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Additional submitted attachment is included below.

**PACIFICORP'S COMMENTS
ON REGIONAL GRID OPERATOR AND GOVERNANCE WORKSHOP**

*In the matter of Regional Grid Operator and Governance, Docket #16-RGO-01
May 23, 2016*

Pursuant to the California Energy Commission's ("Energy Commission") Notice of Regional Grid Operator and Governance Workshop ("Workshop"), dated April 22, 2016, PacifiCorp submits these written comments in support of ongoing public discussion and engagement on regional grid operator governance and key principles informing any such governance proposals.

PacifiCorp commends the Energy Commission and Governor's Office for hosting the May 6, 2016 Workshop to promote a public discussion of modifications to the California Independent System Operator Corporation's ("ISO") governance structure needed to facilitate a transition to a regional organization, and to provide a forum for Western stakeholders to comment on key principles of regional grid operator governance. PacifiCorp acknowledges the need for modifications to the existing ISO governance structure to facilitate a transition to regional market integration, while safeguarding the interests and policies of Western states and stakeholders. Indeed, a governance framework that will be acceptable to each of the six states in which PacifiCorp serves customers is of paramount importance in moving forward with a regional ISO because each of PacifiCorp's states will have a voice in ultimately approving PacifiCorp's integration into a regional ISO. To this end, PacifiCorp greatly appreciates the engagement of its states' Governors offices and their advisors, public utility commissioners and staff, and all stakeholder groups in this effort.

PacifiCorp signed a Memorandum of Understanding with the ISO April 13, 2015, expressing its desire to explore the feasibility, costs, and benefits of joining a regional ISO as a Participating Transmission Owner. PacifiCorp, as a vertically-integrated public utility providing retail electric service to customers in portions of six states, is accustomed to developing processes that respect and promote various state policies in the West. As such, PacifiCorp urges all parties to continue the work to evaluate governance concepts and principles that appropriately fit within the framework of a Western regional grid operator, including the review and consideration of approaches taken by other multi-state ISO/RTOs and the outcome of the recent Energy Imbalance Market ("EIM") governance process. As stated above, the development of a regional ISO governance framework that is acceptable to PacifiCorp's state regulatory commissions is a critical threshold component among many ongoing initiatives and efforts designed to facilitate the development of a Western regional ISO.

PacifiCorp appreciates and acknowledges the importance of state involvement and input in this governance framework stakeholder process; states are best situated to determine what acceptable governance is based on the interests most important to those states. PacifiCorp nevertheless provides its input in an effort to further regional dialogue on governance structures.

Accordingly, PacifiCorp supports a regional ISO governance framework that is generally consistent with the following key principles:

- The ISO governance structure must account for and respect state and local policy implementation;
- The ISO Governing Board (“Board”) should be composed of members with a diverse set of backgrounds and expertise, including Western regional electric operations and organized market experience, and should meet the independence requirements in FERC Order No. 2000;
- The ISO Board must be composed of members who are not politically appointed. If the consensus of the region is that a transitional Board with political appointees is necessary to ultimately reach a fully independent Board, it should be of very limited duration and should be carefully considered;
- The ISO Board appointment process should be informed by the process used for the EIM, including use of sector-based committees, such as the EIM Transitional Committee or the EIM Nominating Committee;
- The ISO governance structure should include a state regulatory committee composed of state representation; the committee should have a role in decision-making or in the ability to file tariff proposals relating to transmission cost allocation and resource adequacy policies. It is important that public power have a role and a voice in the overall governance framework. If the consensus of the region is that public power should have a voting role on a state regulatory committee, there should be careful consideration of whether such an arrangement will be acceptable to FERC and that any representative on a regional state committee be free of any financial interest; and
- The EIM must continue to be a durable market opportunity for balancing authorities in the West that have not decided to join as transmission owners. Any regional governance structure should ensure that this option is preserved.

In conclusion, PacifiCorp appreciates the ongoing efforts of the Energy Commission, Governor’s Office, all of its states, and stakeholders to promote this public forum to discuss ISO governance modifications to facilitate regional integration. PacifiCorp will continue to be an active participant in the public processes and looks forward to continue its engagement with stakeholders on these important issues as the governance process moves forward.