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Description:	By Burton Gross 10-17-16
Filer:	Misa Milliron
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Potential Topics for Western States Committee Primary Authority: Discussion Paper

Burton Gross, Assistant General Counsel - Legal
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Background for the discussion paper

- Principle 6.6: “[T]he WSC will have primary authority over certain regional ISO policy initiatives on specific topics within the subject areas of transmission cost allocation and resource adequacy.”
- The “specific topics” are not further defined
- Need stakeholder input on this issue to move forward
- WSC Paper seeks to frame this issue and start that discussion
- Seeking comments by October 31 (or earlier) to inform a second draft in November

Overview of the Western States Committee: Structure, membership, roles

- Separate and independent from the ISO; funded by ISO rates
- One voting representative from each State
- Two non-voting POU members; one non-voting PMA member
- Several distinct roles:
 - Approval Committee that confirms candidates for ISO Board
 - Principle 1.3: Role in preserving state authority
 - Advisory role on all matters of collective state interest
 - Primary authority role

Overview of Western States Committee: Primary authority and voting rule

- For matters within the WSC's primary authority, WSC approval must be given for ISO to move forward with a policy proposal, except in certain narrowly defined cases. (See Principles 6.7-6.8.)
- Voting Rule for Primary Authority issues:
 - Approval requires an affirmative vote of at least 75% of the voting members representing at least 75% of total load. (Both requirements must be met for approval.)
 - Drives a high degree of consensus
 - Also means a small minority can block

Potential Factors to Consider in Establishing Topics for Primary Authority

- No single definitive principle or set of principles was identified
- Some potential factors to consider:
 - Is topic an overarching, region-wide policy issue that all states are deeply involved in?
 - Does topic present an issue where balancing competing state interests is particularly important?
 - Is topic a more localized issue or an issue of particular interest only to certain states?
 - Does topic involve everyday operational functions of the ISO?
 - Is it an issue where policy discretion is narrowly constrained by prescriptive FERC/NERC regulation?

Resource Adequacy

- Goal and basic structure of ISO's RA Program
 - Ensure sufficient capacity to reliably operate grid
 - ISO receives and validates RA showings from LSEs
 - ISO works with Local Regulatory Authorities (LRAs) to ensure sufficient capacity procured
 - RA resources have a must-offer obligation
 - Process for curing deficiencies
- System-Wide Planning Reserve Margin Target
 - Key issue that drives the overall system RA need. Likely to fall within primary authority as a fundamental policy issue of interest and importance to all States.
- Other RA Topics?

Transmission Cost Allocation

- Overview of ISO Annual Transmission Planning Process
 - Phase 1: Planning assumptions, study plan, identify any federal, state, local public policy mandates
 - Phase 2: Perform studies in three steps: Reliability Solutions, Policy Solutions, Economic Solutions
- WSC primary approval authority for cost allocation for policy-driven projects that support policy mandates of, or provide benefits to, more than one region
 - Cost allocation for such projects typically will raise broad regional and project-specific policy considerations
 - When such a project is selected through the TPP, it comes to WSC for cost allocation determination, subject to FERC review
- Other Topics?

Next Steps

- Comments due on October 31 (earlier is welcome)
- Targeting November 11 for posting a revised paper
 - Webinar in mid-November
 - Comments: November 28
 - Final Draft: December 6
- Other resources from related ISO stakeholder proceedings:
 - Regional Resource Adequacy: Third Revised Straw Proposal (available at: <http://www.caiso.com/Documents/ThirdRevisedStrawProposal-RegionalResourceAdequacy.pdf>)
 - Transmission Access Charge Options: Second Revised Straw Proposal (available at: <http://www.caiso.com/Documents/SecondRevisedStrawProposal-TransmissionAccessChargeOptions.pdf>.)