

## DOCKETED

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**TANC Comments - Post July 26 Workshop Comments on Governance under a Regional Grid Operator**

*Additional submitted attachment is included below.*

**BEFORE THE CALIFORNIA ENERGY COMMISSION**

<b>In the Matter of:</b>	
<b>Regional Grid Operator and Governance</b>	<b>Docket No. 16-RGO-01</b>

**COMMENTS OF THE  
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA**

The Transmission Agency of Northern California (“TANC”) appreciates the opportunity to provide these comments following the July 26, 2016 joint agency public workshop on topics related to regionalization of the California Independent System Operator Corporation (“CAISO”). The workshop was focused on two topics: (1) a presentation on the final results of the studies required by California Senate Bill No. 350, the Clean Energy and Pollution Reduction Act of 2015; and (2) the CAISO’s July 15, 2016 revised version of the Principles for Governance of a Regional ISO (“Revised Governance Proposal”). TANC’s comments herein focus on the Revised Governance Proposal; TANC has previously submitted comments and questions to the CAISO on the SB 350 studies,<sup>1</sup> and reserves the right to raise additional issues as the discussions on forming a regional ISO continue.<sup>2</sup>

**Description of TANC:**

TANC is a joint exercise of powers agency organized and existing under the laws of the State of California and is a “municipality” as defined in Section 3(7) of the Federal Power Act, 16 U.S.C. § 796(7) (2012). Among TANC’s purposes is the provision of electric transmission facilities and services for the use of its Members.<sup>3</sup>

TANC is the largest Participant in, and the Project Manager of, the California-Oregon Transmission Project (“COTP”), a 500-kV transmission project extending from the California-Oregon border to near Pacific Gas and Electric Company’s (“PG&E”) Tesla Substation in central California, where the COTP and the PG&E electric system interconnect. The COTP is the third high voltage link between California and the Pacific Northwest, and became operational on March 17, 1993. As the Project Manager of the COTP, TANC coordinates (in accordance with contractual agreements) its use of the COTP among its Members, with other COTP Participants, and with the owners of the two other 500-kV transmission lines (“PACI lines”) running from north of the California-Oregon border southward into northern California (including PacifiCorp, Western Area Power Administration and PG&E). Portions of the COTP and the PACI lines constitute the California-Oregon Intertie. Since 2011, the COTP has been operated in the Balancing Authority of Northern California (“BANC”).

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<sup>1</sup> TANC’s June 23, 2016 Comments to the CAISO on the SB 350 Study Initiative are accessible at: <https://www.caiso.com/Documents/TANCComments-SB350Studies-PreliminaryResults.pdf>.

<sup>2</sup> TANC’s silence on any issue should not be construed as agreement on any issue.

<sup>3</sup> TANC’s Members are the California cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; and the Turlock Irrigation District. The Plumas-Sierra Rural Electric Cooperative is an associate member of TANC.

Some TANC Members' systems are located within the CAISO and others are located in neighboring Balancing Authority Areas. TANC and certain TANC Members also require transmission service involving the use of transmission facilities that are under the operational control of the CAISO.

**Support of Comments from California Municipal Utilities Association:**

TANC supports the comments and recommendations submitted by the California Municipal Utilities Association ("CMUA") in these proceedings.

**General Comments on the Revised Governance Proposal:**

TANC recognizes the CAISO's efforts in attempting to address various (sometimes competing) concerns that were raised with respect to the CAISO's June 9, 2016 Original Governance Proposal. However, the Revised Governance Proposal continues to be deficient in ensuring an equitable role and participation by publicly-owned utilities in the designing, and governance, of the regional ISO. The Revised Governance Proposal does not adequately ensure that stakeholders (including owners of facilities interconnected with the CAISO-PacifiCorp footprint) have a meaningful role throughout the regionalization process.

Most importantly, TANC remains concerned that the different pieces of the regionalization process are being developed separately. Given the enormity of the potential impacts on the electricity markets in California and the entire Western Electricity Coordinating Council ("WECC") region presented by possible CAISO regional expansion, it is fundamental that the time be taken to ensure that there is a comprehensive, thorough and transparent assessment of all associated issues and impacts. Perfunctory and piecemeal processes will not only tarnish the significant efforts of all involved but may impact the purported benefits and/or the public trust.

**Comments on Specific Aspects of the Revised Governance Proposal:**

***Preservation of State Authority***

TANC appreciates that the Revised Governance Proposal provides that the Transitional Committee will develop a process to determine whether actions by the regional ISO would materially diminish or impair state or local authority. Revised Governance Proposal at § 1.3. However, CAISO's Revised Governance Proposal does not give adequate consideration to the role of public power. There is inadequate representation afforded to publicly-owned utilities, including publicly-owned neighboring transmission owners in the Revised Governance Proposal. Principles of governance of an expanded region should ensure that public power has an appropriate role in the regionalization process and must focus on preserving and providing equitable weight to their local authority.

