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Additional submitted attachment is included below.

**BEFORE THE
CALIFORNIA ENERGY COMMISSION**

In the Matter of:) Docket No. 16-RGO-01
Regional Grid Operator and Governance)
)

**Public Power Council’s Comments on the
California ISO’s Second Revised Proposed Principles for Governance of a Regional
ISO
Dated October 7, 2016**

October 31, 2016

Public Power Council (PPC) appreciates the opportunity to comment on the ISO’s *Second Revised Proposed Principles for Governance of a Regional ISO* (Second Revised Principles). PPC is a non-profit trade association that represents the common interests of approximately 100 consumer-owned electric utilities in the Pacific Northwest that are preference power customers of the Bonneville Power Administration (BPA). Many of PPC’s members are located within PacifiCorp’s balancing authority area, both east and west of the Cascades. Many others own and market the output of generating resource and have an interest in equitable participation in ISO markets.

PPC feels that the Second Revised Principles improve on the previous iteration in several respects. These improvements notably include the revision to add a second consumer-owned utility representative to the Western States Committee and the removal of Board selection of Transition Committee representatives. We feel that these are positive steps toward greater inclusiveness. That said, PPC has significant concerns about aspects of the proposal that are described below.

Decision-making in the Western States Committee on Matters of Primary Authority

The additional details around the WSC authority and interactions are helpful to understanding the ISO’s proposal for instituting that body. The requirement that WSC proposals receive 75% vote representing 75% of the ISO footprint load, however, provides California with an effective veto of proposals. This would unfairly and unnecessarily enable California to block proposals and create a “period of inaction” that would permit the ISO to make filings at FERC without WSC action.

We suggest that a simple majority vote be used when the proposal concerns areas of WSC primary authority. This is a more equitable approach that gives all states some assurance of being heard and having their interests addressed in the WSC. Of course, it would require California and other large states to appeal to the others more than they would have to with a weighted voting requirement, but all states would find themselves

in this situation. A structure that promotes compromise on the more contentious issues is likely to be more durable and produce more reasonable results in the long run.

A Market Advisory Committee is an Important Component of Good Governance

We feel that lack of a Market Advisory Committee, with a formal relationship to the Board, continues to be a strong negative aspect of the overall proposal. This is a very significant matter for Northwest public power entities. A MAC would provide a consistent venue for stakeholders and interested entities to interact with ISO staff and directly communicate as a group to the Board when necessary. In addition we believe that a MAC with formal recourse to the Board could play a constructive role in helping the ISO reorient itself to the West and western issues. The ISO is currently incorporated as a California benefits corporation and, therefore, has obligations to create and return benefits to the state. For nearly twenty years the ISO understandably has focused on internal California matters and state regulators and elected officials. A multi-state ISO, of course, must make a sharp turn towards a broad orientation, which can be difficult for the best-intentioned large organization with the history and habit of singular focus. A broadly representative MAC with a formal Board relationship would help bring that broader focus to the ISO and the Board.

Although it is reasonably robust, the current stakeholder process does not provide a formal relationship and place in the Board decision-making process or contribute to necessary changes in ISO orientation and habit. We feel that it is important for the ISO to signal strongly its understanding of the new paradigm and its commitment to those changes. The inclusion of a strong MAC in the principles would be a concrete step in that direction. Deferring the question of stakeholder engagement to the Transition Committee without proposing a MAC sends the wrong signal in this regard.

Respectfully submitted this 31st day of October 2016.



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