

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	212142
Document Title:	Updated Transcript of the 06/20/2016 Regional Grid Operator and Governance Workshop
Description:	This document supersedes TN 212137.
Filer:	Cody Goldthrite
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	7/6/2016 3:04:24 PM
Docketed Date:	7/6/2016

1 CALIFORNIA ENERGY COMMISSION
2 REGIONAL GRID OPERATOR and GOVERNANCE WORKSHOP
3 WESTIN HOTEL DENVER INTERNATIONAL AIRPORT
4 8300 PENA BOULEVARD
5 DENVER, COLORADO 80249
6 MONDAY, JUNE 20, 2016
7 1 PM
8

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1 P R O C E E D I N G S

2 MR. WEISENMILLER: Good afternoon. I'm Bob

3 Weisenmiller, Chair of the California Energy Commission.

4 I'd like to thank everyone for their participation today.

5 Today's workshop is focused on presenting the System

6 Operators Staff's proposed principles for governance of a

7 regional system operator.

8 We are holding this workshop to give the western

9 states, the stakeholder community an opportunity to learn

10 more about the ISO Staff proposal and to discuss it. State

11 law, established through SB 350 last year, facilitates the

12 evolution of the California Independent System Operator

13 from a California-centric to regional organization.

14 Specific requirements in that legislation will be presented

15 later by Stacey Crowley.

16 Part of the process today, as part of the process

17 of today's workshop is informational. No decisions will be

18 considered as this is a transparent window in an open

19 discussion about a regional grid. This is very focused on

20 the perspective from outside California.

21 Last week there was a similar workshop located in

22 California, California-centric. Eventually the

23 California system operator will make its final proposal

24 taking into consideration the comments you provide today or

25 on line.

1 Before we go into detail, I just wanted to remind
2 you of the big picture goal context. Western regional
3 markets have existed since at least the late '60s. At that
4 point in time the Bonneville system came on line. There
5 were also the major interstate projects connecting
6 California, Arizona, and the Pacific Northwest.

7 Similarly in the later '70s there were a number
8 of lines that came on line and tied together the west. So
9 there's been a long history of benefits by regional
10 cooperation throughout the west. These benefits have
11 arisen from the diversity in loads and resources throughout
12 the west. We remind everyone of Randy Hardy's vision of
13 the, west coast vision back in the '80's again, I think.

14 So in a way our discussion today is not new.
15 Although as with everything, it has to evolve, these
16 relationships, to reflect the new resource realities and
17 technology realities. And I would like to talk about the
18 two technology realities.

19 The first is that there's a real revolution going
20 on in the power business from renewables, from the cost.
21 Last year at the Clean Energy Ministerial the big news was
22 that in solicitation in Egypt, wind had been the most
23 promising resource or cheapest resource, and at the same
24 time in South Africa solar had been the cheapest resource.

25 This year in the Clean Energy Ministerial the big

1 news was that in Dubai there's a very large photovoltaic
2 project, which has been awarded a contract of 2.9 cents per
3 kilowatt hour federalized, and similarly in Mexico was a
4 recent solicitation which resulted in a portfolio of I
5 think it was about 4.7 on average. And again the cheapest
6 was photovoltaic, so it was around 3.7 federalized.

7 So that one of the real things that's affecting
8 all of us is the low cost of not only photovoltaic and
9 onshore winds but also, like Secretary Moniz always points
10 out, there's been a 90 percent reduction in the cost of
11 LEDs in the last five years.

12 So if you think about what the technology is
13 doing on the generation and energy efficiency side, it's
14 just the opportunities are sort of stunning at this stage,
15 and at the same time there's been a lot of technological
16 developments on what I'll call the grid operation side.

17 You know, certainly low-cost sensors are now
18 becoming much more available. Software and sensors, you
19 know, and I think smart inverters, micro grids and the
20 transmission distribution operating systems; basically
21 there's a whole lot of options going on in what's
22 essentially the independent system operators phase.

23 I think when we had a workshop at the Independent
24 System Operators symposium last fall I think it was Travis
25 that basically said that it's really just, the ISO is just

1 an IT approach. Again, there's been a lot of revolutions
2 there.

3 Point out that, for those of you with iPhones,
4 the computing power of the iPhone is equivalent to the
5 mainframes that California had in my first period of public
6 service in the '70s. So again, it's just sort of
7 technology is really changing the power industry pretty
8 dramatically.

9 I think as the technology changes occur, that
10 means we all have to think about what that means. Many of
11 us have been to different events talking about the utility
12 business model and how that affects the utility business
13 model. I submit that the implications are at least as
14 strong for us regulators and sort of what we try to do on a
15 regulatory scale.

16 Now, much of California and along the west, the
17 west is operating under an outdated power operating system
18 model. While much of the United States is already
19 operating under a modern operating system, the west is
20 still operating under a balkanized system with 38 different
21 balancing programs.

22 I point out in contrast China has four as does
23 Germany, although the Germans admit that they only have
24 four because it's the legacy of their historic
25 utility system, and they probably should only have one.

1 We need to find better and more efficient ways
2 to operate the western grid. The world has changed
3 dramatically in the last 20 years. The ability to
4 integrate and dispatch more renewable energy is at our
5 fingertips. Unfortunately we have not kept pace with the
6 times.

7 In California we have established a 50 percent
8 renewable. But we really need to look at adjusting our
9 relationship with the West to make that something that we
10 can more smoothly achieve. At the same time,
11 our activities there certainly will affect the systems.
12 You know, I think that it's pretty clear, as California has
13 more renewables, which we will do, that tends to pull down
14 wholesale prices, and that tends to really affect the times
15 when power is most valuable or least valuable.

16 So again, it's long overdue now to have a
17 discussion about the steps we need to take to modernize and
18 integrate the physical operation in the west.

19 We've noticed a call for a tremendous
20 environmental benefit as well as cost savings for not just
21 California but the entire west. The track record from the
22 imbalance market is already very promising.

23 So the question is not why we should do this but
24 how do we approach regionalization in a way that's fair,
25 balanced, and addressed the needs of all states involved.

1 That's the purpose of today's discussion; that is the
2 purpose of our process.

3 Now, I want to emphasize that this is a
4 transparent process directed to our statutes laid out in
5 Senate Bill 350. Everything presented in today's workshop
6 is open to stakeholder input and feedback. All comments we
7 receive will be posted as well as our response to these
8 comments.

9 We encourage participation of broad and diverse
10 stakeholders because we know that, as we are transforming
11 the ISO from a California-centric to a regional model that
12 it's equally important that this stakeholder process, which
13 is started from a very California-centric perspective,
14 really has to evolve into a much more regional discussion
15 and dialogue.

16 So thanks for being here today.

17 MR. RECHTSCHAFFEN: Thank you very much, Chair
18 Weisenmiller. Thank you to our mountain colleagues for
19 hosting us here.

20 For those of you who have been participating in
21 the workshops in California, it's like a bad dream. You go
22 to Denver and you see me, and you go to California and you
23 see me. I apologize for that.

24 But this is a follow-on to the workshops that
25 we've had. As Chair Weisenmiller said, it's highly

1 appropriate that we expand this to a regional focus because
2 we are talking about regionalizing the grid operator,
3 making it a California-only grid operator to one that spans
4 the entire region.

5 I'm not going to reiterate what the Chair said,
6 since we're here to talk about governance, but the context
7 is very very important. The benefits that stand to be made
8 will accrue to all regions if they're realized and
9 implemented properly. There are enormous potential
10 benefits.

11 We see reduced reserve margins as we pool our
12 resources, greater resiliency as we draw on a broader and
13 more diverse set of resources, geographically diverse and
14 power diverse. We see great benefits for integration of
15 our renewable policy. California and Oregon has a
16 renewable policy that will help us implement those
17 policies. We'll be able to deal with the intermittency of
18 renewables through broader balancing, which is a way to
19 save lots of money and makes integration much smoother.

20 We see streamline transmission planning as a
21 possible benefit. Of course the power of using a very
22 modern IT system with state of the art economic dispatch
23 and a real cost savings, hundreds of millions if not
24 billions of dollars eventually. And these can be realized
25 without prejudicing the interests of non-participating

1 transmission owners and utilities while respecting and
2 preserving the interests of all the states with our varying
3 environmental and energy policies. That's our objective.

4 This governance plan that we'll talk about today
5 is not the end of the discussion by a long shot. It will
6 reflect is we've heard in some of our internal discussions.
7 In California with stakeholders through earlier workshops
8 there's a set of comments we got on a workshop with the
9 Energy Commission that was extremely helpful, excellent
10 stakeholders' comments.

11 And it also reflects the very hard work that the
12 informal body of state regulators that Commissioner Jones
13 and Commissioner Florio have been shepherding since last
14 fall have brought together a lot of expertise about how
15 ISOs around the country work in the interests of our
16 collective group of states, so we're trying to draw on all
17 of these principles to advance the discussion forward.

18 There are open questions, and some of them are
19 laid out in this straw proposal. You will undoubtedly hear
20 different ideas in the discussion today and in the comment
21 period after this. And we welcome those as we really try
22 to formulate something that works for everybody

23 So we very much look forward to the discussion
24 today and thanks everyone for joining us

25 COMMISSIONER FLORIO: I'm Mike Florio. I'm the

1 Public Utility Commissioner in California. Diverse group
2 of state regulators from around the west have been meeting
3 and talking about these issues for six or eight months now.
4 And I'm pleased that the ISO has come forward with a
5 proposal that now everyone can react to on these very
6 delicate governance issues.

7 The economics of integration are pretty
8 compelling. But the politics are a bit daunting. And we
9 have fiercely independent western states who may not agree
10 on a lot of policy issues. But there are economic benefits
11 that we can all share if we can successfully find a way to
12 put together and govern a regional entity.

13 So the commissioners have been working, floating
14 ideas. And now we have a proposal from the ISO that we can
15 all react to. I'm very interested in the comments that
16 we'll hear today. And they just emphasize that this is
17 the, this is still the early part of the process; certainly
18 not the end.

19 So we welcome suggestions how to come up with a
20 solution that will work for everyone. Thank you.

21 COMMISSIONER JONES: Good afternoon. I'm Philip
22 Jones, the commissioner of the Washington Utilities and
23 Transportation Commission.

24 First of all, thanks Stacey and thanks Chair
25 Weisenmiller for coming out to Denver, coming out to a

1 non-California state where I think you'll hear some
2 different opinions from what you've heard in Sacramento.

3 This is a process, as Cliff said and as Mike
4 said, we started the meeting just to give everybody a
5 little context on this. So the commissioners started
6 meeting over a year ago at the western conference in
7 Phoenix. I see Chair Little from Arizona here. And we had
8 our first meeting in Phoenix.

9 And Mike came in and talked about the plethora of
10 statutes in California that could lead to a regional ISO,
11 but he also pointed out some roadblocks and some
12 challenges.

13 So we started meeting. The Western Conference of
14 Public Services Commissioners gave us a little seed money
15 to begin in Portland. So we've had some meetings and
16 teleconferences. But I would say then it kind of morphed
17 or evolved into the EIM work. Chair Little has been very
18 busy working with others selecting the board, and the
19 process is in place.

20 So I think we've made good progress. EIM appears
21 to be working well. There were some issues that FERC has
22 pointed out that we have to deal with. But I think the
23 gross benefits that are showing the benefits PacifiCorp is
24 in. I see my friends from PacifiCorp are here in the
25 audience. I always call Sara the poster child. You went

1 first; you did a lot of the hard work.

2 It's not just an IT system, but it is hard work
3 to change all the computer software, and all the things
4 within a dispatch system, as many of you know, to make each
5 point, each node has to be integrated into this very
6 sophisticated MRTU, the California platform.

7 So PacifiCorp went first and ADA Energy went
8 second. And then on October 1st we'll have Puget Sound
9 Energy from my state. From Doug's state we'll have Arizona
10 Public Service directly. They will be joining the EIM,
11 which all of you know is FERC jurisdictional.

