee of Stakeholders, we recommend one member from each sector on the Transitional Committee. We do not recommend increasing sector membership when additional entities decide to join the RSO – rather, new members (from any sector) will be selected pursuant to the appropriate nomination and approval process established by the bylaws for the Transitional Committee of Stakeholders. In addition, we recommend adding the Consumer Advocates sector.

¹⁹ Voting rules and procedures should be developed outside of legislation, as part of the bylaws for the Transitional Committee of Stakeholders.

As currently conceived, the work of the Transitional Committee of Stakeholders will be substantial (likely more so than the work of the EIM Transitional Committee). Therefore, it should be allotted more than six months to complete its work – rather, a period of 18-20 months is preferable. Allowing additional time for the work of the Transitional Committee should not unnecessarily delay the process leading to RSO formation, as the Transitional Committee will always have the opportunity to complete its work in advance of this 18-20 month timeframe.

V. INITIAL BOARD AND TRANSITION PERIOD

Ultimately, the CAISO and the CAISO Board of Governors should transition to an RSO with an independent Board of Directors. To streamline the process, during the transition period, the Transitional Committee of Stakeholders should report to the current CAISO Board of Governors (rather than to a newly formed hybrid board). The CAISO Board of Governors should afford due deference to the final recommendations of the Transitional Committee during the transition period.

Transition Period

As stated in our May 20 comments, PIOs support the transition of the CAISO to an RSO with an independent Board of Directors. We do not support the organic creation of an RSO through use of an interstate compact, as suggested during a meeting of state regulators on June 21 (following the June 20 CEC Governance Workshop).²⁰ The use of an interstate compact would not only require legislative approvals by each member state, but would also require federal Congressional approval.²¹ Such an approach to governance would be unnecessarily complicated and result in extreme delays to RSO formation. Rather, governance concerns (including state sovereignty concerns) should be addressed as part of the current stakeholder process to transform the current CAISO into a regional organization, or RSO, that is ultimately governed by an independent board.

CAISO's Governance Proposal recommends a transition period which includes an initial board – the “hybrid” board – to be comprised of five current members of the CAISO Board of Governors and four new members selected by other states within the expanded regional footprint. Although not clear from the proposal, PIOs presume that this hybrid board would work in conjunction with the Transitional Committee of Stakeholders to develop necessary governance documents and structure to form the fully independent board for the RSO. Many stakeholders have raised concerns with the structure of the hybrid board, noting the dominance of California interests on the board (five CAISO members on a nine-member board offers California a clear majority); the lack of adequate membership from each of the PacifiCorp states (PacifiCorp

²⁰ Note that this meeting was held in conjunction with the annual meeting of the Western Interstate Energy Board, but was not publicly noticed.

²¹ The U.S. Constitution provides in part that “No State shall, without the Consent of Congress [...] enter into any Agreement or Compact with another State [...]” U.S. CONST. art. I, § 10, cl. 3.

currently operates in six states, including California, but these states are only offered four “seats” on the hybrid board); and the lack of clarity regarding responsibilities of the hybrid board versus responsibilities of the Transitional Committee.

CAISO Board of Governors & Transitional Committee

Rather than use a hybrid board, PIOs recommend following the proposal suggested by Commissioner Travis Kavulla during the roundtable discussion at the June 20 CEC Governance Workshop.²² Specifically, PIOs propose that the current CAISO Board of Governors continue to operate during the transition period (defined as the period beginning with the formation of the Transitional Committee and ending with the formation of the independent RSO board). The Transitional Committee would retain responsibility for developing a more detailed governance process (including relevant governance documents) for the new and independent RSO board.

Without the hybrid board, this process and all relevant documents would be subject to the approval of the CAISO Board of Governors. Therefore, while this alternative approach eliminates stakeholder concerns with the proposed structure of the hybrid board (as well as confusion stemming from who has responsibility for what), it does not (at least initially), resolve stakeholder concerns with California dominance in RSO governance.

To adequately address stakeholder concerns with California dominance during the transition period, PIOs believe that appropriate checks and balances should be established. For example, as with the selection of the members on the Transitional Committee of Stakeholders, the CAISO Board should be required to give due deference to the recommendations of the Transitional Committee during the transition period. Any decision made by the CAISO Board of Governors that does not align with formal recommendations from the Transitional Committee of Stakeholders should be explained, in writing, to the Transitional Committee. Additionally, careful consideration should be given to the development of an appropriate arbitration and mediation process to effectively and efficiently resolve disputes, if any, between the Transitional Committee of Stakeholders and the CAISO Board of Governors.

