

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	214297
Document Title:	Comments of the Modesto Irrigation District in Response to October 17, 2016 Regional Grid Operator and Governance Workshop
Description:	N/A
Filer:	System
Organization:	Modesto Irrigation District
Submitter Role:	Public
Submission Date:	10/31/2016 4:37:06 PM
Docketed Date:	10/31/2016

Comment Received From: Sean Neal

Submitted On: 10/31/2016

Docket Number: 16-RGO-01

**Comments of the Modesto Irrigation District in Response to October 17, 2016
Regional Grid Operator and Governance Workshop**

Additional submitted attachment is included below.



October 31, 2016

Via e-Comment Portal

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

**Re: Docket No. 16-RGO-01 – Regional Grid Operator and Governance;
MID Comments in Response to CEC Workshop of October 17, 2016**

The Modesto Irrigation District (“MID”) appreciates the opportunity to offer comments in response to the October 17, 2016 Workshop of the California Energy Commission (“CEC”) pertaining to Second Revised Proposal of Principles for Governance of a Regional ISO (“Governance Proposal”) and discussion paper and draft proposal (“WSC Draft Proposal”) regarding potential topics within the primary authority of the Western States Committee (“WSC”). MID is an irrigation district, organized and operated under the laws of the State of California, which undertakes both electric and water operations and is a fully integrated, fully resourced utility.¹ MID reaffirms its belief that a Regional Independent System Operator (“ISO”) should be structured in such a way that protects and benefits California’s electric ratepayers.

The Nominating Committee of the CAISO Board should include Public Power representation.

The Governance Proposal sets forth a process for creating a stakeholder-based Nominating Committee, which is sector based. The Transitional Committee is to “develop a proposal that identifies and defines each of the voting sectors that will participate in the Nominating Committee, consistent with the requirements set forth in this principle.” Governance Proposal at 9-10. MID believes that there should be greater clarity up front as to the composition of the Nominating Committee. The principle that “the sectors will be established for the various types of entities that participate in the ISO’s markets,” *id.* at 9, is too vague. The Governance Proposal should expressly require representation of publicly-owned entities on the Nominating Committee. Further, the

¹ MID previously submitted comments on Regional ISO study impacts on February 19, 2016 and on regional governance on May 20, 2016 and on August 2, 2016.

Governance Proposal should expressly require representation of publicly-owned entities not located in the CAISO Balancing Authority Area (“BAA”) on the Nominating Committee. The Regional ISO will necessarily impact and influence the operations, transactions and reliability of entities through the West, and the publicly-owned utilities not part of the CAISO BAA, particularly ones adjacent to the initial, proposed Regional ISO footprint are likely to be impacted heavily with the creation of a Regional ISO.

The categorization of Community Choice Aggregators (“CCAs”) within the Publicly-Owned Utility Sector for the Transitional Committee should be carefully examined.

The sector listing for the Transitional Committee includes reference to CCAs within the sector of Publicly-Owned Utilities. *See id.* at 6. MID urges further examination as to the categorization of CCAs within the sector for Publicly-Owned Utilities for the Transitional Committee. CCAs are regulated by the California Public Utilities Commission. CCAs also do not provide as broad a spectrum of utility services as do cities with utility departments, irrigation districts, public utility districts and other publicly owned and operated entities that exist and operate within California. Accordingly, it may be more appropriate to include CCAs within the sector established for Investor-Owned Utilities.

The Western States Committee (“WSC”) should expressly permit Public Power representation from outside of the present CAISO BAA.

MID appreciates that the drafters of the Governance Proposal have added additional non-voting representation of publicly-owned entities within the WSC to the Governance Proposal. As stated above, the scope and influence of the Regional ISO will be broad, and MID asks the CAISO expressly to allow one of the non-voting publicly owned entity representatives on the WSC to be an entity located outside of or adjacent to the Regional ISO BAA. During the October 17, 2016 Workshop, Mark Gendron of Bonneville Power Administration (“BPA”) suggested consideration of a similar concept. Under the present WSC Draft Proposal, the WSC would have primary approval authority of the system-wide Planning Reserve Margin (“PRM”) target used to establish system resource adequacy and cost allocation for policy-driven transmission projects supporting the policy mandates of, or providing benefits to, more than one sub-region. Both of these issues will create impacts outside of the Regional ISO BAA, and public power entities that are adjacent to or near the Regional ISO footprint should have a voice on such matters.

A Market Advisory Committee should be a confirmed part of the governance proposal, not a matter deferred to the Transitional Committee.

MID is disappointed that the Governance Proposal did not mandate the establishment of a Market Advisory Committee. As MID indicated in prior comments, stakeholder access to Regional ISO decisionmakers is a top concern for MID. MID’s discomfort with the Regional ISO structure and processes increases the more that access to key decisionmakers is filtered through Regional ISO staff, management or regulatory agency representatives. Further, regulatory agency representatives may not represent publicly-owned utilities under their regulatory mandate. Given the expansion of the footprint, the increased number of participants, and revised governance structure, a Market Advisory Committee is an essential component to ensure that stakeholders’ interests are being voiced and protected. The decision to include a Market Advisory Committee is not one that should be deferred. Instead, establishment of a Market Advisory Committee should be a required piece of the Regional ISO governance structure prior to the formation of the Transitional Committee. Further, guidelines as to the

stakeholder processes should be defined prior to the formation of the Transitional Committee. For example, the Governance Structure should require that any stakeholder structure developed by the Transitional Committee or seated Regional ISO Board should not filter stakeholder input to Regional ISO staff, management and decisionmakers through a rigid committee structure. Stakeholders should have the ability to voice concerns directly to the Regional ISO Board, management and staff at appropriate points in the decisionmaking process.

MID looks forward to the continued discussion of regional governance and impacts/benefits for forming a Regional ISO.

Respectfully yours,

/s/ Martin Caballero

Martin Caballero
Resource Planning and Development
Manager
Modesto Irrigation District
1231 Eleventh Street
Modesto, CA 95352-4060
(209) 526-7590
Martin.Caballero@mid.org

/s/ Sean Neal

Sean Neal
Duncan, Weinberg, Genzer &
Pembroke, PC.
915 L Street, Suite 1410
Sacramento, CA 95814
915 L Street, Suite 1410
Tel.: (916) 498-0121
Fax.: (916) 498-9975
smn@dwgp.com

Attorney for the
Modesto Irrigation District