12 And also I would say that the publics are
13 starting too, consumer-owned power utilities. Los Angeles
14 is going to start moving toward an EIM. The press reports
15 in my state, Seattle City Light will probably make an
16 announcement next month to join the EIM so that's good;
17 that's energy.

18 What we're talking about today is a much more
19 significant deal. It's called Participating Transmitting
20 Organization. So if you call the EIM baby steps, this is
21 the full deal. So this is when a utility like PacifiCorp
22 transfers operational control of all of its transmissions
23 away from commissioners like me, commissioners in the six
24 states to basically a FERC-jurisdictional entity, which ISO
25 is.

1 We have to address issues like withdrawal rights,
2 Section 205 rights. There are a lot of thorny issues that
3 we have to deal with, not to mention six state commissions,
4 including California, that would have to approve the deal.

5 Believe me, one thing I've heard from all my
6 colleagues from especially the non-California states over
7 the past nine months is governance; governance is key: Who
8 controls, who sets the rules for cost allocation, resource
9 adequacy, and very important issues like that.

10 It's timely that we're in Denver because here in
11 the footprint of CCPG, Xcel Energy is also looking at an
12 energy imbalance plan. They're looking the other way I
13 think toward SPP looking eastward, but as we are looking
14 westward toward CAISO.

15 The security constraint economic dispatch I would
16 say is not just an IT platform but it's a tool. It's a
17 tool to get more efficient dispatch over a wider footprint.
18 As Cliff said, geographic diversity is really important
19 especially for renewable resource; not so much for
20 base-load but for renewable resources. So we're all
21 looking for efficient, more efficient dispatch, a broader
22 footprint.

23 Most studies such as the E3 study shows
24 significant benefits, but they don't show the cost. So
25 what are the costs? How do you allocate those costs? What

1 is the location of those costs? So these are issues that
2 we've learned over the past nine months that FERC has dealt
3 within many other organized markets like SPP, ISO New
4 England.

5 These issues are thorny. There are often
6 disputes between states and the ISO, and let's not forget
7 the transmission owners themselves.

8 Finally, I think it's important, as Chair
9 Weisenmiller laid out objectives of California. But this
10 thing is only going to work if all states agree.
11 California cannot drive this thing by itself. So we need
12 to separate the technology from the public policy goals.

13 Each of the six states, who will be speaking
14 today in the room, have different public policy
15 preferences. My state, guess what, has a lot of federal
16 hydro and privately owned hydro, so we are very interested
17 in preserving that resource for the benefits of our
18 citizens.

19 The coal states, coal is not going away soon in
20 many states. It's going to be around. Natural gas is
21 going to be around. So there's a diverse set of resources
22 throughout the west, the western states that have to be
23 integrated through these new tools of what CAISO has.

24 I believe that it's very important to have this
25 discussion and to have a very vigorous discussion. But

1 again, it has to work for all six states; it just can't
2 work for California.

3 So I look forward to the discussion today. And I
4 turn it over to my colleague.

5 MR. BHAGWAT: I think I'm actually going to let
6 Stacey present first

7 MR. JONES: Okay, thank you.

8 MS. CROWLEY: Okay. Good afternoon, and thank
9 you, Chairman Weisenmiller. My name is Stacey Crowley.
10 I'm the vice president of regional federal affairs and the
11 California ISO. Thanks for your opening remarks from the
12 dais. That's a very good way to set the stage for today's
13 discussion.

14 I'm here today to just provide an outline of the
15 proposal that has been posted as part of this discussion
16 today. I want to provide a little bit of background on how
17 we got there, a little about the proposal itself, and then
18 talk a little bit about the next steps.

19 First a little bit of background. As Chair
20 Weisenmiller mentioned, I was going to talk a little bit
21 about the context of Senate Bill 350, the piece of
22 California legislation that got adopted in October of 2015,
23 last year. In that, among other things, it provided for
24 the transformation of the Independent System Operator into
25 a regional organization. And it did that with the caveat

1 that it should only occur where it's in the best interest
2 of California and its ratepayers.

3 To do that, the bill set forth some studies, the
4 ISO was to conduct some studies to look at the impacts of a
5 regional market on California and its ratepayers. It looks
6 at several categories of benefits. They're up on the
7 screen here, page 2. It is really the economic and job
8 benefits of a regional market, environment impacts in
9 California and elsewhere. We did look at the westwide
10 benefits to environment impacts, the impacts of
11 disadvantaged communities, and the emission of greenhouse
12 gases and other air pollutants along with the improved
13 reliability integration of the resources.

14 Those series of studies began shortly after the
15 bill was passed in late 2015. The ISO brought together
16 several consultants to perform these studies. And over the
17 past several months, through a stakeholder process that
18 allowed stakeholders to provide input on the assumption and
19 methodologies that we studied, we came out with preliminary
20 results. Those preliminary results were presented in May.
21 And we had a two-day workshop to go over those results.
22 And we are looking for comments on those preliminary
23 results by June 22.

24 They are a fairly robust set of studies that
25 look at all of those categories that I mentioned. And they

1 indicate considerable benefits to the multistate regional
2 energy market of California and its ratepayers.

3 With that, we are embarking on the idea that to
4 get to a regional organization, we fundamentally know that
5 we have to change the governance of the ISO to reflect a
6 more regional, regional footprint.

7 So we also know that it's a voluntary decision.

8 The language in SB 350 points out that that transformation
9 importantly shall not alter the compliance with any state
10 laws. And it requires the ISO to maintain open meetings
11 and public process, which we do now and continue to do.

12 And again, as I said, it's known that it's voluntary and
13 it does acknowledge that we would need approval from state
14 or local regulatory authorities for this to occur.

15 So the language in SB 350 lays out a bit of a
16 process for us to get from where we are now to something
17 that is more regionally oriented. It says that the ISO
18 should present the study results that I mentioned, the
19 preliminary results would turn into final, a final report,
20 and that both the final report and governance
21 modifications, as we discussed here today and through this
22 process going forward, to a workshop of three energy
23 agencies in California. Those are the California Energy
24 Commission, the California Public Utilities Commission, and
25 the California Air Resources Board

1 Following that workshop, the ISO can submit both
2 the study report and the governance modifications to the
3 governor, and the governor can transmit to the legislature.
4 So there is a process set forward. And at the end of this
5 slide deck here I'll show you a bit of our targeted
6 timeline to get to that.

7 So we looked and we look at the work that
8 happened around the Energy Imbalance Market, the work
9 around creating the governance structure for that as a very
10 good template to start from. We believe that the work of
11 the transitional committee that was created for those
12 purposes provides a very meaningful foundation for the work
13 that we are doing now. And I think it's something that
14 you'll see draws the circle that basically uses the process
15 that was set up through that committee and the work that
16 they came out with along the way.

17 During that work and since then we have done some
18 research on what other ISOs, multi state ISOs look like,
19 how they're structured, their boards, their committee
20 structures, all that information provided to the EIM
21 transitional committee when they were looking at governance
22 options. That's all posted on the website. And it's
23 become a useful tool for us to understand really what the
24 options are. Are there good examples to use? Are there
25 things that we can learn not to do? And so I think that

1 also provides some meaningful background.

2 And we certainly have even spoken to many of
3 those multi state ISOs sort of on the ISO side and the
4 state regulator side to get a lot of feedback. And then
5 the other regulators here have had discussions as well with
6 those folks.

7 And I think what that did is added a really
8 robust and collaborative environment. I think that's
9 something that folks recognize as being very important.
10 Relationships were made that didn't exist before. And I
11 think that's going to add something that builds trust along
12 the way. And I think that's a lot of what we have to do in
13 California is build trust with our partners in other
14 states.

15 And so as we develop this strong proposal for
16 governance principles for the regional ISO, we really took,
17 as Cliff mentioned earlier, really took in large part from
18 the conversation, the papers, the discussions that happened
19 over the past several months into account. And that was
20 really what we think is reflected in this proposal.

21 And as Cliff said, this is a beginning. We do
22 want feedback. We know it's a place to start. This is
23 something that folks can react to.

24 Following Senate Bill 350, and really following
25 PacifiCorp's express interest in looking at joining the ISO

1 back in April of 2015, we began having discussions with the
2 states as was mentioned. Certainly the ISO and Governor
3 Brown's office, Cliff, we met with the states to really
4 understand what the key issues were. And we took that
5 further to then start meeting in a larger group. I think
6 that's been very useful to understand the perspectives of
7 each of the states.

8 And along the way energy advisers as well. I
9 shouldn't neglect the states' either the governors' office
10 or the energy advisers had a very large role in this, and
11 will continue to do so along the way.

12 And we know that we have to create something
13 that's workable for all states as was mentioned earlier,
14 and agreeable for all to make this really work. So again,
15 it's an exercise in trust and a proposal that can be shared
16 and supported amongst all states.

17 As was also mentioned earlier, this proposal also
18 follows on from the May 6 workshop that the California
19 Energy Commission hosted in Sacramento. That was an
20 opportunity to allow public discussion about governance
21 following some of these other dialogues. We, the ISO
22 provided a framework of how our current governance
23 structure works and some legal background sort of to set
24 the stage.

25 As was mentioned, several papers have been

1 developed talking about key principles of governance for
2 regional ISO. Those were presented at the workshop. And a
3 panel of industry experts had an opportunity to comment on
4 those concepts as well as their own in terms of developing
5 a broad set of principles for regional governance.

6 After that workshop we had, as Cliff mentioned,
7 over 20 sets of really thoughtful comments. And a lot of
8 that again was used to develop this proposal. I think we
9 appreciate the time and thought that went into all of those
10 comments. I think they were helpful and useful.

11 So now on to the proposal. I want to go over,
12 we really have eight categories of principles in this
13 proposal. And they are really just consisting of these, as
14 I say, overarching principles could evolve into legislative
15 language. And we are proposing that the specifics of
16 governance really be developed by a transitional committee,
17 which I will talk about in a bit.

18 So first, the transitional committee. We know
19 that there are a lot of details to work out on the
20 governance proposal. But in order to get to
21 some legislative discussion and potential movement this
22 year, we wanted to set some high level principles and
23 really leave the detailed work to a transitional committee.

24 As I stated, the EIM transitional committee
25 proved to be very useful and successful for developing a

1 model for EIM governance, and we believe that a model such
2 as that could be useful in developing details for a
3 regional ISO.

4 We think that the committee should be constructed
5 of stakeholders, a broad set of stakeholders from around
6 the west including regulators, and they should be
7 experienced in the energy industry and have, and bring a
8 broad perspective with them.

9 They would be committed to implementing the
10 principles put forth in this document and the revised
11 document. And they would be committed to working
12 expeditiously so that we could follow, allow the state
13 regulatory processes to occur in a timely manner.

14 Ultimately the committee would submit a proposal for the
15 ISO board to consider.

16 Key among the principles that have been
17 discussed I think almost without fail is the need to
18 maintain state authority over their traditional policies,
19 process procurement strategies, and state direction. I
20 think that is without a doubt the most important component
21 of this, and I think something that we take very seriously.

22 We do that now. The ISO currently works in
23 collaboration with the energy agencies, but we do not set
24 policy in terms of resource mix, procurement, things like
25 that. That is something that the California Public

1 Utilities Commission does with their jurisdictional
2 utilities. And we review that information from a
3 reliability standpoint. As we operate we respect, we
4 respect and we adhere to any other state's policies, and
5 would continue to do that.

6 In this proposal what we do to sort of ensure
7 that is to suggest that, in the governing documents, we
8 would include language that would prevent the ISO from
9 adopting policies in any state that would diminish, sort of
10 any way that would diminish state authority.

11 We would also, as we've heard from public comment
12 stakeholders that we should put in our governance documents
13 that we should prohibit the ISO from proposing or endorsing
14 capacity market, and we would also require unanimous
15 approval by the board that gets created, and approval of a
16 body of regulators that we will talk to, to change these
17 governing bylaws as related to the state authority. I
18 think that's important.

19 Another topic is the idea of our transparency
20 over EIM, our environmental obligations. This is something
21 that we also developed with the EIM where we wanted to keep
22 track and account for GHG emitting resources moving into
23 California in order that they comply with the California
24 cap and trade regulations that are currently in place. And
25 we want to do that for this regionalized ISO as well.