VI. COMPOSITION OF REGIONAL ISO BOARD

Once formed, the RSO should be governed by an independent Board of Directors representing a diverse set of qualifications, including utility, markets, corporate, financial, legal, and public interest expertise. To “slate” the RSO’s board, PIOs recommend using a Nominating Committee. As with the Transitional Committee, members of the Nominating Committee should represent a diverse set of stakeholder interests and should appropriately engage with each other and with their respective sectors to ensure transparency and to adequately represent stakeholder interests and concerns throughout the process. The final slate of candidates recommended by the Nominating Committee should be subject to bicameral

²² See: Recording of June 20, 2016 CEC Governance Workshop, available here: http://www.energy.ca.gov/sb350/regional_grid/documents/webex/2016-06-20-RGOworkshopDenver.mp3.

approval of both the Transitional Committee of Stakeholders and the CAISO Board of Governors.

Nominating Committee

The CAISO Governance Proposal suggests that the Transitional Committee of Stakeholders will develop a new nomination and approval process, to be used on a going-forward basis, to select and appoint the RSO’s independent board. PIOs support this approach, support the end result of a fully independent RSO Board of Directors²³, and offer the following clarifying remarks.

PIOs recommend that the Transitional Committee of Stakeholders develop a nomination and approval process similar to that used by the EIM Nominating Committee. Specifically, the EIM Nominating Committee was comprised of eight members, consisting of one representative from each of the following sectors: (1) EIM Entities; (2) Participating Transmission Owners; (3) Publicly-Owned Utilities; (4) Suppliers and Marketers of Generation and Energy Service Providers; (5) EIM Body of State Regulators; (6) EIM Transitional Committee; (7) CAISO Board of Governors; and (8) Public Interest or Consumer Advocate Groups.²⁴ For reference, current members of the EIM Nominating Committee are provided in the below table²⁵:

Name	Sector	Company/Organization	Voting or Non-Voting
Sarah Edmonds	EIM Entities	<i>PacifiCorp</i>	Voting member
Eric Little	Participating Transmission Owners	<i>Southern California Edison</i>	Voting member
Mark Smith (alternate: Will Mitchell)	Suppliers & Marketers of Generation/ESPs	<i>Calpine/Recurrent Energy</i>	Voting member
Randy Howard	Publicly-Owned Utilities	<i>Northern California Power Agency</i>	Voting member
Doug Little	EIM Body of State Regulators	<i>Arizona Corporation Commission</i>	Voting member
Kevin Lynch	EIM Transitional Committee	<i>Iberdrola Renewables</i>	Non-voting member
Angelina Galiteva (alternate: Dave Olsen)	CAISO Board of Governors	<i>CAISO Board of Governors</i>	Non-voting member
Jennifer Gardner	Public Interest and Consumer Advocate Groups	<i>Western Resource Advocates</i>	Non-voting member

²³ The end result of a fully independent board is important, as FERC has made clear in FERC Order 2000 that organized markets must be independent. In other words, because confidence in an RSO is vital to its ultimate success, stakeholders and members of the public must see organized markets as *independent* actors that are dedicated to the public interest. See: Michael H. Dworkin & Rachel Aslin Goldwasser, *Ensuring Consideration of the Public Interest in the Governance and Accountability of Regional Transmission Organizations*, 28 ENERGY L.J. 543, 559 (2007).

²⁴ California ISO, *Selection Policy for the EIM Governing Body 3-4* (2015), https://www.aiso.com/Documents/SelectionPolicy_EIMGoverningBody.pdf.

²⁵ *Energy Imbalance Market Governing Body*, CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (June 27, 2016), <https://www.aiso.com/informed/Pages/BoardCommittees/EnergyImbalanceMarketGoverningBody/Default.aspx>.

The EIM Nominating Committee was charged with nominating a slate for each of five seats on the EIM Governing Body, through consensus of its voting members. The Nominating Committee worked with an executive search firm to identify a large pool of candidates before eventually narrowing down the candidates for purposes of interviews and eventually, selection for the final slate. The CAISO Board of Governors approved this slate on June 28, 2016. It is worth noting that the entire EIM Nominating Committee operated through consensus voting throughout this process, and in the end, the voting versus non-voting distinctions became essentially irrelevant. However, as further explained below, to avoid a conflict of interest, non-voting distinctions should be provided for certain members of the RSO's Nominating Committee.

For purposes of the RSO's Nominating Committee, PIOs recommend certain changes. First, to alleviate concerns regarding California dominance during the transition period, the final slate of candidates proposed by the Nominating Committee should require bicameral approval by the CAISO Board of Governors and the Transitional Committee of Stakeholders.²⁶

Second, PIOs recommend that one member represent each of eleven sectors on the RSO Nominating Committee: (1) RSO Entities; (2) Participating Transmission Owners; (3) Suppliers & Marketers of Generation; (4) Energy Service Providers; (5) Publicly-Owned Utilities; (6) Investor-Owned Utilities; (7) Government Agencies; (8) Public Interest Organizations; (9) Consumer Advocates²⁷; (10) Transitional Committee of Stakeholders; and (11) CAISO Board of Governors.²⁸ Each sector will have a vote, with the exception of the Transitional Committee of Stakeholders and the CAISO Board of Governors sectors.

