

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	212596
Document Title:	SMUD Comments re: Joint State Agency Workshop on the Proposed Regionalization of the ISO
Description:	N/A
Filer:	System
Organization:	SMUD/Andrew Meditz
Submitter Role:	Public Agency
Submission Date:	8/2/2016 4:18:09 PM
Docketed Date:	8/2/2016

Comment Received From: Andrew Meditz

Submitted On: 8/2/2016

Docket Number: 16-RGO-01

SMUD Comments re: Joint State Agency Workshop on the Proposed Regionalization of the ISO

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 16-RGO-01
)	
<i>Regional Grid Operator and Governance</i>)	SMUD Comments re: Joint State Agency Workshop on the Proposed Regionalization of the ISO
)	
)	August 2, 2016

**Comments of the Sacramento Municipal Utility District
on Joint State Agency Workshop on the Proposed Regionalization
of the California Independent System Operator**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on the California Independent System Operator’s (CAISO) “Revised Proposal Principles for Governance of a Regional Independent System Operator” (Revised Principles), dated July 15, 2016, and the July 26, 2016, Joint State Agency Workshop. SMUD’s comments below focus specifically on key issues of the Revised Principles.

In addition, SMUD supports the comments of the California Municipal Utilities Association and Public Power also submitted in this docket.

General Process

SMUD reiterates its concern from its prior comments about the accelerated timeline for regional governance development. Legislation by August 31, 2016, is simply too aggressive given where we are in the process. While the Revised Principles have provided additional details and improvements from the original version, there are still open issues that require further vetting and discussion. And SMUD understands the CAISO intends to issue further revised principles in the near future, that may raise additional questions and concerns by stakeholders. Governance is critical to the success of a regional Independent System Operator (ISO), as it will have implications for not only market-related issues such as transmission access charges, greenhouse gas emissions, and resource adequacy, but also California’s state policy goals and the energy landscape throughout the west.

Given the current mix of issues still unresolved, SMUD strongly believes that extending the legislative goal to next year (2017) would be a prudent path forward. Indeed, nothing requires legislation by August 31, 2016. SB 350 established December 31, 2017, as the legislative deadline for statutory revisions to the governance structure to transform the CAISO into a regional organization. The extension will provide adequate time to properly vet the governance proposal (including further iterations issued by the CAISO), have informed discussions with stakeholders throughout the region, and educate California legislators.

Transitional Committee

SMUD supports the formation of a Transitional Committee (TC) to develop certain details of the regional governance plan. However, in what appears to be recognition that the August 31 legislation timing is premature, the Revised Principles defer important governance decisions to the TC. Specifically, Section 7.1 of the Revised Principles charges the TC to determine whether a Market Advisory Committee (MAC) is needed. The governance proposal should include a MAC as a core principle, the details of which may be developed by the TC. A MAC will provide an essential additional level of stakeholder collaboration and technical expertise to the deliberative process.

Western States Committee

SMUD supports the expanded representation of the Western States Committee (WSC) so it is not solely limited to regulators. SMUD also supports the proposed advisory roles for public power on the committee. However, the scope of participation for publicly-owned utilities (POUs) and federal power marketing administrations (PMAs) seems unduly restrictive. Under section 6.4(c), while POU's and PMAs may participate in all deliberations of the committee, they may only provide input on matters of interest to public power. This restriction is artificial -- all matters coming before the WSC may in some way be "of interest to public power" -- and SMUD recommends that it be removed. To ensure public power's vital role, public power participants on the WSC must be permitted to offer input on all matters coming before the WSC.

In addition, SMUD is concerned that Section 6.6 of the Revised Principles improperly limits the authority of the WSC solely to transmission cost allocation and resource adequacy. SMUD suggests that there are other matters (e.g., greenhouse gas levels) that should fall under the committee's purview as well. SMUD recommends clarification of the governance principles so that WSC may consider additional policy matters that we know of today, and new ones that may arise in the future.

Conclusion

SMUD continues to believe that the governance structure of the regional ISO is too critical to rush without robust vetting and discussion of the outstanding, and yet to arise,

issues surrounding the governance principles. Further, SMUD urges consideration of the additional improvements recommended herein to ensure a full and fair representation of public power customers throughout the region.

/s/

ANDREW MEDITZ
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS A311
Sacramento, CA 95852-0830

cc: Corporate Files [LEG 2016-0522]