

## DOCKETED

<b>Docket Number:</b>	16-RGO-01
<b>Project Title:</b>	Regional Grid Operator and Governance
<b>TN #:</b>	214278
<b>Document Title:</b>	SCE Comments on Principles for Regional ISO Governance to CEC, second proposal, 10-7-2016
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Southern California Edison
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	10/31/2016 3:12:55 PM
<b>Docketed Date:</b>	10/31/2016

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*Submitted On: 10/31/2016*

*Docket Number: 16-RGO-01*

**SCE Comments on Principles for Regional ISO Governance to CEC, second proposal, 10-7-2016**

*Additional submitted attachment is included below.*

**October 31, 2016**  
**Posted Electronically to**  
**Docket No. 16-RGO-01**

**California Energy Commission**  
**Dockets Office, MS-4**  
**Docket No. 16-RGO-01**  
**1516 Ninth Street**  
**Sacramento, CA 95814-5512**

**Re: Docket 16-RGO-01: Southern California Edison Comments on the October 17, 2016 workshop, Principles for Governance of a Regional ISO**

Southern California Edison (SCE) appreciates the opportunity to comment on the CAISO's Proposed Principles for Governance, posted October 7, 2016<sup>1</sup>. SCE continues to support the objective of development of efficient wholesale markets for the delivery of electricity and transmission. Properly designed and implemented, regional markets promise to reduce costs for customers, better utilize existing assets, allow for more efficient development of new infrastructure, and reduce costs of renewable energy integration.

While important details for a successful expansion such as transmission charges, transmission planning, GHG treatment and resource adequacy require additional definition and resolution; such issues are being addressed in other forums. For expansion to succeed, all issues must work in a cohesive manner, and the governance structure must be able to make effective decisions in a timely fashion. The comments below focus specifically on the principles of governance proposed by the CAISO.

**1. Preservation of State Authority**

SCE supports the continuation of each respective State's authority over procurement policy, certificate of public convenience and necessary approvals for utilities within their jurisdiction such as generating resources needed and transmission siting within their state. States must have the ability to implement policies for procurement and siting of transmission that further the States objectives in the reduction of pollution and implementation of a clean energy environment.

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<sup>1</sup> [http://www.energy.ca.gov/sb350/regional\\_grid/](http://www.energy.ca.gov/sb350/regional_grid/)

## **2. Transmission Owner Withdrawal**

Participating transmission owners can withdraw from the CAISO with typically two years notice. SCE supports maintaining these provisions for all participants.

## **3. Transitional Committee of Stakeholders and State Representatives**

The proposal is for a Transitional Committee to include members of eight sector stakeholders. It is SCE's understanding that the transitional committee for the Energy Imbalance Market (EIM) was used as a model for the principles for regional expansion. The EIM Transitional Committee had representation of every investor owned utility (IOU) that expressed commitment to EIM. Given that IOUs will be serving the majority of load in a regional ISO, more IOU representation is needed in the Transitional Committee.

## **4. Transition Period**

SCE appreciates the clarity provided in the proposal that defines a three year deadline from when the governance plan becomes effective<sup>2</sup> to the implementation of a new nine member board.

## **5. Composition and Selection of a Regional ISO Board**

Section 5.4 states that the Nominating Committee must approve the slate as a whole, and if rejected by the Approval Committee, then the process starts over to develop a new slate. However, there is no limit on the number of times the Approval Committee can reject a slate of candidates. For the EIM Board approval process, there was a limit of two times the slate could be rejected. The Transitional Committee should offer input on how to resolve how many slates the Approval Committee can reject before a slate of candidates must be selected.

While it may be the intent to have the Transition Committee develop the terms of each Board member and the staggering of terms of the Board members, the process for which open Board seats will be filled after the initial seating of the Board should not be left to the Transition Committee. It is possible that the CAISO proposal intends to utilize the same Nominating Committee and Approval Committee however, the proposal does not address this issue. SCE believes that the governance proposal should address how Board members will be reappointed or replaced when their terms come to an end. Without information on such a process, stakeholders may be unable to determine if the initial Board will have a composition sufficient to satisfy their needs, there is no ability to determine if the composition will continue to be sufficient in future years.

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<sup>2</sup> Per section 8.0 this would occur after the ISO approves the transitional committee's plan and also the CA governor approves the final governance plan as being in the best interest to CA.

## **6. Establishment of a Western States Committee**

The current proposal would have membership in the WSC dependent on a participating transmission owner (PTO) joining the expanded ISO. Given that each WSC vote can carry with it significant weight, SCE believes that the proposal should contemplate the minimum size of such a PTO that must be met in order to obtain a seat on the WSC. Furthermore, a PTO must serve load to for a state to have representation on the WSC.

For example, Valley Electric Association has already joined the CAISO as a PTO. It serves approximately 120 MWs of load. The current governance proposal does not address whether Nevada would be placed on the WSC on the basis of a PTO serving 120 MWs of load or if the inclusion of Nevada on the WSC would come at such a time that, for example, NV Energy were to join. SCE believes that clarity should be provided on the minimum requirements for the joining of a PTO to qualify a state for a seat on the WSC.

## **7. Stakeholder Processes and Stakeholder Participation**

Overall, SCE believes the current stakeholder process has worked well and supports maintaining the current framework. SCE does not support the creation of a formal stakeholder committee.

In the context of regional expansion, SCE supports reimbursement of expenses if limited exclusively to travel costs incurred by State Agencies (e.g. employees of a PUC) incurred for engagement in stakeholder activities. SCE does not support reimbursement for additional costs or to additional parties.

## **8. Requirements for Plan to Become Effective**

SCE does not have any comments at this time.