Because the Transitional Committee of Stakeholders and the CAISO Board of Governors will be approving the final slate of candidates for the RSO's independent board, they should not have a vote in order to avoid a conflict of interest. However, their expertise and input during the Nominating Committee process will prove valuable (as it did with the EIM Nominating Committee). To further avoid the appearance of conflict, non-voting members from the Transitional Committee and the CAISO Board sectors should take great care to avoid unduly

²⁶ Note that this specific bicameral approval would only be required to seat the initial independent board for the RSO, as the work of the RSO Transitional Committee and the CAISO Board of Governors would cease following the appointment of the RSO's independent board. A different type of approval process would need to be established for subsequent RSO board member appointments.

²⁷ As with the Transitional Committee of Stakeholders, PIOs recommend that Consumer Advocates be represented as their own sector on the RSO's Nominating Committee. Too often, Consumer Advocates are combined with Public Interest Groups as one sector or are simply ignored for purposes of representation in governance. Consumer Advocates' views are unique and important. These interests cannot be adequately represented by another sector. Therefore, PIOs recommend that Consumer Advocates be classified as an independent sector on both the Nominating and Transitional Committees.

²⁸ Note that the CAISO Board of Governors would only be represented on the initial Nominating Committee that would be formed to slate the first independent board for the RSO. For subsequent board appointments by the Nominating Committee, this membership role should be replaced by a member of the RSO's independent board. This member would similarly have only an advisory role on the Nominating Committee.

influencing the outcomes of the Nominating Committee. Therefore, the PIOs propose that the RSO's Nominating Committee be comprised of eleven total members, but with only nine members having formal votes in the process. Opinions of non-voting members should be taken as advisory only.

Third, PIOs recommend that a "Sector Process and Rules for Engagement" guidance document be developed for the RSO Nominating Committee. During the work of the EIM Nominating Committee, some stakeholders raised concerns regarding what they viewed as a lack of transparency in the process. While some of these concerns can be linked to necessary confidentiality protections for candidates (and therefore cannot be resolved at this time), other concerns can be linked to inconsistencies in how members of the Nominating Committee interacted with their respective sectors (i.e., some Nominating Committee members interacted more often and more thoroughly with their sectors than others). The "Sector Process and Rules for Engagement" guidance document would recommend a process for how members of the Nominating Committee can best engage with each other and with their sectors so that sector voices are adequately heard and consistently represented throughout the process.

Finally, PIOs observed that the process used for final approval of individuals for the EIM Governing Board was successful and recommend a similar process be used for the selection of the RSO Board. In the EIM process, the CAISO Board was provided with a slate of five candidates. The CAISO Board was only allowed to approve or reject the entire slate – not individual candidates. Therefore, while this process allowed the CAISO Board to have ultimate decision-making authority over the final makeup of the EIM Governing Body, it preserved the work and recommendations of the EIM Nominating Committee. In the case of approving the initial independent board of the RSO, this would mean that the bicameral approval of the entire slate by both the Transitional Committee and the CAISO Board of Governors would be required.²⁹ Where this bicameral approval is not achieved, the Nominating Committee would be required to start again and present a new slate for approval.³⁰

RSO Board

As stated in our May 20 comments, PIOs support the end result of a fully independent board for the RSO. Additionally, we support the formation of a board that represents a diverse set of backgrounds and experiences. Specifically, we support the guidelines currently used in selecting members for the CAISO Board of Governors, where the ultimate goal is to have a Board that represents as many of the following qualifications as possible: (1) Electric Industry Expertise; (2) Markets Expertise; (3) General Corporate/Legal/Financial Expertise; and (4) Public Interest

²⁹ Note that this specific bicameral approval would only be required to seat the initial independent board for the RSO, as the work of the RSO Transitional Committee and the CAISO Board of Governors would cease following the appointment of the RSO's independent board. A different type of approval process would need to be established for subsequent RSO board member appointments.

³⁰ *Id.*

Expertise.³¹ We believe a similar approach should be used in slating the RSO’s independent board.

VII. ESTABLISHMENT OF A BODY OF STATE REGULATORS

A Body of State Regulators (BOSR) should be formed to advise the RSO Board of Directors and should be comprised of one regulator from each state in the RSO footprint. The voting model for the BOSR should not follow a weighted voting model based on load, but rather, should afford each state an equal vote. Section 205 filing rights for the BOSR should be complementary to the RSO’s own filing rights, should comply with Federal Power Act requirements, and should be finalized later in the process – i.e., as part of the work of the RSO’s Transitional Committee of Stakeholders. If, however, details regarding the BOSR’s Section 205 filing rights are ultimately included in California legislation, they should be modeled after the Section 205 filing rights of the Southwest Power Pool’s Regional State Committee.