1 So we would develop a transparent methodology for
2 tracking and accounting for greenhouse gas emissions, and
3 we would also continue to comply with state regulations and
4 be flexible to accommodate future environmental regulations
5 knowing that they may occur.

6 This could provide an opportunity to work with
7 other states to further compliance obligations with their
8 state policies or their compliance with maybe federal
9 policies going forward.

10 Another important principle was to acknowledge
11 that participating transition owners must have a clear and
12 fair ability to withdraw from an ISO. We have that now.
13 Our current participating transmission owners currently
14 have an exit provision that requires two years written
15 notice. It's fairly basic in terms of what's written in
16 our agreement. But it's worked well so far.

17 It really provides a safety valve, although you
18 don't want to get there. It gives the parties an incentive
19 to make matters work while preserving the ability to unwind
20 if something were actually irreconcilable. But that
21 meaning was acknowledged that there should be a process for
22 withdrawal that is clear, that allows for voluntary
23 withdrawal, or a withdrawal from the direction from the
24 state or local regulatory body. In all cases, we need to
25 make sure that the ISO is maintained for reliability for

1 its current customers going forward.

2 Another important principle is really
3 transitioning from the current board makeup that we have
4 now to something that is regional over time, and it's
5 something that will facilitate a smooth transition

6 Currently our board is a five-member board that
7 is appointed by the California governor and approved by the
8 California state senate. We are suggesting that the
9 current board would be joined by four new members selected
10 by other states. That would allow for a regional voice
11 immediately. And during that time we would also develop a
12 new nomination and selection process.

13 At that time in the initial board the
14 California members would constitute a majority. And they
15 would, this would start as soon as the governance documents
16 were adopted by the ISO.

17 There are many ways to do this. There are going
18 to be many ways to think about the nomination and approval
19 process for an ongoing board going forward. We do have the
20 example of the EIM transitional committee that they
21 developed for the EIM where there is a stakeholder nominee
22 process. And in this case the board would approve the
23 first slate, and then going forward the EIM governing body
24 approved any new members coming in.

25 There is something that we could do that is

1 similar to that. We talk about making sure that
2 stakeholders have a role in the nomination process, which
3 we did with the EIM. And again, we need to make sure that
4 the board members meet FERC financial independence
5 requirements going forward no matter how they're selected.

6 There are ways to do this. We talked about,
7 again, stakeholder nominating process. The approval
8 process could include something that has a state role. I'm
9 not sure exactly what that would be, but there are options.
10 And we look forward to feedback and comments on that piece
11 and really all pieces.

12 Another very important principle is the
13 development of a body of state regulators, also called
14 regional state committee. In the SPP model it's called the
15 Organization of MISO States and the MISO model. This body
16 would provide direction and input on matters of a
17 collective state MISO.

18 As we proceed, they would be incorporated as a
19 separate entity. And that is similar to how other ISOs do
20 that, but not all. We are suggesting that one regulator
21 from each state within the regional ISO footprint be
22 included. We're also suggesting that an individual from a
23 public utility have a nonvoting seat on this body.

24 And in this case they will have significant
25 primary authority over certain policy issues, such as

1 transmission cost allocation and certain aspects of
2 regional resource adequacy. I think the details of that
3 will be further defined by the transitional committee as we
4 have proposed.

5 And in this proposal we are suggesting that the
6 voting rules for this body be similar to the WIRAB model.
7 WIRAB is the Western Interconnection Regional Advisory
8 Body. And that model is such that an approval would
9 require a vote of the majority of the members of the body
10 as well, and members representing at least a majority of
11 the load within that regional footprint, sort of a dual
12 voting mechanism that allows folks to recognize the load of
13 a particular state, but that no one state could make a
14 final decision.

15 And there are examples of different voting
16 models, certainly an example of different ways to organize
17 a body of state regulators. In particular we use the RSC
18 model, the Regional States Committee model, and the
19 Organization of MISO States model.

20 So back on the body of state regulators. They
21 will again have the primary authority over certain issues.
22 And the way that we have suggested is that the regional ISO
23 will need to obtain approval from this body before filing
24 at FERC on these issues.

25 There may be some exceptions where there's

1 reliability is imminently threatened or there's something
2 that would undermine the reliability. We're proposing that
3 there be some exceptions to that. There's also discussion
4 that's on this paper about the concept if there's a
5 stalemate within the body of regulators that there be some
6 time given to the body to try to discuss the issues and
7 come to resolution, but at some point allows the ISO to
8 move forward if the stalemate continues.

9 And then there's some topics that we think the
10 transitional committee can look at and consider as it goes
11 through its public process, including the process to
12 improve and facilitate broad participation in stakeholder
13 proceedings. Currently, the ISO has a fairly transparent
14 and robust stakeholder process. Many members and
15 stakeholders are pleased with that process; however, we
16 understand with a larger footprint there may be a need to
17 revisit the process and then see if there needs to be any
18 improvements.

19 Also, the development of a formal stakeholder
20 committee. We did hear from several stakeholders that that
21 might be a way to bring in new stakeholders and folks that
22 want to have a larger role and interest in the market. And
23 then eventually the creation of a funding mechanism to
24 facilitate participation by state consumer advocates. That
25 was also discussed as something that was necessary and

1 should be revisited.

2 So finally, there's just two more slides. The
3 first is the next step, as I mentioned in my early remarks,
4 that we are looking at this process really formed out of
5 the language of Senate Bill 350.

6 Today and last Thursday we are having these
7 public workshops to present our first proposal on
8 governance and get stakeholder feedback both in these
9 meetings and in writing. We're asking those comments to be
10 submitted by July 7 through the California Energy
11 Commission docket. I have a page of reference material on
12 the next slide to help you get there.

13 We plan to take those comments, and revise the
14 proposal. Our goal is to post that by July 19. And that
15 is in order to potentially hold a joint agency workshop by
16 July 26 that would allow us to submit our recommendation
17 and our final study on SB 350 by early August.

18 At any time during this process on California ISO
19 related issues, you can certainly email our regional
20 integration@Caiso.com email. Then there are several other
21 webpages to go to to find more information, certainly the
22 docket through the California Energy Commission. There's
23 information on the Senate Bill 350 itself, and some
24 webpages that we have on the California ISO website that
25 allows you to see a lot of information in terms of our

1 stakeholder initiatives, governance process, our SB 350
2 study results, and some of the data behind that as well as
3 really anything related to our regional effort.

4 So with that, I will stop.

5 CHAIR WEISENMILLER: Thank you, Stacey.

6 MR. AGUIRRE: Just one moment. I just want to
7 make a record. She said the proposal has actually been
8 presented.

9 CHAIR WEISENMILLER: Again, you can talk to the
10 attorney about that.

11 MR. AGUIRRE: The proposal has not been
12 presented. That's a misrepresentation.

13 CHAIR WEISENMILLER: You can make your comments
14 to the attorney, as I told you last time.

15 MR. AGUIRRE: You're making a false record. The
16 transcript will not correctly reflect there is no proposal
17 of the set of principles, which is inconsistent with the
18 notice you've been giving.

19 MR. BHAGWAT: My name is Ashutosh Bhagwat. I am
20 a member of the ISO Board of Governors.

21 I want to talk a little bit about the process by
22 which this proposal is put together, which is that it's
23 been presented as an ISO Staff proposal, but I want to
24 emphasize it's important that we've been, there's been a
25 lot of involvement by a lot of people, including everyone

1 at the table with me. And the board has been actively
2 involved as well since the very beginning.

3 The idea is, we know this is going to be a
4 complicated process. We know that there are going to be
5 disparate views across the west and across California
6 frankly. And we know we're going to have to reconcile to
7 the different priorities. One of our tasks, as we see it
8 as the ISO board and the staff agrees, is to listen. We
9 really need to hear what are people's concerns.

10 But I think it's important as we go into this to
11 recognize something important, which is that this is
12 important. What we're doing actually matters. And it has
13 enormous upside. Diversification of resources and
14 regional intervention has potential for, first of all,
15 making renewable integration much easier. Second of all,
16 substantially reducing costs to customers across
17 California and the entire west, and third of all, creating
18 significant economic and environmental benefits again
19 across the west.

20 Our experience with the EIM over the last year
21 shows us that this is possible. We've already witnessed
22 statute levels, but full realization would increase that
23 by an order of magnitude. That's why we're doing this.
24 We're doing this because there's a lot to be gained and
25 California and the west frankly is behind the rest of the

1 country.

2 On the other hand, as we proceed to think about
3 changing governance, we have heard many legitimate
4 concerns. And there have been many many adjustments and a
5 lot of input, including everyone at this table. And this
6 is, what Stacey just presented is basically an opening
7 thought on we've incorporated the thought, we've heard the
8 concerns. Especially we recognize concerns about
9 preserving state authority, which is very legitimate.

10 We've also heard concerns about capacity
11 markets, and recognize that those are legitimate concerns.
12 We've tried to respond to it. And there may be more work
13 to be done. We certainly invite responses. This is still
14 very much barebones.

15 But we also recognize that everyone is going to
16 have to do some compromising. It's simply not possible
17 for everyone in the west to be thrilled with every single
18 aspect that is going to come out of this. It's going to
19 be a process of compromise moving forward.

20 It's important to recognize that the reason for
21 it is that gains are so significant that I think from all
22 of our perspectives it's worth thinking about how we can
23 accomplish this in a way that everyone can be satisfied.
24 I think that's where we're starting off.

25 So thank you.

1 CHAIR WEISENMILLER: Thank you. Thank you.

2 Let's go to questions from the dais.

3 MR. RECHTSCHAFFEN: Stacey, I'm wondering if you
4 could talk a little bit more about the transitional
5 committees and what role there can be for the states in
6 that transitional committee, how many people would be on
7 it, what are your thoughts.

8 MS. CROWLEY: Thank you, Cliff. This is Stacey
9 Crowley again for the record.

10 Certainly we do not detail that out in this, in
11 these principles. I think certainly we would like broad
12 stakeholder support as well as state regulators involved
13 in this.

14 We want it to be a reasonable size so that
15 people can get work done effectively. But I think you
16 want to make sure that it's a broad group. I think we
17 would ask these folks to be committed to working together
18 through consensus and collaboration, which is what the EIM
19 transitional committee did, and that worked very well.

20 But the details are still to be worked out. And
21 I'm looking forward to folks' suggestions on some of these
22 details.

23 CHAIR WEISENMILLER: Commissioner Florio, do you
24 have some questions? No. Commissioner Jones? Okay.
25 Let's go to roundtable discussions. Rebecca?

1 MS. WAGNER: Thank you, Bob. That went more
2 quickly than I was expecting, which I appreciate. I'm
3 going to try and get through this as quickly as possible
4 not only because we don't want to belabor anything too
5 much, but we want to get precise information and we
6 want me to be able to make my flight home tonight.

7 That was a joke.

8 I'm going to go ahead and introduce our group of
9 panelists. And I'll start by introducing myself. My name
10 is Rebecca Wagner, former or soon to be former chair of
11 the Energy Imbalance Market.

12 Assuming all goes well at this next board of
13 governors meeting our board will be concluded, and we will
14 be free to move on to the next iteration, transitional
15 committee.

16 And today I'm going to just go down the line of
17 my panelists, non Californians. This is the western, the
18 rest of the west panel. And I'm going to start by
19 introducing Travis Kavulla, who's on the phone. And we've
20 been texting, so hopefully he'll be able to respond.

21 Can we go ahead and do a check on that?

22 MR. CUCCIA: Operator, can we open up the line
23 to Travis Kavulla?

24 COMMISSIONER KAVULLA: Hello, ladies and
25 gentlemen.

1 MS. WAGNER: Hi, Travis.

2 COMMISSIONER KAVULLA: Hi.

3 MS. WAGNER: Okay. I think I just heard Siri
4 say something. Travis, I'm just starting the
5 introductions. I wanted to make sure you were on the
6 line.

7 Most of you all know Travis. He really needs no
8 introduction. But he is currently the vice chair of the
9 Montana Public Service Commission, the president of NARUC,
10 and a member of the soon to be defunct EIM
11 transitional committee.

