

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	214290
Document Title:	Public Power Comments on the California ISO's October 7, 2016 Second Revised Proposed Principles for Governance of a Regional
Description:	N/A
Filer:	System
Organization:	Public Power
Submitter Role:	Public
Submission Date:	10/31/2016 4:06:59 PM
Docketed Date:	10/31/2016

Comment Received From: Paula Palomo

Submitted On: 10/31/2016

Docket Number: 16-RGO-01

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

Additional submitted attachment is included below.

CALIFORNIA ENERGY COMMISSION

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

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

October 31, 2016

The Publicly Owned Utilities (herein referred to as “POUs” or “Public Power”)¹ in the West greatly appreciate the continued effort undertaken by the California ISO (CAISO) to develop and incorporate stakeholder feedback on principles for the governance of a Regional Independent System Operator (ISO).

The POUs continue to be disappointed that the ISO’s proposal avoids any recommendation of a Markets Advisory Committee (MAC) or similar structure, and instead leaves this important determination to the TC. An affirmative expectation of a MAC or similar structure is too important a body of good governance to be silent on within the governance principles.

Public Power commends the ISO for further improvements in the October 7 second revised proposal for *Principles for Governance of a Regional ISO* compared to the prior version, including an increase in the number of POU representatives on the Western States Committee (WSC); a slight rebalancing of Transitional Committee (TC) representation; removal of Board selection of TC representatives; and a clear timeframe for the transition period.

Public Power’s specific comments are provided below on each section.

1. Preservation of State Authority

Public Power appreciates the more detailed description of the process for determining whether a proposed initiative would materially diminish state or local authority, and the specific inclusion of “local authority.” Further clarification is needed, however. Section 1.3 states that the “ISO will establish a process for determining whether a proposed new ISO policy initiative would materially diminish or impair the state or local authority described in Section 1.1 above.”

¹ These comments were drafted by a broadly representative group of Western POUs.

But Section 1.1 only references state authority and additional language is needed to reference local authority where utility regulation, rate design, and resource procurement and planning falls under local jurisdiction.

2. Transmission Owner Withdrawal

As stated in the July 7 Public Power comments, the POUs support the continued right of Participating Transmission Owners (PTO) to withdraw, whether voluntarily or in light of a state or federal regulatory order.

3. Transitional Committee of Stakeholders and State Representatives

In Section 3.3, the POUs appreciate the slight rebalancing of the representation on the TC by combining Generators and Marketers with Independent Power Producers. This will reduce the number of representatives of sellers of electricity and provide more balance to load-side representation, but the TC is still not evenly balanced. The POU category should be expanded to include at least two separate seats -- one for municipal or public utility district utilities and one for cooperatives, with consideration of one additional seat to ensure geographic diversity for public power utility representation.

This version introduces CCAs, presumably Community Choice Aggregators, into the POU sector. Public Power requests that the ISO more carefully examine the rationale for including CCAs in this sector. CCAs do not provide the full range of utility services and therefore have a different perspective than public power. CCAs are regulated by the California Public Utilities Commission (CPUC) and may be more appropriately included with the Investor-Owned Utilities.

Public Power supports the change in the selection of TC members from Board selection of one from two sector-chosen candidates to a sector selection of each candidate, while allowing the Board to appoint additional members as needed.

4. Transition Period

Public Power supports the specification of a three-year deadline for completion of the transition period.

5. Composition and Selection of Regional ISO Board

Public Power has concerns about providing the Approval Committee, consisting of the voting members of the WSC, with the ability to approve or disapprove of the nominating committee slate of candidates.

6. Establishment of a Western States Committee

Public Power supports increasing the non-voting public power members of the WSC from one to two slots, subjecting the WSC to open meeting rules with non-members permitted to attend, and adding the phrase “day-to-day” in the statement that eligible POU and PMA members “should not have day-to-day work responsibilities that are directly related to market transactions.”

Further, Public Power suggests that these two POU representatives be selected as follows: one from within the expanded ISO footprint; and the other from outside of the footprint but with a relationship to the ISO through grid management services, including scheduling coordinators, EIM participants, POUs receiving imbalance services from an EIM entity, and others with a similar relationship to the ISO.

A technical clarification is needed in Section 6.4.c, where a reference is made to the “two non-voting member groups described above” and should instead refer to the three individual non-voting members from the PMAs and POUs.

The POUs do not support a reliance only on weighted voting, and instead recommend a balance between numerical and load-weighted voting. The language in 6.7, explaining the WSC, is not clear in this regard. This section reads: “For any proposal within the primary authority of the WSC to be approved, it must receive affirmative votes from at least 75% of the voting members of the committee representing at least 75% of the total load within the ISO footprint.” It is the understanding of Public Power that the intent is to mean that both 75% of the voting members and 75% of the load are required for approval. But additional language is needed to clarify that intent of this section.

Additional clarification is needed in section 6.8.c, which permits the ISO to file at FERC without WSC approval “after a sustained period of inaction by the WSC,” defined as a failure to “reach resolution on a matter pending before it for a period of at least 90 days after the matter has been placed before the WSC for consideration.” Provisions for an ISO FERC filing that has not been approved by the WSC need to be clearly spelled out. This section needs to clearly define what is meant by “placed before the WSC.”

7. Stakeholder Processes and Stakeholder Participation

As stated at the beginning of these comments, the POUs continue to recommend that the ISO’s governance proposal include the establishment of a Markets Advisory Committee (MAC) or similar structure that provides a forum for market participants, and other entities affected by the ISO market, such as public interest groups and consumer representatives, to attempt to reach consensus on market issues and to provide direct input to the Board.

Such a committee should be developed as part of the governance proposal and not left for the TC to determine.

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

Public Power has no comments on this section.