Membership, Voting & Funding

The CAISO Governance Proposal proposes the formation of a Body of State Regulators (BOSR) to provide policy direction and input on matters of collective state interest to the RSO. The BOSR would be similar to state organizations that exist in other organized markets in the U.S. – e.g., SPP’s Regional State Committee, MISO’s Organization of MISO States, and PJM’s Organization of PJM States. CAISO proposes that one regulator from each state in the new RSO footprint will serve on the BOSR and also, that one individual appointed by publicly-owned utilities within the RSO footprint will serve on the BOSR (in a non-voting, advisory capacity). CAISO also proposes that the BOSR’s voting rules will follow the Western Interconnection Regional Advisory Body (WIRAB) model – i.e., BOSR approvals will require an affirmative vote of a majority of the members of the BOSR, as well as members representing at least a majority of load in the RSO footprint. Finally, CAISO proposes that the BOSR will be incorporated as a non-profit entity that will be funded by the RSO.

PIOs have continuously supported a strong role for states in RSO governance, including the formation of a formal advisory body for states. However, while PIOs support membership in this body to include one regulatory representative from each state in the RSO footprint, PIOs have concerns regarding publicly-owned utility representation in a non-voting role on the BOSR. This concern stems from the dual role that these publicly-owned utilities may face – i.e., as governing bodies under state authority *and* as potential RSO market participants.³² PIOs

³¹ California ISO, *Selection Policy for the CAISO Board of Governors 2* (2016), <https://www.aiso.com/Documents/BoardSelectionPolicy.pdf>.

³² To elaborate, while state regulators oversee utilities that are clearly FERC jurisdictional, public power (i.e., munis, coops, public utility districts) fall outside this bright line. And yet the actions of the BOSR will help guide RSO policy in such a way that will impact a wide array of utility interests – public power interests included. Therefore, while the public power “voice” is crucial and must be heard as part of RSO governance, the potential for this dual

acknowledge the important role of public power in the West and believe specific provisions should instead be included for both publicly-owned utilities and federal power marketing agencies in a formal stakeholder process, as further outlined in our comments under Section VIII.

Although PIOs have not yet taken a position on BOSR voting procedures³³ and believe the WIRAB model has worked well for WIRAB, PIOs wish to acknowledge that WIRAB is a very different organization than what is currently conceived for the BOSR. Specifically, WIRAB has federal statutory authority under Section 215 of the Federal Power Act to advise FERC, NERC and WECC on issues pertaining to governance, budgets and grid reliability.³⁴ WIRAB's membership is comprised of member representatives from all states and international provinces that have load within the Western Interconnection.³⁵ With such a large footprint, a voting model that requires a majority of the members and a majority of the load to approve decisions does not necessarily create the same challenges as it does for the currently conceived RSO footprint, which is currently much smaller (i.e., the combined PacifiCorp and CAISO footprint only). Using the WIRAB voting model for the RSO footprint would therefore result in California possessing veto power over the BOSR – a result that understandably raises concerns for the non-California states who would be participating in the BOSR.³⁶

role could create a conflict if public power were to have a seat on the BOSR. PIOs instead propose a role for public power as part of a formal RSO stakeholder process, as further outlined in Section VIII.

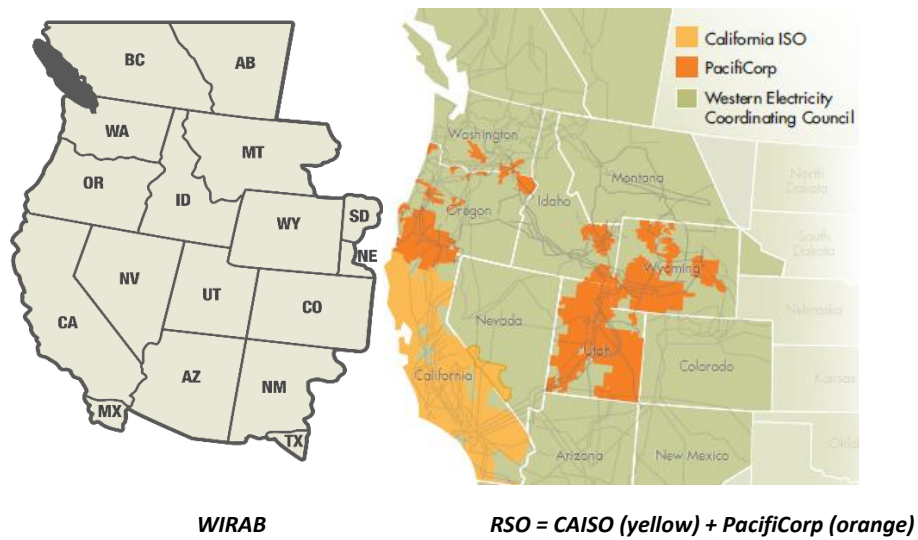
³³ As previously stated, we believe this level of detail should be developed as part of the work of the RSO's Transitional Committee.

