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Portland General Electric Comments on Regional Grid Governance

Additional submitted attachment is included below.



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**Comments of Portland General Electric Company on
*Principles for Governance of a Regional ISO and Potential Topics within the
Primary Authority of the Western States Committee*
October 31, 2016**

Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments to the California Energy Commission (“CEC”) and the California Independent System Operator (“CAISO”) on the *Principles for Governance of a Regional ISO and Potential Topics within the Primary Authority of the Western States Committee* (“Proposals”). PGE has signed an implementation agreement with the CAISO to become the fifth utility outside the State of California to join the Western Energy Imbalance Market (“EIM”), with a scheduled go live date of October 2017. PGE is an active participant in the CAISO’s Integrated Forward Market and Real-Time Market, and is a current bilateral and future EIM trading partner with PacifiCorp, the expected first joiner of the Regional ISO. PGE operates a Balancing Authority Area adjacent to the PacifiCorp and CAISO systems, and is a co-member of the Northern Tier Transmission Group and Northwest Power Pool Reserve Sharing Group with PacifiCorp. As such, PGE has a vested interest in the development and implementation of programs that have a potential to impact its commercial trading and system operations, and submits its comments below from that perspective.

PGE believes the concepts in the Proposals are continuing to move in a positive direction. PGE applauds the CAISO, the CEC, and the stakeholders involved in this initiative for their diligence in working toward an end state for these Proposals that will balance competing interests and give the initiative the greatest chance for success should the parties decide to move forward.

PGE would request that the Proposals be revised to include a more expansive and immediate role for the Western States Committee (“WSC”), an earlier seating of the Transitional Committee such that their Governance proposal can be delivered as soon as practicable, and an abbreviated timeline for establishing and operating the Regional ISO under the new Regional ISO Board. PGE believes the WSC is the appropriate body to, with the help of stakeholders, CAISO staff, and market experts, settle aspects of the initial market design that at times pit dissimilar interests against each other. In PGE’s view, the WSC could facilitate a new round of engagement on these types of issues concurrent with the Governance work and seating of the new Regional ISO Board that will be undertaken by the Transitional Committee. Doing so would allow the groups and their stakeholders to work in tandem on issues where appropriate and schedule efficient meetings and interactions with overlapping stakeholder sectors. With a concerted effort, and following in general the method used for seating the EIM Transitional Committee, PGE believes both the WSC and the Transitional Committee can be constituted near-term such that they are able to begin their work in early 2017 and maintain the momentum of the project. Finally, PGE believes the transition to a Regional ISO Board needs to be targeted to happen as early as possible to instill confidence among stakeholders that all parties are committed to letting go of the single-state perspective of the past in favor of this new multi-state market and organization.

While engaging on this initiative, PGE believes it is very important that all entities involved do not lose sight of the work underway to continue expansion of the Western EIM and refinement of that market model. To date, this emerging market has advanced the commercial and operational objectives of all parties involved. It is expected that the tangible and intangible benefits for existing members and their customers will only continue to grow as new members are added in the coming years. PGE believes it is imperative that this market's long-term stability not be undercut by other initiatives competing for staff and stakeholder resources.

Finally, PGE requests that the next set of revised Proposals directly address how the current EIM governance structure is intended to function in relation to the Regional ISO. It is PGE's expectation that the EIM governing body would continue to have primary and hybrid authority in appropriate areas, but would like to see this relationship put forward explicitly such that existing and future EIM participants can be confident their market model is durable in the Regional ISO future envisioned.

PGE appreciates the opportunity to provide comments to the CEC and the CAISO with regard to the Proposals and looks forward to further engagement on these issues.