12 He's a great guy to work with. We're very sorry
13 that he's not here with us today because it would
14 certainly add to the entertainment of this.

15 I'm going to go just down the line here. To my
16 left is Steve Buening. He's the director of Market
17 Operations at Xcel here in Colorado. He represents the
18 utility and wholesale electricity market design issues.
19 He has been a promoter of regional market development in
20 the west in order to gain more efficient generation and
21 grid operations.

22 He also served or serves on the soon to be
23 defunct EIM transitional committee. There's a theme here.

24 Going down the line, Jennifer Gardner. Jennifer
25 represents the Western Resources Advocates as an attorney

1 and policy advocate before Western Public Utility
2 Commission, regional energy planning forums, legislative
3 bodies, and other venues where energy decisions impacting
4 them are made.

5 She served on the nominating committee for EIM.
6 She's also responsible for local engagement in Utah and
7 regional engagement throughout the western interconnect on
8 topics like net design, net metering, electric grid
9 reliability, market function structure.

10 She's been following the Energy Imbalance Market
11 and now the regionalization of the ISO and clean power
12 plants. I hope you make a lot of money, Jennifer.

13 Next in line is Marshall Empey. Marshall is the
14 chief operations officer for Utah Associated Municipal
15 Power Systems, also known as UAMPS. He's been with the
16 organization for 30 years and is currently participating
17 in several committees on the transition group and in an
18 implementation of CAISO for EIM and integration efforts.

19 Marshall also, during his career, has
20 represented UAMPS before FERC, WEC, state regulatory
21 agencies, and with some of the past industry restructuring
22 groups such as Indigo, Desert Star, and Crude West.

23 Next in line is Abby Briggeman. Abby is an
24 attorney with Holland and Hart here in Denver. She
25 represents large electricity consumers and consumer

1 coalitions throughout the Rocky Mountain region in a
2 variety of regulatory matters, including rate reliability
3 as well as tariff disputes.

4 She regularly appears before the Public
5 Utilities Commissions. And before coming out west, Abby
6 represented interests before FERC.

7 Next in line, as many of you know, Bryce
8 Freeman. He was appointed to his position in May of 2003.
9 And he currently serves as the administrator of the
10 Wyoming Office of Consumer Advocates. The OCA provides
11 infinite representation of utility customers in contested
12 cases before the Public Service Commission in Wyoming.

13 Next in line is Caitlin Liotiris. She is a
14 senior consultant with Energy Strategies. It's a
15 consulting firm located in Salt Lake City with a variety
16 of clients across the energy sector.

17 Today Caitlin is here representing the American
18 Wind Energy Association, AWEA. It's a premier national
19 trade association that represents interests of the
20 American wind energy industry.

21 And finally, last but not least at the far end
22 of the table is Mark Gendron. I hope I got that right.

23 MR. GENDRON: You got it right.

24 MS. WAGNER: Mark is the senior vice president
25 of Power Services for Bonneville Power Administration,

1 BPA, as of March 2014. He oversees a multifaceted
2 organization that is responsible for the acquisition and
3 sales of wholesale and bulk power assets, investments in
4 the federal hydro system and a nuclear plant, acquisition
5 of additional power resources, management of wholesale
6 contracts, and a sizable capital budget.

7 So with that, I'm going to just do a quick
8 overview of what our format is for today. I'm going to
9 give everyone two to three minutes just to provide their
10 initial reaction to the governance proposal. And then
11 we'll go through section by section of the topics.

12 And in advance of the meeting I asked the
13 panelists to let me know where they wanted to be asked
14 questions so we could be sure to establish a fulsome
15 record, not a Folsom like California record.

16 And so we'll go ahead and start down the line
17 with Steve, just a few opening comments. And we'll just
18 go down the path. I'll share my microphone.

19 MR. BUENING: Thank you, Rebecca. Good
20 afternoon, everybody. Can you hear me okay?

21 My kids gave me a T-shirt the other day that
22 said, Iterate until convergence. I like that T-shirt and
23 I'd like to see the initial framework here on the
24 governance proposal, I think we need to continue to
25 iterate. And I think we can come to convergence on what

1 it will be.

2 Let me mention, and Rebecca, thank you for the
3 introduction. I think you mentioned that PASCO has a lot
4 of wind and I have a lot of wind, as some of you know.

5 But our utility operating company in Colorado
6 has two-thirds of our retail supply is coming from wind
7 production. We've had days where half of the energy
8 produced in a day for our customers has come from wind
9 resources, and we're on the way to being 30 percent
10 renewable energy from wind.

11 What we see when we see that kind of variability
12 in our resources is the need for a more liquid pool of
13 wholesale market supply that we can use to balance that
14 variability. And we need to see more efficient use of the
15 grid. Rather than simply holding out capability to be
16 conservative with respect to your reliability, use the
17 tools and technology available to the industry today to
18 dispatch the resources in a way that makes full use of the
19 largest capability.

20 Our utility has operating companies that are in
21 the Midcontinent ISO and in the southwest power pool.
22 They also have a significant amount of wind resources in
23 those markets. And we see the benefits of that more
24 efficient pool regional dispatch.

25 That's my motivation for being here today. I

1 like everybody here, but it wasn't just to sit up at this
2 table, okay?

3 But we've participated as PASCO and the WEC and
4 CAISO solicitation of comments in this process, but I'd
5 also like to point out that we're working with six other
6 utilities in the area in order to see what could be done
7 to achieve some of these goals with respect to all the
8 utilities in the area, the Colorado Coordination
9 Transmission Planning Group, CCTPG, the group of utilities
10 going through the exercise right now calling themselves
11 the Mountain West Transmission Group are evaluating their
12 options.

13 Phil, you have to say, for the sake of fairness,
14 while SPP is one of the parties who was invited to provide
15 comments, we also invited the CAISO to provide comments on
16 how it could structure a solution for our area as well as
17 the Midcontinent ISO and PG interconnection. So we are
18 evaluating our alternatives as a group of utilities in the
19 region.

20 I'm sorry if I'm going past my two minutes,
21 Rebecca, but just in terms of general comments on the
22 governance proposal, I would give encouragement to the
23 idea of addressing fiduciary duties as one of the issues
24 at the outset.

25 I think the RTO in my opinion is at its best

1 when acting as an agent of transmission owners and market
2 participants while being inclusive and respectful of state
3 and federal regulatory jurisdictions.

4 So I think we have to be careful about talking
5 about fiduciary duties where there's a clear-cut
6 obligation of the organization that gives them the rudder
7 to do what they need to do in the function of their
8 duties.

9 One of the things I think to make sure we point
10 out in that characterization is that the RTO be
11 expanded -- the RSO you might hear it called sometimes --
12 is not a ratemaking organization. It's a tariff service
13 that serves to allocate cost, not to set rates.

14 I think that's it at a general level, Rebecca.
15 I'll come back to the section comments.

16 I guess I did have one other that I couldn't fit
17 into one of the numbered sections, but just a suggestion.
18 I didn't see any mention of the relationship between the
19 market monitoring unit and the governance of the
20 organization.

21 I know that's established right now in the
22 current board of governors structure, but it might be
23 something to keep in mind in terms of the full regional
24 proposal as well.

25 MS. WAGNER: Thank you, Steve.

1 Before we go down the line, we'll go to the line
2 with Travis Kavulla for his opening comments.

3 COMMISSIONER KAVULLA: Thank you very much,
4 Rebecca. Can you hear me?

5 MS. WAGNER: Very very well.

6 COMMISSIONER KAVULLA: Excellent. That was one
7 of the worst puns on fulsome I've ever heard, Rebecca.

8 I'm delighted to join you today. And just in
9 the way of opening comments, I've been involved in the
10 project to try to make the western markets more efficient
11 for a number of years now, really since 2011 when a group
12 of western commissioners got together asking how more
13 efficient dispatch in the west might be promoted.

14 I guess the reason why regulators either care or
15 should care about this is that under the cost of service
16 based rates that predominate the western United States,
17 utility regulators have an ingrained duty to make sure the
18 assets that consumers are already paying for, regardless
19 if whether they operate efficiently or inefficiently or
20 somewhere in between, are in fact used as efficiently as
21 possible.

22 And it gradually became clear over the course of
23 the years that there were a lot of more efficient plants
24 relative to less efficient plants that weren't operated as
25 they should despite transmission being available that

1 linked those plants to load areas.

2 So I'm delighted we have the real-time energy
3 market up and running in the form of EIM. It's extending
4 to the far reaches of the west now. Montana's largest
5 utility, for instance, has commissioned a study to become
6 a member. And I'm just delighted to see its success.

7 I guess my high level comments are the
8 following. First, there's no need to reinvent the wheel
9 here as might have been the case with respect to
10 the formation of other RTOs and ISOs over the past several
11 decades.

12 There are now a number of workable models for
13 ISO governance in the United States. And the things that
14 sprung from those governance models that might be actively
15 changed in order to respect western differences are
16 smaller than the elements that can simply be imported and
17 are readymade and proven to the success of ISOs.

18 In particular, I would want to call out the
19 southwest power pool, which really is the originator of
20 the model that you're seeing in the regional states
21 committee embodied within this proposal.

22 You know, even some of the elements of western
23 difference that are sometimes called out are not as
24 different as they seem. You know, the statement the great
25 concentration for instance of power, Nebraska, is already

1 a participant in an RTO in the form of a southwest power
2 pool.

3 I think the first and most important principle
4 where the difference in the situation in the west really
5 does come to a head is the fact that you call them ISOs
6 now. That's a creature of state law, even though at this
7 moment, to this day, it is a federally jurisdictional
8 creature.

9 I really think as a first principle it needs to
10 be articulated that the western ISO can't be a creature of
11 any given state's law; it needs to be an optimizing
12 platform for whatever public policy states might lawfully
13 adopt. You don't want to think of an RTO or an ISO as the
14 body that's making public policy. You want to think of it
15 as it needs to be the body that's efficiently operating
16 the wholesale markets, efficiently operating the regional
17 transmission grid, and incorporating all states' public
18 policies into its operational design.

19 I think that's kind of a first and most
20 important principle that is tacitly acknowledged in this
21 whitepaper, specifically on footnote 1 on page 3. But
22 that's sort of the equivalent of burying the lead. We
23 need to bring that out and make it candidly addressed in a
24 more than straightforward manner.

25 I'll hold the rest of my comments until we go

1 section by section, Rebecca. Thank you for having me, and
2 allowing me to participate by phone.

3 MS. WAGNER: Thank you, Travis.

4 We'll move on to Jennifer Gardner.

5 MS. GARDNER: Can you guys hear me okay? Okay,
6 great.

7 Well, as usual, Steve Buening and Commissioner
8 Kavulla prove to be hard acts to follow. So I don't know
9 whether I should consider myself fortunate enough to
10 follow you guys or not.

11 As Rebecca said in the introduction, I am a
12 staff attorney with Western Resource Advocates. I don't
13 think it comes to any surprise to folks in the room that,
14 as an environmental organization, and one that's focused
15 on clean energy, we are incredibly supportive of the
16 formation of a regional market in the west.

17 As Steve said, we've started calling this an
18 RSO, a Regional System Operator. We've been heavily
19 engaged in a variety of stakeholder processes the CAISO is
20 managing related to this effort, and trying to provide as
21 much assistance along the way as possible.

22 Related to the governance, I think just at a
23 very high level we were pleased with what we saw from the
24 CAISO in terms of the proposal. We think it's a really
25 good start. We don't think it answers all of the

1 questions, but we think it's a really good platform from
2 which we can have an ongoing conversation and reach a
3 governance proposal that hopefully can be palatable to the
4 multitude of stakeholders that are engaged in this
5 process.

6 Just from our perspective, I think there are a
7 lot of things that we like about this proposal, but there
8 are a lot of things that raise questions for us as well.
9 I'm sure we're not alone in that feeling.

10 So first of all, one thing we are incredibly
11 supportive of -- it's been mentioned a number of times --
12 is the concept that this is a transition. This is a
13 transitional approach to governance. This will not happen
14 overnight.