³⁴ WESTERN INTERCONNECTION REGIONAL ADVISORY BODY, <http://westernenergyboard.org/wirab/who-what/> (last visited June 28, 2016).

³⁵ This includes the Canadian provinces of British Columbia and Alberta; a small portion of Mexico; a small portion of Northwest Texas; a small portion of Western South Dakota; a small portion of Western Nebraska; and all of the following states: Washington, Oregon, California, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, Colorado, and New Mexico. *Id.*

³⁶ As currently conceived, the RSO would include participation by California and the other PacifiCorp states: Washington, Oregon, Idaho, Wyoming, and Utah.

WIRAB & RSO Footprints Compared



Ron Binz, who presented an earlier governance proposal for consideration by the California Energy Commission and CAISO, set forth a number of scenarios to estimate how long it would take for California interests to cease dominating a WIRAB-like voting model on a BOSR. With only PacifiCorp joining the CAISO footprint, California’s share of RSO load is approximately 76%.³⁷ If NV Energy and Arizona Public Service were to also join the RSO, California’s share of the load drops to 61% (although still a clear majority).³⁸ Even by adding Portland General Electric, Puget Sound Energy and Idaho Power to the RSO, California’s share of the load would still represent a majority, at 52%.³⁹ In other words, California would essentially maintain veto power on the BOSR, even under a vastly expanded RSO footprint.

For the aforementioned reasons, PIOs believe the WIRAB voting model is unworkable for the BOSR in that it does not adequately protect the interests of non-California states. Rather, we suggest that CAISO consider a voting model for the BOSR that is similar to that used by the Organization of MISO States (OMS). In that model, OMS members are each given one vote.⁴⁰ Most decisions require a simple majority vote, although certain decisions require either a plurality vote (i.e., election for officers of OMS) or a supermajority vote (i.e., changes in OMS

³⁷ Ronald J. Binz, *Considerations in Establishing a Western Regional System Operator* 10 (2016), http://docketpublic.energy.ca.gov/PublicDocuments/16-RGO-01/TN211283_20160429T073623_Considerations_in_Establishing_a_Western_Regional_Grid_Operator.pdf.

³⁸ *Id.*

³⁹ *Id.* at 11.

⁴⁰ Organization of MISO States Bylaws 2(2012), http://www.misostates.org/images/stories/Bylaws/BYLAWS_OMSasAmended13September2012.pdf.

bylaws).⁴¹ Perhaps most importantly, the OMS voting model does not allow a single state to dominate decision-making of the entire body and encourages members to reach decisions through consensus-building. PIOs believe a similar approach, that recognizes the equal importance of all participating state interests, should be used for the RSO's BOSR.

Section 205 Filing Rights

Under Section 205 of the Federal Power Act (FPA), FERC must assure that rates charged for the transmission service and sales of electricity it regulates are “just and reasonable and not unduly discriminatory or preferential.”⁴² FERC accomplishes this mandate by requiring transmission owners to file documents with FERC requesting approval for rates they want to charge.⁴³ According to FERC, there are really only two entities that legally hold Section 205 filing rights regarding RTO/ISO/RSO⁴⁴ actions – RTOs themselves and transmission owners. Specifically, RTOs maintain Section 205 rights “that apply to the rates, terms and conditions of transmission services over the facilities operated by the RTO.”⁴⁵ Transmission owners retain Section 205 rights for issues regarding RTO payments to owners for anything related to the use of their facilities.⁴⁶

In several organized markets in the U.S., committees of state regulators have obtained what are known as *complementary* Section 205 filing rights, which means that the regional grid operator maintains its own Section 205 rights to determine transmission rates charged for service over the lines it operates, but the states exert influence over those rights in certain ways in order to protect their own state interests.⁴⁷ Examples of complementary Section 205 filing rights in other organized markets are summarized in the below table.⁴⁸

⁴¹ *Id* at 3.

⁴² Michael H. Dworkin & Rachel Aslin Goldwasser, *Ensuring Consideration of the Public Interest in the Governance and Accountability of Regional Transmission Organizations*, 28 ENERGY L.J. 543, 559 (2007).

⁴³ *Id.*

⁴⁴ For purposes of these comments, we have referred to the regional market currently under consideration by CAISO and PacifiCorp as a regional system operator, or RSO. We consider the terms RSO, ISO and RTO as interchangeable.

⁴⁵ See: FERC Order No. 2000, at 234.

⁴⁶ *Id.*

⁴⁷ Allison Clements, *Making Sense of Potential Western ISO Governance Structures: The Role of the States* (June 2016), <https://www.nrdc.org/resources/making-sense-potential-western-iso-governance-structures-role-states>.