### *Transitional Committee*

TANC appreciates the proposal that the ISO Board will adopt a charter describing the processes the committee will follow to develop and submit the regional governance plan, including open meetings. Revised Governance Proposal at § 3.5. One important aspect of the charter should be the creation of a robust stakeholder process. In this regard, the Transitional Committee should, at a minimum, follow California's Open Meetings requirements ensuring transparency throughout the regionalization process and giving stakeholders an opportunity to comment on the process.

TANC is concerned with the proposal to allow the CAISO Board to select one representative for the Transitional Committee from two that are proposed by each sector. This provides the CAISO Board with too much authority and negatively impacts the autonomy of the sectors and the proposed separation between the CAISO Board and the Transitional Committee. TANC would prefer to allow each sector to elect its own representative for the Transitional Committee.

### *Establishment of the Western States Committee*

The current structure of the Western States Committee ("WSC") proposed by the CAISO in its Revised Governance Proposal does not provide an adequate or commensurate role for public power. The CAISO proposes that one representative "selected by publicly-owned utilities within the ISO footprint" will serve on the WSC in a non-voting, advisory capacity. Revised Governance Proposal at § 6.4(a). However, publicly-owned utilities represent a significant portion of load and assets in the Western Interconnection and would not be adequately represented on the WSC by one non-voting representative. Given their unique roles and responsibilities, public power entities and their local authorities would not be adequately represented by the other members on the WSC.

Given that the WSC is proposed to have primary authority over issues involving transmission cost allocation and resource adequacy (§ 6.6), and is to "play the lead role for its defined areas of authority," (§ 6.6(a)), the proposal in § 6.4(c) that the non-voting public power member will be relegated to simply providing "input on matters of interest to public power entities" is not equitable, and must be revised to permit public-power with voting authority on the WSC. While TANC understands that the CAISO does not want to prescribe how other states will choose their representatives, these proposed limitations also raise concerns on the vagueness in the proposal on how states will choose their representatives. Public power entities in California have contributed to the development of the CAISO and the reliability of the integrated grid. Their voice should not be muted as the region expands.

We believe that public power entities need a minimum of two (2) seats on the WSC and that these seats should be voting positions, not merely advisor.

## ***Stakeholder Processes and Stakeholder Participation***

TANC supports a robust stakeholder process throughout the regionalization process and within the regional ISO. The CAISO currently does not limit who can be a stakeholder, provides notice of meetings on market issues, and allows public attendance at meetings. It should be ensured that the stakeholder process for the regional ISO is at least as strong as CAISO's current stakeholder process in ensuring transparency and allowing for robust stakeholder input; indeed it would be preferable to have a stakeholder process that is even more interactive than the current process. The stakeholder process should permit meaningful stakeholder input, not create red tape. Given that some of the stakeholders (such as TANC) are interconnected with the CAISO-PacifiCorp footprint, their participation is equally important to those that are currently located within the CAISO-PacifiCorp footprint.

### **Concern with CAISO's Current Piecemeal Approach:**

As TANC asserted in its response to the SB 350 studies and in response to the CAISO's Revised Straw Proposal on Regional Transmission Access Charge Options,<sup>4</sup> the CAISO's governance proposal should be considered in conjunction with the other pieces of the regionalization process, so that stakeholders have an opportunity to evaluate the process as a whole. TANC strongly agrees with the CMUA's July 7, 2016 comments<sup>5</sup> that the CAISO should present a comprehensive package including Resource Adequacy, Transmission Planning Process, Transmission Access Charges, Greenhouse Gas Initiatives, and Governance. CAISO's piecemeal approach to the process makes its proposals less clear and makes it difficult for TANC to comment on the overall approach.

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<sup>4</sup> In addition to TANC's June 10, 2016 Comments to the CAISO on the Revised Transmission Access Charge Straw Proposal are accessible at: <https://www.caiso.com/Documents/TANCComments-TransmissionAccessChargeOptions-RevisedStrawProposal.pdf>.

<sup>5</sup> CMUA's July 7, 2016 Comments on Proposed Principles of Regional Governance are accessible at: [http://docketpublic.energy.ca.gov/PublicDocuments/16-RGO-01/TN212191\\_20160707T165438\\_Charles\\_Braun\\_Comments\\_Comments\\_of\\_the\\_California\\_Municipal\\_Uti.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/16-RGO-01/TN212191_20160707T165438_Charles_Braun_Comments_Comments_of_the_California_Municipal_Uti.pdf).

TANC looks forward to the opportunity to review any further proposals pertaining to regional governance comprehensively with the other pertinent components associated with development of a regional ISO and seeks assurances that the process going forward will permit such an opportunity.

Respectfully submitted,

Dated: August 5, 2016

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