

## DOCKETED

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**Public Power Comments on the California ISO's July 15, 2016 Revised Proposed Principles for Governane of a Regional ISO**

*Additional submitted attachment is included below.*

**CALIFORNIA ENERGY COMMISSION**

**In the Matter of:** ) **Docket No. 16-RGO-01**  
 )  
**Regional Grid Operator and Governance** ) **NOTICE OF JOINT STATE**  
 ) **AGENCY WORKSHOP RE: Proposed**  
 ) **Regionalization of the Independent**  
 ) **System Operator**

**Public Power Comments on the California ISO's  
July 15, 2016 Revised Proposed Principles for Governance of a Regional ISO**

**August 2, 2016**

The Publicly Owned Utilities (herein referred to as "POUs" or "Public Power")<sup>1</sup> in the West greatly appreciate the effort undertaken by the California ISO (CAISO) to revise its Proposed Principles for Governance of a Regional Independent System Operator (ISO). Public Power specifically commends the ISO for several notable improvements in the revised proposal as compared to the version of June 9, 2016. Such improvements include a more direct process for transitioning to an independent regional ISO Board, as described in Sections 4 and 5; the removal of a provision for tracking greenhouse gas provisions from the governance proposal; the inclusion of seats for both public power and the Power Marketing Administrations (PMAs) on the Western States Committee, and greater details regarding the selection of the Transitional Committee (TC).

The POUs, however, continue to have concerns about the following provisions in the revised proposal:

1. The list of representatives on the TC on page 5 provides for disproportionate representation by some groups of stakeholders, while limiting representation by others. Sections 3.3.c through 3.3.f provide for representatives from the Independent Power Producers, Large Scale Renewable Energy Providers, Distributed Energy Resource Providers, and Generators and Marketers. All of these groups include sellers of electricity and several of them are redundant to each other. These representative categories should therefore be scaled back from four to two seats. Representation by POUs should be expanded to include at least two separate seats -- one for municipal or public utility district utilities and one for cooperatives, with consideration of one additional seat to ensure geographic diversity for public power utility representation.

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<sup>1</sup> These comments were drafted by a broadly representative group of Western POUs.

2. Section 3.4 on page 6 allows the ISO Board to choose from the candidates put forth by each sector, which provides the current Board with unrestricted authority in selecting TC membership. The EIM Transitional Committee was self-selected, and worked well, and Public Power endorses that the same approach be used here.
3. The POU's are very disappointed that despite an expansion of the details provided on a number of aspects of governance, the ISO's proposal continues to avoid any recommendation of a Markets Advisory Committee (MAC) or similar structure. Instead the TC is simply instructed to consider whether "any formal stakeholder committees, such as a market advisory committee of stakeholder representatives, should be established, and if so, the composition of the committee(s) and the role it would play." Public Power continues to urge the inclusion of a MAC as an essential component of a comprehensive governance structure. Given the unbalanced representation on the TC, described previously, it seems highly unlikely that the TC could recommend a fair and balanced composition for the MAC and other committees.
4. Section 6.4 on page 9, in the description of the Western States Committee (WSC), states that the non-voting public power and PMA members "may not have work responsibilities that are directly related to market transactions" and will "provide input on matters of interest to public power entities and federal power marketing administrations." This language appears to place undue restrictions on the participation of public power and the PMAs with regard to both the individuals who are representing these entities and the nature of their participation.
5. To allow for public power representation on the WSC that is more commensurate with its share of one-fourth of the load, there should be two non-voting public power members on the WSC, one from within and another from outside of California.
6. Section 6.5 provides for possible staff participation in the WSC meetings. The role that such staff will play also needs to be clarified. Public Power also requests the same option for public power and PMA staff.
7. The two PMAs in the region – Bonneville Power Administration and Western Area Power Administration – each have different resources, structures and statutory obligations, and would require to separate seats on the WSC to provide adequate representation.
8. The POU's are also concerned with the ISO's statement on page 8 with regard to weighted voting on the WSC, noting that "there can be important advantages to this model." Public Power disagrees and instead weighted voting can provide disproportionate influence to a few states. Instead it is recommended that the ISO consider a more balanced voting system.

Again, Public Power appreciates the efforts taken to improve and provide greater clarity in the ISO's governance proposal for a Regional ISO, and urges inclusion of the recommendations made herein.