⁴⁸ *Id.*

Market	Role of Transmission Owners (TOs)	Role of Market Operator	Role of States	How States' Filing Rights Work
MISO	<p>*Each TO retains exclusive filing rights for transmission rate design <i>within its own footprint</i> and for capital investments that will be charged exclusively to customers <i>within its own footprint</i>.</p> <p>*Shares overlapping rights (with MISO) for costs associated with transmission projects and upgrades for which recovery will be sought across <i>multiple utility footprints</i>.</p>	<p>*Shares overlapping rights (with TOs) for costs associated with transmission projects and upgrades for which recovery will be sought across <i>multiple utility footprints</i>.</p>	<p>*Complementary filing rights for cost allocation are given to the Organization of MISO States (OMS).</p>	<p>*If MISO decides to develop or amend a regional cost allocation methodology, MISO will initiate a stakeholder process co-chaired by a member of OMS.</p> <p>* If at any point during the process 66% of voting OMS members agree, OMS can request that MISO file an OMS alternative cost allocation proposal at FERC.</p> <p>*MISO is not required to make the requested filing, but must provide a written explanation to OMS if they choose not to.</p>
SPP	<p>*Broader authority than in MISO; TOs have the exclusive right to make filings for <i>any transmission service</i> over their facilities.</p>	<p>*Permitted to file its own cost allocation and resource adequacy proposals at FERC.</p>	<p>*SPP's Regional State Committee (RSC) has filing rights in the areas of cost allocation and resource adequacy.</p>	<p>* Upon making a cost allocation or resource adequacy determination, RSC can file its proposal at FERC.</p> <p>*However, SPP is permitted to make its own Sec. 205 filing if it disagrees with a proposal filed by the RSC.</p>

CAISO's Governance Proposal includes a very broad interpretation of Section 205 filing rights for the RSO's Body of State Regulators. Specifically, CAISO proposes that the BOSR will have primary authority over RSO policy initiatives in the following two categories: (1) resource adequacy, and (2) transmission cost allocation. "Primary authority" in this sense means the BOSR will truly play the lead role for the RSO – i.e., policy approval by the BOSR would be a *prerequisite* to any RSO Section 205 filing with FERC.⁴⁹ Only in rare instances could the RSO make Section 205 filings in the areas of resource adequacy and cost allocation *without* prior BOSR approval:

⁴⁹ California ISO, *Proposed Principles for Governance of a Regional ISO* (June 9, 2016) 4, <https://www.aiso.com/Documents/ProposedPrinciples-Governance-RegionalISO.pdf>.

(1) The RSO may make a Section 205 filing without BOSR approval when reliability is imminently threatened (but only after giving the BOSR as much notice and opportunity to address the issue as the emergency circumstances allow).⁵⁰

(2) The BOSR and RSO can make independent Section 205 filings if a supermajority of the RSO Board concludes that the BOSR proposal would severely undermine reliable operations of the grid or cause the RSO to violate a mandatory federal reliability standard or other FERC requirement.⁵¹

While PIOs have continuously supported a strong role for states in governance of the RSO, we believe specific details regarding Section 205 filing rights should be reserved for the work of the Transitional Committee. This preference aside, PIOs take issue with how the CAISO Governance Proposal is presently characterizing Section 205 filing rights for the BOSR. By providing state regulators with primary authority over resource adequacy and transmission cost allocation in this manner, CAISO is not only envisioning Section 205 authority that goes beyond what is currently enjoyed by states in MISO and SPP, but it is not clear that such an approach comports with the Federal Power Act (i.e., it has not been tested at FERC).⁵² Further, such an approach also risks creating a governance model whereby the RSO's ability to effectively and efficiently operate the market could be compromised. Although the CAISO proposes emergency backstop authority for the RSO, this authority is narrowly construed and can only be used in emergency situations where grid reliability is imminently threatened.

As an example of PIOs' concerns, under the CAISO proposal for BOSR Section 205 filing rights, what happens if the BOSR members cannot reach agreement on a particular cost allocation or resource adequacy decision necessary to make a filing? What if grid reliability is not yet imminently threatened? Who has the authority in this scenario to make a Section 205 filing at FERC? Surely no one desires this type of impasse, as it could very well threaten the successful functioning of the RSO. Rather, PIOs propose that the CAISO consider framing Section 205 filing rights for the BOSR similar to the SPP's Regional State Committee, where states are given a broad swath of authority, but SPP can make its own Section 205 filings at any time, without the need to first identify an emergency threat to grid reliability. This is a fitting balance – it not only gives the states the Section 205 authority they have requested, but it removes the risk that the RSO would be deadlocked on important decisions related to resource adequacy and cost allocation and therefore, unable to effectively manage the market as it should.

⁵⁰ *Id* at 5.

⁵¹ *Id* at 5.