15 We support following the model we have seen
16 through the Energy Imbalance Market, the development of a
17 transitional committee, the development of the nominating
18 committee. We like these because we feel like it offers
19 stakeholder input throughout the process; it offers the
20 timeline in which to transition. But we think that most
21 importantly having that diverse stakeholder input up front
22 is incredibly important to the formation of an RSO.

23 I think that we are incredibly supportive of the
24 fact that a transitional approach will enable the current
25 type of board of governors to transition not only to a

1 hybrid board but also eventually to a fully independent
2 board, which we believe is ultimately necessary for the
3 successful functioning of an RSO.

4 I don't want to go into too much detail in my
5 comments, Rebecca. I'll save that for the more pointed
6 questions.

7 But one thing that we've been supportive of
8 throughout this entire process is recognizing the
9 important roles for states, making sure that their
10 authority is preserved while also recognizing that we have
11 to have a fully functioning RSO.

12 I think that it's an important balance that has
13 to be struck. States need to have appropriate authority;
14 they need to have appropriate advisement powers if you
15 will as part of the body state regulators. But that also
16 has to be balanced with the interests of a fully
17 functioning and effective Operating Regional System
18 operator.

19 With that I will close my opening remarks.

20 Thanks for that.

21 MS. WAGNER: Thanks, Jennifer.

22 Pass the microphone Bryce. I'm sorry, to
23 Marshall on.

24 MR. EMPEY: Thank you for asking us to comment.
25 As the introduction said, we've been doing this for years.

1 UAMPS started out with the first open access contract in
2 the 1980s with the other public power entities in Utah
3 we've been fighting for this in all of the various
4 proposals over the years so we see this as a positive.

5 We do have concerns. You'll kind of highlight
6 them. UAMPS right now has 44 members, 38 of those are in
7 the EIM market. So we're down in the trenches in that
8 market.

9 And unlike all comments, the market is not
10 working. The settlement statements are absurd. I spent
11 three hours last Friday writing our monthly dispute letter
12 on the settlement statement. So until the settlements get
13 worked out, I can't say that the EIM market is a success.
14 And that's with the full regional ISO.

15 I'd like the plan to be fully comprehensive
16 before we put that in so it does work when it gets
17 implemented, and not we don't have the afterthoughts.

18 Sort of a few comments. One of the things that
19 we're really worried about is the cost of this. All of
20 the studies have always highlighted the benefits. We do
21 agree there are benefits; that's why we've always been pro
22 market throughout my career at UAMPS. But there's been
23 very little analysis of the costs of doing this.

24 And, you know, you can have all the benefits in
25 the world, and if the costs outweigh the benefits, the

1 consumers are not going to be happy. And we're trying to
2 represent our consumers. I think there has to be more
3 analysis of the cost and/or the staging of this.

4 For example, we all probably have seen the TAC
5 initiative. The TAC charge, if that's a postage stamp
6 rates, that outweighs all the benefits to the PacifiCorp
7 entities. Resource adequacy maybe not as financially
8 clear, but that's another issue that assigning the
9 resource adequacy across the whole footprint could affect
10 a lot of cost for the PacifiCorp entities. I mean, I'll
11 leave that.

12 But I think we need to address the costs. And
13 my proposal get into the governance I think is where I'm
14 coming from on those proposals.

15 Thank you.

16 MS. WAGNER: Thank you, Marshall.

17 Next in line is Abby.

18 MS. BRIGGERMAN: Can you hear me on the
19 microphone?

20 Hi. I've been asked to speak here today on
21 behalf industrial customer interests. I just sort of need
22 to do a disclaimer at the beginning of this.

23 Holland and Hart represents various industrial
24 consumers in the Rocky Mountain region. My comments today
25 should not be attributed to a single industrial customer

1 or a single group of industrial customers that we
2 represent. My comments are meant to be more general.

3 Generally, industrial customers are in favor of
4 anything that increases competition in the energy
5 industry, but the devil is in the details. I'd like to
6 respond to some comments that were made earlier today that
7 have implied that the benefits are clear. And I don't
8 think that a case has been made yet that the benefits are
9 clear, just echoing your comments also.

10 We need to see a net benefits test, a clear
11 analysis of the cost before we can conclude this is a good
12 project for consumer interests. I don't think the case
13 has been made yet that this is a good, necessarily a good
14 idea for consumer interests.

15 One of the key things in terms of governance
16 that is important to consumer interests, industrial
17 consumer interests, is making sure that customers have
18 their voice heard in governance. I'd like to highlight
19 one of the positive things we've seen in this proposal,
20 and this is the preservation of the state authority
21 aspects of this proposal. That is a very good start from
22 our perspective. However, we do have many concerns with
23 proposal.

24 This seems to be this seems to be heavily
25 weighted in favor of California interests in terms of the

1 transitional committee, the initial board, the body of
2 state regulators. California seems to have a lot of
3 authority here at every step of the way.

4 We would like to see some more detail on the
5 scope of authority that each committee or transitional
6 committee or board is going to have. That aspect is not
7 really presented here in this proposal. So the scope of
8 authority of these transitional committees and whatnot is
9 very important to understand.

10 Finally, one major issue we have is this seems
11 to be very rushed. I think a lot of people agree that
12 this is a major, very important aspect of the CAISO
13 expansion of the creation of the regional ISO. Governance
14 is a very very important aspect of this; however, we are
15 just now getting the initial proposal and we are trying
16 to, it appears, wrap this up by the end of the summer, and
17 that is incredibly rushed for one of the most important
18 aspects of this project so that is a major concern that we
19 have.

20 Those are my initial comments.

21 MS. WAGNER: Thank you, Abby.

22 We'll turn to Bryce Freeman.

23 MR. FREEMAN: Everybody hear me? Thanks,
24 Rebecca.

25 I need to remind everybody that I am speaking on

1 behalf of the Wyoming Office of Consumer Advocacy as well,
2 and my views shouldn't be attributed to anybody else
3 besides the Wyoming Office of Consumer Advocates.

4 I think it's fair to say we did file written
5 comments after the workshop was held in Sacramento last
6 month, and expressed our views about what should be
7 contained in the governance proposal.

8 Some of the things that are contained in this
9 straw proposal were things that we advocated in our
10 written comments; however, I would say as an initial
11 reaction we have a number of questions, concerns, and even
12 some criticisms of the proposal that came out. We have
13 criticisms and questions regarding, as Abby said, the
14 transitional and initial board, and how those would be
15 selected, and the fact that they'll be California-centric
16 for the duration of, what is so far, an unspecified
17 transitional period.

18 We have questions and concerns in a number of
19 other areas as well, which I won't get into right now.
20 I'll save those for the topic-by-topic discussion later.
21 But I would just make a couple of general observations.

22 This, if it was to be adopted and approved in
23 Wyoming, would be a substantial departure from business as
24 usual for regulation in Wyoming. We're used to being,
25 reacting to utility applications that come before the

1 commission. And so to the extent that the commission
2 would not be the venue for our voice to be heard, but
3 rather it would be the ISO and perhaps the Federal Energy
4 Regulatory Commission, that's a radical departure from the
5 way regulation has worked in Wyoming in the past, at least
6 for a substantial piece of PacifiCorp's infrastructure.

7 We want to be careful, as Abby said, that we get
8 this right. We think it's been pretty rushed.

9 A lot of what we view and what we've said about
10 the governance issue, from our perspective as consumers in
11 Wyoming, is informed by our work over the years, over many
12 years, related to the cost allocation that goes on among
13 the states in the PacifiCorp footprint. It's my, I guess
14 I would admonish all of us at this point to remember that
15 that has been a fraught process at times over the past.
16 And to the extent that the governance proposal that we
17 have before us now assumes that all of us will just be
18 able to somehow magically get in a room and agree about
19 all these things I think is unrealistic.

20 I think we need to give a lot of thought about
21 how this would be structured, what the scope is, how
22 decisions would be made; otherwise, we're going to be
23 sorely disappointed. I think in that type of a process
24 states will still be prone to advocating their own self-
25 interests, and agreeing regionally is not something that

1 comes natural.

2 With that, I'll leave the rest of my comments
3 for later discussion.

4 MS. WAGNER: Thank you, Bryce.

5 I'm continuing to get reminders to have people
6 speak directly into the phone, or to the microphone.

7 Caitlin?

8 MS. LIOTIRIS: My name is Caitlin Liotiris. I'm
9 going to give a disclaimer as well. I work for Energy
10 Strategies, work for a variety of clients. Today I've
11 been asked to speak on behalf of the American Wind Energy
12 Association, so what I say today is what AWEA feels and
13 not necessarily my own position.

14 AWEA has been a strong supporter of the regional
15 expansion of the ISO and continues to support
16 regionalization. Believes there are a lot of
17 potential benefits for enhanced reliability and
18 significant rate reductions, including the ability
19 to access very low-cost wind energy.

20 Just like my fellow panelists and other
21 stakeholders, AWEA wants to assure a governance approach
22 is fair and balanced and amenable to California and
23 non-California entities. I think it's a general reaction
24 to the ISO's initial proposal that AWEA thought it was a
25 good starting place. It seemed to incorporate many of the

1 comments that AWEA submitted following the May 6
2 governance workshop.

3 Of course there are a number of areas where the
4 details will be critical to determining whether the
5 proposal is reasonable or not and will be amenable across
6 the west. But AWEA has seen the success of the EIM
7 transitional committee, and believes that leaving some of
8 those details to a similar transitional committee is
9 appropriate, and have faith that that will be successful.

10 I think the biggest concern for AWEA, and likely
11 many outside California, is the continued reliance on the
12 current California ISO board, and that's the continued
13 control of California in some of the transitional elements
14 and also in developing some of the key policies in
15 implementing a regional ISO.

16 So some of the concerns there have to do with
17 the ISO board being responsible for appointing
18 transitional committee members, approving the final
19 details from that committee, and then of course the
20 continued California majority on the board through the
21 transitional period.

22 AWEA believes that there needs to be broad
23 support across the industry, and that's got to happen
24 regardless of whether the process is controlled by
25 California or not. And therefore it seems reasonable to

1 include additional approvals necessary for a governance
2 structure to move forward, perhaps approval by some body
3 of stakeholders or the productive body of state regulators
4 in addition to the ISO board.

5 With that I think that I will leave the rest of
6 my comments to questions.

7 MS. WAGNER: Thank you, Caitlin.

8 Last but not least, Mark.

9 MR. GENDRON: I have the microphone in my mouth.
10 I'm last, and definitely feel like I'm at the end of a
11 very long line.

12 I'm Mark Gendron with Bonneville Power
13 Administration. I greatly appreciate having the
14 opportunity to participate and engage in this discussion
15 about the western ISO governance.

16 And Bonneville is a federal power marketing
17 agency. And we market the electric output of 31 federal
18 hydroelectric projects in the Pacific Northwest and some
19 non federal projects.

20 Whenever requested, we are required by statute
21 to sell power to meet the firm requirements of certain
22 qualifying utilities and federal agencies in the Pacific
23 Northwest. Bonneville also operates 75 percent of the
24 high voltage transmission system in the northwest. This
25 system is essential for PacifiCorp to serve its loads in

1 the west side of their system.

2 The federal hydro system is committed to many
3 many different uses that limit its flexibility. But the
4 surplus capability of the system we believe will play an
5 important role in providing zero carbon capability and
6 also helping managing oversupply in California and also in
7 the broader west.

8 BPA has a statutory obligation to serve 19 of
9 our preference customers with load located inside
10 Pacificorp balancing authority with an average load of
11 about 600 megawatts. The governance and market rules of
12 the future western ISO have a significant impact on the
13 service that we provide for those customers.

14 Just very high level, our interests are really
15 fourfold at Bonneville. First, our primary interest is
16 that we continue to protect the value of the federal
17 hydroelectric and transmission system for the preference
18 customers and existing long-term transmission customers of
19 Bonneville.

20 Our second and also critical interest is
21 Bonneville must engage to maintain reliability of the
22 western grid. As the energy markets change in the western
23 interconnection, that is an important interest.

