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Comments of Seattle City Light

Additional submitted attachment is included below.

CALIFORNIA ENERGY COMMISSION

In the matter of:

REGIONAL GRID OPERATOR

AND GOVERNANCE

Docket No. 16-RGO-01

**Seattle City Light Comments on the California ISO's
Revised, Proposed Principles for Governance of a Regional ISO
Following the July 26th, 2016 Joint Agencies' Workshop**

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Seattle City Light (City Light) is the 10th largest public electric utility in the United States. It has some of the lowest cost retail rates of any urban utility, providing reliable, renewable and environmentally responsible power to approximately 750,000 Seattle area residents. City Light has been greenhouse gas neutral since 2005, the first electric utility in the nation to achieve that distinction.

City Light appreciated the opportunity to participate in the July 2016 workshop hosted by the California Joint Agencies and appreciates the opportunity to provide these comments. Seattle City Light believes we play a key leadership role through the use of our hydroelectric capacity, storage and energy in assisting the states in the expanding energy markets in reaching their carbon reduction goals, while also protecting and enhancing the environmental, economic and reliability foundation of the service we provide our customer-owners. It is clear to City Light that “zero-sum thinking” will not position us to be successful in addressing the environmental challenges we face. Only by adopting a “non-zero-sum” approach to solving these challenges will we have an opportunity to be successful. Seattle City Light encourages everyone interested in the outcome of this process to work together, recognizing that perfection is a goal rarely achieved, but future generations cannot afford for us to fail. Accepting imperfection and striving for continuous improvement is difficult, but it is this long, hard work that will be required to make a meaningful improvement in our region and the nation’s ability to successfully address climate change.

City Light would like to express its appreciation to the California Independent System Operator (ISO) and acknowledge the fact that its’ Revised Proposal – Principles for Governance of a Regional ISO addressed many of our previously expressed concerns in a positive manner. While much remains to be resolved, City Light is encouraged by the ISO’s responsiveness to the concerns raised by all stakeholders, and recognizes that there can be a value to a sense of urgency in focusing all of our thinking on what is critically important to those we serve.

City Light also recognizes that in a number of areas the ISO’s Revised Proposal defers consideration of significant matters to the transitional committee process. City Light looks forward to participating in that process, however would be most helpful to the consideration of the policy issues in question.

One observation that might be helpful to the ISO’s internal consideration of these matters is to acknowledge that within the state of California they appear to be perceived as a state agency. To those of us residing outside the state of California, “ISO” connotes something far different than just another state agency. In the event the California Governor and Legislature authorize expansion, City Light would encourage the ISO’s executives to carefully consider this dynamic and to embrace the internal culture change that will be required if they are to be successful as a regional ISO, and no longer perceived as another state agency of California – whether within the state of California, and most certainly outside of it.

City Light remains concerned in a couple of specific areas we wish to address below for the consideration of the California Governor's office, its legislature, the ISO, and the Joint Agencies. For clarity and ease of comparison, Seattle City Light has organized its specific comments below consistent with the categories used by the ISO in their Revised Principles.

State Authority

Seattle City Light supports the ISO's conclusion that mandatory, forward capacity markets connected to regional resource adequacy requirements should not be part of the potentially expanded ISO. City Light would be interested in the development of **voluntary** capacity markets, if there was sufficient market interest in them by load serving entities within the West.

To this end City Light recommends one minor edit to the ISO's proposed principle 1.1.a, with the word "mandatory" inserted in the first sentence before the word "centralized".

Transitional Committee

City Light looks forward to participating in the Transitional Committee stakeholder process given the range of issues being deferred to the Transitional Committee.

In establishing the Transitional Committee City Light strongly recommends that potential participants approach the assignment as a working committee, and not something they simply attend. For the Transitional Committee to be successful its members will have to effectively emulate the EIM Transitional Committee where the committee members devoted substantial time and effort to its success.

Western States Committee (WSC)

City Light supports the creation of the WSC as proposed by the ISO and appreciates the inclusion of a representative from both Publicly Owned Utilities (POU) and a federal power marketing administration (PMA).

However, we remain concerned that the ISO is proposing in section 6.4.a to limit the POU representative to only those POUs within the ISO footprint. We would like to better understand the rationale for this position given that the purpose of this discussion is the potential expansion of the ISO footprint. Including representation from outside the existing ISO footprint would appear to be better aligned with that underlying goal. For this reason we reiterate our suggestion that there be two POU representatives on the WSC, one from within and one from without the current ISO footprint.

City Light is also concerned with the proposal in section 6.7 that the WSC use a form of weighted voting. Seattle recommends that the question of voting structure also be deferred to the Transition Committee for consideration, rather than being set forth here as a principle.

If the ISO insists on setting it forth as a principle at this time, City Light recommends that consideration be given to including a “soft-cap” on load-based weighted voting to mitigate the risk that CA would, absent substantial expansion beyond the contemplated five additional PacifiCorp states, be able to out-vote all other states combined (See <http://www.eia.gov/electricity/state/> for 2014 MWhs delivered). This issue was successfully in the creation of ColumbiaGrid in establishing a “soft-cap” on BPA’s voting rights (see section 5.10 at <http://columbiagrid.org/download.cfm?DVID=3103>).

Stakeholder Processes

City Light strongly reiterates its recommendation that a Member Advisory Committee be established as a matter of principle for the reasons previously stated.