⁵² It is the interpretation of PIOs that such an approach may in fact violate FERC's interpretation of the Federal Power Act that transmission owners (and RTOs on their behalf) cannot be denied their Section 205 rights. See: Michael H. Dworkin & Rachel Aslin Goldwasser, *Ensuring Consideration of the Public Interest in the Governance and Accountability of Regional Transmission Organizations*, 28 ENERGY L.J. 543, 577 (2007) (clarifying that FERC has only allowed two entities to hold Section 205 filing rights regarding RTO actions – RTOs and transmission owners; complementary Section 205 filing rights are permitted but are narrowly construed).

VIII. STAKEHOLDER PROCESSES AND STAKEHOLDER PARTICIPATION

For purposes of the RSO, a blended stakeholder approach should be used. This approach would take advantage of the issues-focused stakeholder process currently used by the CAISO, but would expand upon it to include a more formalized role for stakeholders through the formation of a Member Advisory Committee, or MAC. Membership in the MAC should not be narrowly tailored to include only utility and commercial interests, but should take into account broad and diverse stakeholder representation, including renewable energy interests and environmental interests, among others. All members of the MAC should have voting rights.

An RSO, just like other organized markets in the U.S., will owe multifaceted obligations to a diverse set of stakeholders.⁵³ In this regard, an RSO's effectiveness will depend not only on the "level of acceptance by the different stakeholders and external audiences," but also on the ability of the stakeholder process to appropriately "engage the stakeholders in a meaningful dialogue in which they feel ownership and the possibility to derive benefits."⁵⁴ Additionally, stakeholder processes serve as one way to provide important checks and balances on RSO management, and in this manner, they have the power to hold the RSO accountable.

As provided in our May 20 governance comments, PIOs believe that a more formal stakeholder process will be valuable for the RSO. Membership in a stakeholder advisory board or Member Advisory Committee (MAC) should not be narrowly tailored to only utility and commercial interests, but rather, should take into account broad and diverse stakeholder representation.⁵⁵ In addition, care should be taken to ensure that this process is manageable in both size and operation and further, that it does not unnecessarily impair the decision-making ability of the RSO. If done right, a more formal stakeholder process ensures that important stakeholder voices are heard and taken into account when making decisions impacting the success of the RSO.

Following the bifurcation of the Western Electricity Coordinating Council (WECC) into WECC and Peak Reliability (Peak) in February 2014, both WECC and Peak set up new governance structures that offer a model for how a new, more formalized stakeholder process for the RSO could be established.⁵⁶ Both WECC and Peak have newly formed MACs, which are divided into

⁵³ Michael H. Dworkin & Rachel Aslin Goldwasser, *Ensuring Consideration of the Public Interest in the Governance and Accountability of Regional Transmission Organizations*, 28 ENERGY L.J. 543, 548 (2007).

⁵⁴ NANCY VALLEJO & PIERRE HAUSELMANN, IN'T INST. FOR SUSTAINABLE DEV., GOVERNANCE AND MULTI-STAKEHOLDER PROCESSES (2004), https://www.iisd.org/pdf/2004/sci_governance.pdf.

⁵⁵ PIOs use the "MAC" terminology here for simplicity's sake and because it is terminology most familiar to stakeholders in the West (due to the use of MACs at both WECC and Peak Reliability). We acknowledge that "stakeholders" may be viewed differently than "members" in certain organizations. However, for purpose of these governance comments, we use "members" and "stakeholders" interchangeably. Therefore, the MAC that we are proposing for the RSO would be comprised of a diverse set of stakeholder interests.

⁵⁶ WECC bifurcated following direction from FERC and NERC after the September 8, 2011 Pacific Southwest outage. Peak Reliability (Peak) was formed as a result of the bifurcation of the Western Electricity Coordinating Council

five classes for purposes of membership in order to adequately represent a diverse set of stakeholder interests. In recommending a MAC for the RSO, PIOs are suggesting a stakeholder committee that provides the various RSO “sectors” with an opportunity to directly influence the RSO Board’s decision-making on important issues, including: (1) RSO policies; (2) which initiatives the RSO should undertake; and (3) RSO direction, generally. A MAC provides direct input into the Board, and the Board participates (for the most part as an observer) in MAC discussions. It provides an important forum to assist an independent board in understanding the views and issues of its stakeholder sectors. In recommending a Member Advisory Committee structure, PIOs are not suggesting that the RSO conduct its work stream through a committee structure as does WECC – indeed, we feel that CAISO’s current issues-focused stakeholder process works well in this regard.⁵⁷ Rather, we are simply suggesting that a more formalized stakeholder structure be included as a part of overall RSO governance.