24 Third is we believe decision-making processes
25 associated with a western ISO should rely on

1 collaborative, collaboration seeking consensus-driven
2 outcomes, and finally we need each other. Bonneville
3 needs EIM entities and prospective BTOs to serve our loads
4 in the region, and members of the ISO and potential BTOs
5 also need Bonneville to deliver power through our
6 transmission facilities.

7 At a very high level, our overarching comments
8 would be the principles as drafted reflect consideration
9 of respecting western state authorities and integration of
10 western ISO. They do not yet, however, consider or
11 suggest appropriate roles for federal power marketing
12 agencies. This consideration we believe is essential
13 because of the unique situation at the Bonneville Power
14 Administration in the western interconnection of the lines
15 of the western ISO in coordination with the EPA.

16 The principles should incorporate the concerns
17 of the non-jurisdictional publicly-owned transmission
18 operators who are not subject to state regulation or most
19 FERC marketing authorities. Addressing these concerns
20 requires the engagement of federal transmission operators
21 in that they do not intend to join this.

22 Again, we really appreciate being here, and look
23 forward to the opportunity to engage.

24 MS. WAGNER: Thank you, Mark.

25 Now we'll go ahead and turn to the actual

1 proposals, and walk through the eight principles. As I
2 noted before, I have a general idea of who wants to
3 comment on what so I'll just go ahead and call on you
4 randomly so you are forced to pay attention every
5 second because you don't know when you're going to get
6 called on.

7 First of all, I'll turn to Travis since he's on
8 the phone and we don't want him to feel left out.

9 So Travis, why don't we start off with you on
10 the first general topic of the preservation of state
11 authority.

12 COMMISSIONER KAVULLA: Thanks, Rebecca.

13 You know, this is really a linchpin issue for
14 states, obviously, and for good reason. I think a lot of
15 states as well as load-serving entities that are self-
16 regulating, like rural electric cooperatives and public
17 power, have looked skeptically on certain markets such as
18 PJM and the like sort as a kind of runaway train that has
19 gradually usurped the resource procurement function that
20 used to be native to their decision-making authority.

21 Having an obvious safe harbor of these items to
22 states and those load-serving entities in question is
23 particularly important. And I think that's what, I think
24 that's what the first section calls out.

25 There's a lot of legal detail to it, and we'll

1 get into some of that in the body of state regulators,
2 which has certain Section 205 in the Federal Power Act
3 tariff filing rights to direct filing through the ISO
4 board with respect the authorities that are observed.

5 In general, I think this first section
6 articulates a valuable principle, and should include by
7 the way the thing that I laid out in my opening comments
8 that the ISO has to not be a creature of any given state
9 laws, but really a platform where all of them could be
10 taken together in perspective.

11 One very specific caution I would make is with
12 respect to the third bullet point however which prohibits
13 the ISO from proposing or endorsing any centralized market
14 for the forward procurement of electric capacity products.
15 This is really an overly broad prohibition to express by
16 principle.

17 I don't think that anyone in the
18 west anticipates the day where we're going to have a
19 capacity, a centralized capacity market through which
20 load-serving entities have to procure all of the necessary
21 capacity to meet our resource advocacy obligation, which
22 is something that any ISO of any market size has to come
23 up with.

24 However, there will be a role even in ISOs where
25 the marketplace is virtually integrated or where states

1 direct procurement for a centralized capacity market to
2 dispose of small surpluses or deficits of capacity.

3 Midcontinent Independent System Operator runs
4 one of these where only a small fraction of capacity in
5 the region is clear. And I can tell you firsthand as a
6 regulator of a utility that operates the PPO in MISO that
7 that has saved customers a lot of money. By allowing
8 Montana co-utilities and other utilities like it to rely
9 on a residual centralized capacity market, you're allowing
10 them to defer resources that might be attributable only to
11 momentary load growth, for instance associated with an oil
12 boom in the case of Montana, and you're allowing them to
13 take advantage of a fairly clear price signal for that
14 capacity without having to enter into a more complex
15 bilateral transaction for the same resource.

16 So I think a prohibition of this type should
17 remain in place, but it needs to be more narrowly drawn.
18 It should be expressed, in my view, as prohibiting a
19 centralized capacity market through which load-serving
20 entities are required to procure all of the capacities to
21 meet resource advocacy obligations, and not a wholesale
22 prohibition on the trades of any capacity through an
23 auction.

24 Thanks.

25 MS. WAGNER: Thank you, Travis.

1 Jump around here. Let's go to Mark.

2 MR. GENDRON: Bonneville supports the states'
3 roles in advising the independent board on specific issues
4 that traditionally have been under their jurisdiction.
5 But at the same time, BPA, the federal agency, operates
6 under its own statutes, and we have our own separate
7 obligations.

8 We believe the principles really need to
9 recognize that those federal authorities, although often
10 very compatible with the state authorities, are indeed
11 distinct. We think the governance structure should compel
12 the independent board not to make FERC findings or policy
13 changes impacting specific issues without consensus from
14 representatives from both the states and the federal
15 government to fully take into consideration the unique
16 requirements that exist with Bonneville Power
17 Administration.

18 Relevant to --

19 MR. RECHTSCHAFFEN: Excuse me. Can I ask for
20 clarification?

21 Can you explain more? I understand the broad
22 principles but, Mark, I'm sorry, how, what is, what does
23 that mean in practice? Does that mean that power market
24 agencies have to be on the board, or the Board could only
25 reach out after a public process in which the body of

1 state regulators consults with the BPA?

2 Maybe you can put this in your comments. But it
3 seems like I'm not quite sure I'm following what that
4 actually means in practice.

5 MR. GENDRON: I think what we're saying is that
6 there may not be a perfect fit for Bonneville Power
7 Administration or power marketing entities on, you know,
8 on this committee, the body of state regulators. And that
9 we are, although we have similar interests, we really are
10 very unique. And we operate under statutes and
11 requirements that are separate and independent laws and
12 regulations.

13 So I think there could be another body that
14 Bonneville could participate in such as a market advisory
15 committee. But the body of state regulators appears to
16 be, you know, the body that might be a good fit; we
17 just believe it needs to recognize the uniqueness of the
18 federal power marketing entities.

19 Did that answer your question?

20 MR. RECHTSCHAFFEN: A little bit. But maybe it
21 would be best if you try to address it more specifically
22 in your written comments, what other bodies you are
23 envisioning or how it might work in practice, and that
24 would be helpful.

25 MR. GENDRON: Thank you.

1 I think Travis' comments regarding capacity
2 markets is, I think generally we're supportive of that.
3 We think that the prohibition on capacity markets,
4 although we generally appreciate that, is a bit far too
5 restrictive, and there may be opportunities for a short-
6 term capacity or ancillary services that we wouldn't want
7 to see limited for a broad prohibition on capacity
8 markets.

9 MS. WAGNER: Thank you, Mark.

10 Just to follow up on that, what might be useful
11 in your comments is, if there's any other model or how
12 other power marketing agencies, I know each of them are
13 unique and slightly different, but if there's another good
14 model out there that's always helpful to draw from.

15 Next I turn to --

16 CHAIR WEISENMILLER: Just for a second, I also
17 was going to ask Travis if he had specific language for
18 Point 3 on page 2 that would be useful.

19 COMMISSIONER KAVULLA: I would be happy to share
20 some.

21 MS. WAGNER: By the end of the call, or in
22 comments or some other --

23 COMMISSIONER KAVULLA: I can share it in
24 writing.

25 MS. WAGNER: Thanks, Travis.

1 Any other questions from the dais? Okay,
2 thanks.

3 I'll turn to Bryce.

4 MR. FREEMAN: Thank you, Rebecca.

5 This is an area where we certainly agree that
6 any regional organization that manages transmission
7 infrastructure and markets needs to preserve, to the
8 greatest extent possible, state sovereignty and authority.

9 We do have some questions about how that would
10 work because there appears to be some conflicts in the
11 proposal with regard to authority that states have
12 traditionally exercised over the necessity for
13 building utility infrastructure that they would continue
14 to exercise that, it appears to us, for example CPUC
15 authority, that may not fit exactly with the scope of the
16 authority that is envisioned by the straw proposal for the
17 RSO, so we have many questions there.

18 And in keeping with some of the concerns that we
19 have in other areas, we do have some concerns with voting
20 as well as with regard to the capacity markets and those
21 sorts of things.

22 If you wanted to, if the RSO was implemented
23 with a prohibition against capacity markets, and that was
24 later proposed to be changed, it appears to us that it
25 would require a unanimous vote of the board. But perhaps

1 a simple majority of the body of state regulators would
2 suffice to change the governing principles. Another
3 question we're just not sure of.

4 We are concerned, however, and this is a concern
5 that I've heard in several quarters, that the ISO through
6 the RA process might be able to trump the preferences of
7 states and state and local state regulatory authorities
8 for resource mix if a utility was either unwilling or
9 unable to satisfy the RA requirements. Would the ISO then
10 be able to simply acquire the resources to make that local
11 utility adequate regardless of state preferences? Many
12 questions about this.

13 But in general we support the principle that the
14 RSO ought to respect the sovereignty and energy policy
15 choices of the individual states to the greatest extent
16 possible.

17 MS. WAGNER: Thank you, Bryce.

18 Jennifer?

19 MS. GARDNER: So I addressed this briefly in my
20 opening remarks. But generally we were very glad to see
21 that the governing principles from the ISO made clear that
22 a new RSO, a Regional System Operator, will not impede
23 existing state authority.

24 Generally WRA supports the federation states'
25 authority in forming the RSO because we recognize the

1 important regulatory role of states when it comes to the
2 effective and reliable operation of utilities in the west.

3 Now, that being said, the ISO governance
4 proposal still raises questions for WRA as to exactly what
5 the state authority might look like in practice. We
6 firmly believe that effective RSO governance must
7 ultimately be able to strike a very important balance
8 between the interests of participating states and the need
9 for an independent RSO board to do its job effectively. I
10 said that before as well.

11 And that job effectively in our view means
12 ensuring the new regional energy market be run effectively
13 as well as reliably.

14 Going back to the statement I made regarding
15 the questions that we still have after reading the
16 proposal, one thing that came up -- and Travis alluded to
17 it in his remarks -- is this whole issue of 205 filing
18 rights by the states. I know that we're going to get into
19 that probably in our discussion of the body of state
20 regulators. But this might need some additional
21 clarification from the ISO.

22 The way that WRA is reading it and some of our
23 other public interest colleagues are reading it is the 205
24 filing rights of the state in the decision by the ISO
25 proposal take the 205 authority a bit further than what

1 we've traditional seen in the SPP or ISO.

2 Rather than having complementary 205 filing
3 rights, we're actually seeing something that goes a little
4 bit further, and almost acts as almost like a veto, acting
5 as a mechanism to prevent RSO or maybe 205 filing rights
6 unless they align with what the body of state regulators
7 wants.

8 If this truly is the case, this would be
9 something that's a little bit I don't want to say more
10 aggressive, but it does tend to give the states a little
11 bit more authority in the area than we've seen in some
12 other regional markets. I'm not sure what this would, how
13 FERC would react to this.

14 We need to do a little bit more analysis
15 internally before we submit written comments on it, but
16 that is an issue that we do want to make sure that we're
17 raising in this forum.

18 MS. WAGNER: Thank you, Jennifer.

19 Caitlin?

20 MS. LIOTIRIS: So AWEA supports a strong role
21 for the state regulators, and advocated in writing
22 submitted in May for a model that ensures that state
23 jurisdiction was preserved.

24 So the ISO proposal seems to be in line with the
25 principles that AWEA sought and hopes, AWEA hopes that the

1 ISO proposal does address most of the concerns of the
2 state.

3 I think one thing that we were slightly
4 concerned about is in Bullet 2 of the proposal, which
5 notes that any policy that would diminish or impair state
6 or local authority in the areas of the proposal that would
7 be preserved would be prevented, the ISO would be
8 prevented, from adopting those.

9 And it seems like there could be a potential
10 that any policy brought forward could somehow meet that
11 criteria so it seems like there might be, the statement
12 may be overly broad and could be narrowed a little bit any
13 policy that would materially diminish a state authority.

