

DOCKETED

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National Grid Comments re: Regional Grid Operator and Governance

Additional submitted attachment is included below.

Optional Stakeholder Comments Template

Second Revised Proposal: *Principles for Governance of a Regional ISO*

Submitted by	Organization	Date Submitted
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Stakeholders are encouraged to use this template to provide comments on the Second Revised Proposal: *Principles for Governance of a Regional ISO* posted on October 7, 2016.

All documents for the Regional Grid Operator and Governance Proceeding are available at:

http://www.energy.ca.gov/sb350/regional_grid/documents/index.html

Submit comments to the California Energy Commission Docket 16-RGO-01:

<https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnumber=16-RGO-01> or
docket@energy.ca.gov

Comments should be submitted by October 31, 2016.

The Second Revised Proposal retained the eight principles from the prior draft and refined them in ways that seek to address many of the issues raised by stakeholders in their comments. Please provide comments for further refinement of these principles, which will be used to establish a final proposal that can serve as the framework for the governance of a regional Independent System Operator.

National Grid plc (“National Grid”) is a Fortune 500 company and one of the largest investor-owned energy companies in the world covering Massachusetts, New York, Rhode Island and Great Britain with a market capitalization of over \$50 billion. National Grid’s US operations are headquartered in Waltham, Massachusetts. National Grid is engaged in the transmission and distribution of electricity and gas owning and operating 18,000 miles of electric transmission worldwide worth over \$7.5 billion and \$16 billion in natural gas distribution assets. National Grid also has over 25 years of experience in HVDC transmission operations having developed, owning and operating one of the first participant funded HVDC projects in the United States that delivers 2 gigawatts of Canadian hydro power to New England National Grid is also actively engaged in the development of assets to enable the transition of the electric system to a low a GHG future. This includes additional HVDC electric transmission lines in New England and the West to deliver zero carbon resources to load centers, interconnections to offshore wind, and electric energy storage projects.

National Grid appreciates this opportunity to comment on the California Independent System Operator’s (CAISO) Second Revised Proposal regarding Principals for Governance of a Regional ISO. We believe that the CAISO has made significant progress in balancing the requirements of the variance impacted regions and stakeholders. National Grid anticipates becoming much more active in CAISO and Regional ISO activities in the future and we commend the CAISO for its efforts to date.

1. Preservation of State Authority

The Second Revised Proposal proposes revisions to section 1.3 to establish a process for determining whether a proposed new ISO policy initiative would materially diminish or impair the state or local authority. Please comment on this change or any other aspect of preservation of state authority.

We recognize the importance of the preservation of State Authority for the creation of a Regional ISO and believe that the current draft has attempted to address concerns raised in earlier drafts. While it is important for the preservation of State Authority we note (and are sure that the CAISO recognizes) that the FERC has ultimate jurisdiction over the bulk transmission grid.

2. Transmission Owner Withdrawal

The Second Revised Proposal proposes no changes to this principle. Please provide feedback on this principle.

No specific comments on this principle.

3. Transitional Committee of Stakeholders and State Representatives

The Second Revised Proposal makes revisions to the sectors that will serve on the Transitional Committee, requires the sectors to self-select one candidate to serve on the Transitional Committee, narrows the scope of issues that the Transitional Committee will consider, and provides additional detail with regard to the processes to be used by the Transitional Committee to vote on and submit its proposal to the ISO Board, as well as the process the ISO Board will use in reviewing the proposal. Please provide feedback on these changes and any other aspect of this principle.

National Grid supports the creation of the Transitional Committee along with the stakeholder composition of the proposed Committee. We note that there is not currently an opportunity for the transmission owners (non-utility) for participation. We believe that the advent of competition in the development of bulk transmission has resulted in driving down the costs for transmission development and that this will be a key component in the Regional ISO. Therefore, we request that the CAISO consider the addition of a spot for the merchant transmission developer/owner on the Transitional Committee.

4. Transition Period

The Second Revised Proposal eliminates the deadline for starting the transition to a regional board and instead establishes a deadline of three years to complete the transition. It also provides flexibility within this defined three-year period to seat new Board members, including sitting Board members (if they are selected to do so through the new nomination and approval process established in the principles), without attempting to prescribe all of the details of the process. Please provide comment on this revision or any other aspect related to this principle.

This principal appears well thought out and developed.

5. Composition and Selection of Regional ISO Board

The Second Revised Proposal provides more detail regarding the key components of the process used to identify and select the membership of the regional ISO Board, which would then be further developed by the Transitional Committee. Revisions also establish a set of parameters that rely on the Transitional Committee process to develop certain further specifics relating to the make-up of a stakeholder-based Nominating Committee. Additionally, the Second Revised Proposal includes supermajority provisions for voting rules that will be used by the Nominating Committee for establishing a slate of nominees and by the Approval Committee for confirmation of nominees. The proposal also establishes a set of guidelines that the Transitional Committee would follow in developing the (up to nine) total voting sector representatives who would serve on the Nominating Committee. Finally, the ISO offers information regarding why the proposal recommends having nine members serve on the regional ISO governing Board. Please comment on these clarifications and revisions, or any other aspect related to this principle.

As mentioned above, National Grid strongly believes the input and voice of the merchant transmission developer is required on the Transitional Committee particularly as it relates to also the composition of the ISO Board Nominating Committee.

6. Establishment of a Western States Committee

The Second Revised Proposal relaxes the provision that limited the types of individuals that may serve as POU/PMA representatives to the WSC and removes language that created a misimpression that the proposal intended to limit the scope of issues on which the POU/PMA members may provide input, or that staff from such entities may not be permitted to attend or participate in meetings of the WSC. The revisions clarify that the WSC will generally perform its work in open session and that all members of the public, including such staff, will be invited to attend and participate. It also increases the number of POU representatives from one to two. Importantly, the ISO further develops the proposed voting rule that the WSC members would use when considering matters that are subject to their primary authority, and defines the term “sustained period of inaction”. As a point of clarification, the ISO notes that it does not intend for this load-based weighted voting rule to apply to other matters involving the day-to-day administration of the WSC or to decisions by the WSC on whether to provide advisory input on topics outside its primary authority. These details can be decided at a later juncture, preferably by the representatives of the states that are charged with starting up the WSC. Finally, the ISO has decided to work on addressing this “scope of authority” for the WSC issue now, rather than deferring it to the Transitional Committee, and has subsequently developed a discussion paper and draft proposal that will make suggestions for topics within these areas that should be subject to the WSC’s primary authority. Please comment on these revisions to the revised Principles for Governance in relation to the WSC, and provide any additional feedback on this principle.

National Grid reserves comments on the Western States Committee (WSC) until additional details on the actual scope and authority of the WSC is further defined.

7. Stakeholder Processes and Stakeholder Participation

The ISO has not proposed any further changes to this principle at this juncture; however, the ISO commits to working with all stakeholders and with the Transitional Committee as it considers the full set of options to revise the current stakeholder process. Please provide any additional feedback on this principle.

We support open, transparent and robust stakeholder proceedings and participation.

8. Requirements for Plan to Become Effective, including Governor's Certification

The Second Revised Proposal made conforming revisions to this principle, modifying the proposed development of a regional governance plan by the Transitional Committee then approved by the ISO Board, and replacing it with both the development of and approval of a regional governance plan by ISO Board. Coupled with the development of governance documents and any necessary regulatory approvals, the governance plan will become effective only after it is approved by the Governor of California. Please provide any additional feedback on this principle.

No specific comments.