To further illustrate the potential role of a MAC for the RSO, PIOs use Peak Reliability’s MAC as an example. The Peak MAC provides advice and recommendations to the Peak Board of Directors regarding “the development of budgets, business plans, funding and other matters pertinent to the purpose and operations of the corporation.”⁵⁸ The MAC Chair coordinates directly with the Chair of the Peak Board of Directors to “ensure open communications between the Board and the MAC.”⁵⁹ A decision of the MAC requires a simple majority vote.⁶⁰ Where dissenting or minority opinions exist, the MAC Chair is required to present these opinions when making formal recommendations to the Peak Board of Directors.⁶¹ Importantly, this model has proven effective in that it provides a platform for efficient stakeholder input and

(WECC) into a Regional Entity (WECC) and a Reliability Coordinator (Peak). The bifurcation of WECC received final approval from FERC on February 12, 2014. Peak, a company wholly independent of WECC, performs the Reliability Coordinator function in its RC Area in the Western Interconnection. See: <https://www.peakrc.com/aboutus/Pages/History.aspx>.

⁵⁷ Work is accomplished at WECC primarily through its standing committees, and this seem to be what some find objectionable. At both the North American Electric Reliability Corporation (NERC) and WECC, the work stream takes place through three Standing Committees: the Operating Committee, the Planning and Coordination Committee, and the Market Interface Committee. The three Standing Committees report directly to the Board. Under these three Standing Committees are subcommittees, taskforces, working groups, etc. The work of the subcommittees funnels up to the Standing Committee and must be approved by the Standing Committee before it can be heard by the Board – unless an end run is done. In addition, Board-level committees, formed by the Board rather than by one of the Standing Committees, report directly to the Board. As an illustration, the WECC Board formed the Transmission Expansion Planning and Policy Committee (TEPPC) as a Board Committee to bypass politics perceived in the Planning and Coordination Committee.

⁵⁸ Peak Reliability Member Advisory Committee Charter, <https://www.peakrc.com/aboutus/MAC/Documents/Forms/AllItems.aspx>.

⁵⁹ *Id.*

⁶⁰ Bylaws of Peak Reliability, 33 (2016), <https://www.peakrc.com/aboutus/Board/Lists/Announcements/Attachments/27/Peak%20Reliability%20Bylaws%20with%20amendments%20for%20Member%20Consideration.040816.v2.pdf>.

⁶¹ *Id.*

related decision-making and also enables desired levels of interaction between the Board and the MAC (i.e., MAC members feel “heard” in this process).

Following the Peak and WECC MAC models, a stakeholder advisory board for the RSO could similarly be constructed. PIOs suggest that an RSO MAC could include the following sectors for purposes of membership:

Members	Seats
<i>Investor-Owned Utilities</i>	2
<i>Co-ops/Munis</i>	2
<i>Independent Power Producers</i>	2
<i>Renewable/DER Providers</i>	2
<i>Transmission Owners</i>	2
<i>Competitive Transmission Developers</i>	2
<i>Power Marketers (including PMAs)</i>	2
<i>Public Interest Organizations</i>	2
<i>End Users</i>	2
<i>Suppliers</i>	2
<i>Consumer Advocates</i>	2
<i>State Agencies⁶²</i>	2
TOTAL	24

Similar to the Peak and WECC MACs, the chief duties of the RSO MAC will be to serve as the liaison between the RSO stakeholder members and the RSO Board of Directors. To enhance its effectiveness, the RSO MAC should have formal authority to advise the RSO Board of Directors—i.e., the RSO Board should be required to consider and vote on any resolution passed by the MAC that seeks action by the Board of Directors. The RSO MAC should be charged with developing its own Charter and selecting its Chair, Vice-Chair, Secretary/Treasurer, and necessary Committees. Resolutions of the RSO MAC should require a simple majority vote. Where a dissenting or minority opinion is expressed, the MAC Chair should be required to report that opinion, as well as the majority opinion, to the RSO Board of Directors as requested.

PIOs provide the above example for illustrative purposes. PIOs still believe that specific decisions regarding the structure, membership and voting of a stakeholder advisory body should be determined as a part of the comprehensive governance stakeholder process following passage of the legislation – i.e., as part of the work of the RSO’s Transitional Committee. However, we recommend at the outset that environmental and clean energy

⁶² Although state regulators will be well represented through the RSO’s Body of State Regulators, other relevant state agencies should have the opportunity to provide input through the stakeholder process. Using Utah as an example, although the state’s Public Service Commission would have a seat on the Body of State Regulators, the state’s other agencies could have seats on the MAC (e.g., the Division of Public Utilities or the Governor’s Office of Energy Development).

interests be ensured meaningful participation – i.e., voting rights – in whatever form the future RSO governance structure takes. Too often, these important interests have been relegated to a consultative role (i.e., non-voting) or combined with myriad interests that do not necessarily align (e.g., ratepayer interests). Rather, these voices should be ensured meaningful and independent roles in this process so that their unique perspectives are heard.