14 So again, AWEA does support a very strong role
15 for state regulators, and hopes that that can continue to
16 be preserved. But there may be some way to continue to
17 ensure that the ISO continue to function and go forward.

18 MR. RECHTSCHAFFEN: I had a follow-up question
19 for Jennifer about the Section 205 filing rights. Would
20 you prefer I wait until we get to that section?

21 MS. WAGNER: Yes, let's do it in sections; that
22 would be better for clarity of the record.

23 Thank you, Caitlin.

24 Steve?

25 MR. BUENING: Thanks.

1 Rather than attack the written word, I'll assume
2 that there were some view of the world that were behind
3 the written words that maybe I'll just comment on how it
4 comes across to me.

5 I think historically in California, ISO
6 developed with incredibly close ties and collaboration
7 with the California PC. In my experience in other RTOs, I
8 don't see that level of day-to-day interaction between
9 RTOs.

10 I see Bill Smith in the group here. Maybe he
11 can comment on that as well as the former
12 executive director of the Organization of MISO States.

13 I just would caution I think in terms of the
14 expectation of the relationship between the states and the
15 ISO, we need the ISO to be structured as an effective
16 operating organization with real-time operating
17 responsibilities, not consulting with the PUC on a
18 day-to-day basis.

19 Organization of the states and interaction of
20 the states needs to be designed in a way that they're
21 engaged, when appropriate, but not burdened with a whole
22 set of new duties as a punishment for having allowed their
23 state utilities to participate in a regional organization.

24 I think, for instance, a case where the state
25 committee is being potentially set up for a problem that

1 was addressed in some of the other comments here is just
2 assuming that this governance proposal doesn't need to do
3 anything about regional transmission cost allocation and,
4 Don't worry. The state regulators will solve that.
5 That's almost preserving too much authority right off the
6 bat.

7 I think a lot of the states -- and I don't want
8 to say this in a way that's an indictment of their
9 technical skills, but it's just a reality the resources
10 that they have and they can bring into a regional
11 transmission cost.

12 State's dialogue is complex, and most people
13 aren't up to speed even on the current Order 1000 rules
14 and cost allocation procedures where this camel's nose is
15 already under the tent. I don't think in terms of the
16 governance structure going forward we can just assume that
17 should be taken care of separately by them.

18 One thing too that behind the lines potentially
19 in the view -- again, not a criticism just a caution -- I
20 think there are folks in California who have a view that
21 they own the ISO as an investment. And this is not like I
22 have \$100 in a savings account and now I'm only going to
23 be earning \$50 if someone has access to the account. In
24 that sense you would be diluting your investment, right?

25 In the case of an ISO, I have costs that's been

1 funded by the people in California. Thank you. And the
2 expansion of the RSO as an interstate organization is an
3 opportunity for the people in California to allocate those
4 costs, a bigger footprint, so that's a win-win, not
5 something to be taken away on the earnings on the
6 investment you made.

7 I just got concerned when I saw the description
8 in some written materials about the investment California
9 made as creating this preconceived notion that something
10 was being taken away by expanding, instead of viewing it
11 as an opportunity to improve the benefits for everybody.

12 Because on the other side of the coin, for the
13 people who would be coming in, I think the opportunity to
14 share in an already established development is better than
15 the greenfield cost of starting up an alternative method,
16 though there would be some investment there too, so with
17 that guarded caution that I gave.

18 MS. WAGNER: Thank you, Steve.

19 Abby or Marshall, did you have any comments on
20 this section?

21 MS. BRIGGERMAN: Yes, I had one brief comment.

22 From the first bullet point under the
23 preservation of the state authority, the ISO structure
24 will include binding provisions to protect the state
25 authority over matters currently regulated by states

1 themselves.

2 I'm concerned about that word "currently" in
3 there to the extent that a state is granted additional
4 jurisdiction over matters by their legislature. I don't
5 see why this principle should apply less to any future
6 jurisdiction granted to a state.

7 So that word currently gives me pause.

8 MS. WAGNER: Okay. Marshall, anything to add to
9 this section?

10 MR. EMPEY: Yes, I do.

11 I think one of the concerns we have, as has been
12 said before, CAISO is California-centric; California has
13 done this over the years. They do have their own way of
14 doing things.

15 But we have to have the state authority just so
16 that the PacifiCorp states right now and the rest of the
17 states aren't overwhelmed, because California does have
18 the infrastructure, the CAISO staff, and that I think they
19 could overwhelm all of the current state regulators and
20 energy offices.

21 So I think that's to get everybody's opinion,
22 and there has to be some structure there.

23 MS. WAGNER: Okay, thank you.

24 Any questions from the dais? Is that Phil? All
25 I can see is your arm.

1 COMMISSIONER JONES: Maybe to Travis and others,
2 Jennifer, we talked about Section 205, but 206, and I'm
3 referring to the CPUC staff comments, and I'm just going
4 to read them.

5 It says, The ISO board of management are not the
6 only arbiters of the utilities policies and
7 regulations. ISO tariffs can and often are modified
8 in response to complaints initiated by a party under
9 Section 206 or investigation initiated by FERC
10 itself so a government's model should minimize any
11 requests to FERC to order the ISO to institute a
12 capacity market.

13 Do you have concerns about this, about the
14 Section 206 complaint process to FERC, and that FERC could
15 order the regional ISO to institute a capacity market?

16 MS. WAGNER: Phil, who were you addressing that
17 question to?

18 COMMISSIONER JONES: Let's start with Travis,
19 and then maybe Bryce. I'd like to hear from Bryce.

20 MS. WAGNER: Okay. Travis?

21 COMMISSIONER KAVULLA: Well, I mean, I think it
22 has to be acknowledged that FERC has jurisdiction today
23 over the wholesale markets for electricity whether they're
24 bilaterally settling or settling with central dispatch.

25 And so, I mean, if the theory is that FERC could

1 order through a Section 206 investigation motion a
2 creation of a capacity market in the west, but in a
3 regional ISO context I think also they could order similar
4 things even in the bilateral wholesale market.

5 Now, I don't think they would be crazy enough to
6 try that in the western United States. People would get
7 their pitchforks in a hurry. But it's true that FERC
8 regulates with more depth on the central dispatch regional
9 market the ISOs and RTOs, and inevitably, if the west
10 decides to take this step, you will perhaps inevitably be
11 hearing more about FERC.

12 But it is also the case that FERC has had a lot
13 to say already about the western bilateral markets and
14 it's conceivable they'll play a role one way or another.

15 MS. WAGNER: Bryce?

16 MR. FREEMAN: Yes. I guess my view is is that
17 the body of state regulators should have the ability
18 proactively to file with FERC under Section 205. To me,
19 the Section 206 process is an inferior process, and shifts
20 the burden to the complainant.

21 So I think it's greatly important that the body
22 of state regulators retain the right to proactively file
23 with FERC on issues that may arise before the RSO board.

24 MS. WAGNER: Thank you, Phil. Any other
25 questions from the dais?

1 Okay. Let's turn to the next section,
2 greenhouse gas accounting. And based on earlier
3 indications, Jennifer, Caitlin, and Bryce, I'll have you
4 comment and obviously others can if you so choose.

5 I'll start with Jennifer.

6 MS. GARDNER: All right. When we submitted
7 comments to the PUC after the first governance workshop,
8 this was something that we actually advocated for. Again,
9 it's probably not a surprise; we're an environmental
10 organization. We're really passionate about seeing
11 emissions trapped and kept to a minimum, if not reduced.

12 I think one of the concerns that's been raised
13 in tracking greenhouse gas emissions is this is just
14 another example of California having a way to impart their
15 policies and requirements onto other participating states
16 in this process.

17 We disagree with that. We look at this in a
18 slightly different way. We not only view this as a
19 benefit to the entire regional market footprint in terms
20 of tracking regional emissions, but we see this as another
21 way to track the benefits of a regional market.

22 We're not only concerned with reliability
23 benefits; we're also concerned with the environmental
24 benefits of a regional market, making sure that emissions
25 can come down in the long term as a result of more

1 efficient dispatch.

2 So we are incredibly supportive of this
3 provision, and think that long term it absolutely needs to
4 be done.

5 Thanks.

6 MS. WAGNER: Thank you, Jennifer.

7 Bryce?

8 MR. FREEMAN: Jennifer, I agreed with you right
9 up till the point where you said you didn't think it was
10 just a way for California to impose its policy on other
11 states. And not surprisingly, you know, being a
12 representative of customers in Wyoming, our job is to
13 advocate for reliable and affordable electricity for
14 Wyoming customers.

15 The greenhouse gas counting mechanism seems to
16 me to be exactly as you characterized it, as a way for
17 California to foist its greenhouse gas policies on other
18 states.

19 Wyoming does not have a greenhouse gas emission
20 standard. It doesn't have an RBS standard. There's no
21 requirement in Wyoming law or policy, as far as I know, to
22 mitigate greenhouse gas emissions. And the California
23 ISO, at least to my understanding, factors in greenhouse
24 gas emissions, among other things, in the dispatch of
25 generation resources in the California ISO.

1 So all of that leads me to believe that it
2 certainly could be viewed as a mechanism that impinges on
3 the very state sovereignty that Section 1, that we just
4 discussed, claimed to protect.

5 MS. WAGNER: Caitlin, did you want to address
6 greenhouse gas?

7 MS. LIOTIRIS: Yes, thank you.

8 Generally I think AWEA believes that a
9 transparent methodology for tracking and accounting for
10 greenhouse gases is crucial for regional expansion of the
11 ISO.

12 Bryce, I think the key point here is it's
13 tracking and accounting for greenhouse gas emissions. And
14 the greenhouse gas costs that are imposed on California
15 entities or generation dispatch for California load are
16 the only, would be the only time that a greenhouse gas
17 cost is applied.

18 Today in the EIM that's the way things work. We
19 have a really good model to start from for implementing
20 this in a regional ISO. AWEA recognizes that there are
21 going to be challenges to getting this right, but it's
22 strongly supportive of this principle in the ISO's
23 proposal and thinks that with the transitional committee
24 it supports the ISO to get this right and track greenhouse
25 gas emissions for California, and applies those costs to

1 loads just in California.

2 MS. WAGNER: Anybody else on the panel? Abby?

3 MS. BRIGGERMAN: I just wanted to piggyback on
4 Bryce's comments.

5 As a general matter, it's a little confusing to
6 me why this is a matter of governance and why this is
7 included in a governance proposal. Accounting
8 mechanisms seem more appropriate for other initiatives.

9 But just a little unclear why this is included
10 in this section of this whole project.

11 MS. WAGNER: Anybody else like to comment on
12 this? Marshall?

13 MR. EMPEY: Just a short comment. I mean, this
14 is one of the things we're worried about cost is does
15 greenhouse gas accounting have anything to do with running
16 a transmission system in a regional market?

17 And one of the times we met with CAISO and asked
18 how come they're so expensive they said, We do anything
19 that anybody asks.

20 I think that's one of the things I want to try
21 to get in the new regional ISO is that they focus; there's
22 no scope and we focus on what they're supposed to do. If
23 somebody wants to track greenhouse gases, there's the
24 ability to do that outside the regional ISO.

25 MS. WAGNER: Anybody else? Any questions from

1 the dais? Okay.

2 Turning to the next section is transmission
3 owner withdrawal. I believe that was an issue that was
4 largely raised by the body of regulators in their analysis
5 of this. So I didn't have many of you jumping in to
6 comment on this.

7 Bryce, did you want to touch on it?

8 MR. FREEMAN: Sure. Thanks, Rebecca.

9 You know, this is another area where we
10 basically have a lot of questions. We certainly
11 support something in the governance documents that gives
12 transmission owners, either because they find it in our
13 own best interest or have received an order from their
14 state regulatory authority or otherwise to have easy and
15 relatively free exit from the RSO. So to the extent that
16 that sort of high level principle is in the document, we
17 support that.

18 I guess I was a little, or one of the questions
19 I had is it's unclear to me how an exit right would work
20 in an RSO that's say five or ten years old where you have
21 built some new transmission infrastructure; it's been
22 allocated among the different transmission owners, and is
23 being recovered. What happens to the cost recovery
24 obligation if a transmission owner decides to exit the
25 organization?

1 So just an example of some of the questions that
2 we've got.

3 MS. WAGNER: Anybody else want to comment on
4 this section? Okay.

5 Any questions from the dais? Travis, did you
6 want to comment?

7 COMMISSIONER KAVULLA: No, thank you.

8 COMMISSIONER JONES: Rebecca, just for the good
9 of the order, I drafted, this was a big issue at our
10 meeting in Salt Lake City with state regulators about two
11 months ago raised by Oregon and Washington and others.

12 I drafted, talking to SPP and MISO and various
13 others, I drafted kind of a rough paper on withdrawal
14 rights. We'll post this somehow on the website
15 afterwards. It's kind of a rough cut at it.

16 Basically my conclusion is, it could be long,
17 contentious, and messy. It's not easy in, easy out
18 process that the EIM is. Once a transmission owner
19 commits to joining usually there are provisions that it's
20 a five-year minimum. There's a two-year notification
21 process, up to two years, so it's often litigated before
22 FERC.

23 So for jurisdictional purposes, the states may
24 have a role in approving PacifiCorp or any other
25 transmission owner joining ISO. If the PTO wants to

1 withdraw from the ISO, my tentative conclusion is it's all
2 FERC; it's pretty much a FERC process.

3 MS. WAGNER: Thank you for that clarification.

4 I'm sure everyone will be anxiously awaiting your
5 proposal. But it is a component. Thank you, Phil. It is
6 a component and it's important.

7 I think every ISO has some provision for
8 exit that's reasonable, but I agree it's far more
9 complicated than the easy in, easy out of the EIM.

10 Next we'll turn to the transitional committee of
11 stakeholders. I guess that generally most people want to
12 comment on this area.

13 I'll start with Mark.

14 MR. GENDRON: Bonneville would prefer to see a
15 direct cut over to an independent board rather than the
16 transitional approach.

17 Having said that, if a transitional board does
18 occur, and if it's made up of a majority of California ISO
19 board members and a minority of others, we're
20 concerned that, you know, more time will be spent on
21 adapting existing California market designs rather than
22 taking a holistic approach kind of from the beginning.

23 That's our comment relative to initial board
24 transition.

25 MS. WAGNER: Okay. Bryce?

1 MR. FREEMAN: Frankly, we have fewer concerns
2 about the transitional stakeholder committee, although we
3 do have some.

4 It's not clear in the straw proposal exactly how
5 this committee would be structured and how it would be
6 formed. It's not clear why it would be limited in some
7 particular way by the current ISO board. We think it
8 would be important for all stakeholders with an interest
9 to be able to participate.

10 The voting structure, and how the stakeholder
11 committee would arrive at decisions is unclear in the
12 straw proposal, which is a problem because this is where
13 much of the substance, the TAC and the RA and grid
14 management fee and all those other things, would be worked
15 up for presentation to an interim board, transitional
16 board or an initial board. We just think there is a lot
17 of holes there that we don't understand how all that would
18 work.

19 And I guess the last thing I would say is that
20 states have to be at the table and have represented their
21 states, states and stakeholders, because at the end of the
22 day, it will be those very states that need to, at least
23 in the PacifiCorp footprint, approve whatever comes out of
24 this process.

25 MS. WAGNER: Thanks, Bryce.

1 Abby, did you have comments on this section?

2 MS. BRIGGERMAN: Thank you.

3 This really goes to my initial comments about
4 how this process seems to be heavily weighted in favor of
5 California with a transitional committee. The committee
6 is appointed by the ISO board, and any proposal that the
7 committee comes up with has to be accepted by the ISO
8 board, as I read this.

9 That's problematic. It's a handpicked board by
10 the ISO committee, rather a handpicked committee by the
11 ISO board, and anything they do is approved by the ISO
12 board, and that seems to put way too much control in the
13 hands of California at the very outset of this entire
14 process. And I think that's a pretty problematic proposal
15 for the folks outside of California.

16 MS. WAGNER: Okay.

17 Jennifer, did you have comments on this?

18 MS. GARDNER: So I understand concerns that have
19 been raised by Abby.

20 I think the way that it's envisioned right
21 now is that it seems to be very California dominant.

22 Rebecca, I certainly don't want to put you on
23 the spot, but you were heavily involved in the work that
24 the transitional committee did. And that might be helpful
25 for folks who aren't as familiar with how that process was

1 operated, to understand how those individuals who made up
2 the transitional committee were in fact selected and
3 approved is very similar to what is being envisioned for
4 this current proposal.

5 Particularly at WRA we are supportive of a
6 transitional approach, as I've already stated in my
7 opening remarks and throughout my comments so far.

8 One thing that we would like to clarify is that
9 we believe that a diverse set of stakeholder interests
10 should be represented both in the transitional committee
11 as well as the nominating committee.

12 Also, we feel that those diverse set of
13 stakeholders should have voting rights. There would have
14 to be a division between voting rights and non-voting
15 rights amongst members of these various committees.

16 From my personal experience on the EIM
17 nominating committee, I found that we tended to work
18 through consensus and so the distinction between voting
19 and non-voting rights, at the end of the day, really
20 didn't matter. And by giving voting rights to all
21 participating voices, you really give them a sense of
22 ownership in the process, and it's something that we're
23 strongly supporting and will continue to advocate for in
24 our comments.

25 MS. WAGNER: All right. Marshall?

1 COMMISSIONER KAVULLA: Rebecca, if I could chime
2 in here, I guess in my view you could have three different
3 alternatives to the body that's actually responsible for
4 writing and filling out the details of the governance
5 proposal. And there's going to be a lot of details that
6 have to be resolved at the end of the day after the basic
7 principles that should hopefully be decided in this more
8 conceptual process.

9 And really those three options are the ISO staff
10 itself, which currently has a pen on this document, a body
11 of stakeholders, like the transitional committee, or
12 something else, some kind of self-appointed vigilante
13 group that goes out and writes a document not under the
14 authority of the ISO.

15 You know, the third just isn't going to happen.
16 The first isn't desirable because it's inherently
17 California-centric, no offense to the ISO staff, and so I
18 think really you're left with some kind of body of
19 stakeholders.

20 And the way the EIM transitional committee
21 worked was similar to how WECC and others populate the
22 leadership of their member committees and representatives.
23 I thought that should probably be spelled out by ISO staff
24 for those unfamiliar with it.

25 It works though kind of a sector nominating and

1 voting process, but ultimately gets to the point of
2 proposing a list of sector consensus members to approval
3 of the ISO board.

4 And by the time the sectors -- and there are
5 seven or eight sectors I believe -- got to the point of
6 actually forwarding the names to the board for
7 consideration of who to populate on the EIM transitional
8 committee, the board had a little bit of discretion of who
9 to place on it, but not really unbounded discretion. I
10 mean, they had a pretty clear list of names that seemed to
11 be the people who wanted to serve on this.

12 Now, as was discussed earlier, the universe of
13 issues in a true-blue ISO formation is a heck of a lot
14 larger and more important than just the real-time energy
15 market. So I think it is a more complicated process. It
16 probably spells out a need for more members on a
17 transitional committee, and maybe some predefined
18 subcommittees or TACs of that particular transitional
19 committee.

20 It needs more boundaries between what is
21 governance versus what are the nascent elements of market
22 design, whether it be TAC or GFC since those things tend
23 to blend together with one another so there does need to
24 be more clarity.

25 You know, one thing, as long as I'm on the

1 topic, people kind of blended No. 4 and No. 5,
2 transitional committee of stakeholders and the
3 transitional board, and I think they blended it because
4 it's a really complicated mousetrap that this whitepaper
5 is trying to set up.

6 In other words, you have the current ISO board
7 set up the transitional committee of stakeholders that
8 then constitutes a transitional board, and then at some
9 point in the undefined future becomes a final board. To
10 me, that may be just a little bit too complicated.

11 I think it may be a better idea, if it is
12 politically achievable, to have a transitional committee
13 of stakeholders that then just features a cutaway to a
14 genuinely independent board. After all, it's the
15 transitional committee of stakeholders that should be
16 vested with the governance implementation responsibilities
17 that are part and parcel of the interests of states, PPOs,
18 as well as some of the active load entities, whether
19 they're industrial consumers or the type of people that
20 Marshall represents that have to pay the bills of the PPOs
21 when they come down the line.

22 I think you're, in the attempt to be more
23 politically accountable by creating this more nuanced and
24 complicated mousetrap, I would suggest you're actually
25 being less accountable possibly, and that's something to

1 really keep your eyes on and think hard about.

2 MS. WAGNER: Thank you, Travis.

3 MR. RECHTSCHAFFEN: Travis, just on your last
4 point, I understand your concern about the complicated
5 nature of the mousetrap.

6 If you could elaborate on your last point why
7 you think it's less politically accountable to have an
8 interim board.

9 COMMISSIONER KAVULLA: I just think if you
10 feature the transitional committee as -- I'll put it this
11 way, Cliff. I appreciate the question.

12 I think most unsophisticated parties -- and
13 that's not meant to be a harsh term, but people who just
14 aren't eating, sleeping, and breathing this would read the
15 current proposal and think, Ah, where is the real action?
16 Is it in the transitional committee of stakeholders or is
17 it in this initial board?

18 I actually think most people would have the
19 takeaway that it's the latter, but it's really in the
20 former where the details of the governance are going to
21 come to the surface.

22 So I think possibly by cutting out the initial
23 board, you would draw a line under transitional committee
24 of stakeholders to indicate that that, after all, is where
25 the real hard work of coming up with

1 governance commissions is made.

2 We see this too in the creation of the EIM
3 board. The EIM board is going to have things to do, but
4 that market is largely already defined, and the governance
5 features are already in place. Those EIM board members
6 are going to be really independent, but I'd much rather
7 have them be the type of market experts that the
8 nominating committee has selected -- thank you to
9 Commissioner Little and others who are in the room who
10 helped with that -- than necessarily a kind of
11 stakeholder-like or state representative model of the
12 board.

13 I'm not entirely opposed to the complicated
14 mousetrap; I just want to caution that it might be overly
15 complex unless it's judged to be absolutely necessary in
16 the interest of political

17 MS. WAGNER: So did we lose you, Travis, or did
18 you just stop?

19 COMMISSIONER KAVULLA: I just stopped.

20 MS. WAGNER: Okay. Marshall?

21 MR. EMPEY: I think Travis made a good proposal.

22 Our big concern about this was there was timing
23 on this; that you were setting an interim board. Actually
24 the last bullet makes provisions for successors to the
25 interim board, so it seems that they would go and go and

1 go forever and we didn't know what powers they did have.

2 I actually really liked Travis' proposal to
3 minimize or do away with the interim board, and have a
4 transitional committee of stakeholders put this together.

5 MS. WAGNER: Okay. Anybody else want to comment
6 on the transitional committee?

7 Any questions from the dais?

8 MR. BHAGWAT: I have a question. Ashutosh
9 Bhagwat, ISO Board.

10 The question is, I understand the concerns about
11 the ISO board appointing the transitional committee. But
12 I'm wondering who else would do it.

13 MS. GARDNER: This is Jennifer. I'll take a
14 stab at this.

15 Although we, in full disclosure, support what's
16 being proposed by the ISO, I've heard a number of folks --
17 and it kind of goes back to the chicken and egg problem.
18 You know, when does a body of state regulators get
19 created? When does the transitional, or transitional
20 committee get created?

21 One option I guess would be form a body of state
22 regulators early on, and they could have some type of
23 approval authority if you will over a transitional
24 committee.

25 I'm not recommending that on behalf of WRA

1 today; I'm simply offering it as a possible answer to your
2 question.

3 COMMISSIONER FLORIO: I guess one way you could
4 do it is say have each state designate one member and then
5 identify a number of sectors of stakeholders that would
6 each appoint their own member. That would be another way
7 of going at it.

8 MS. WAGNER: Steve?

9 MR. BUENING: Thank you. Steve Buening from
10 Xcel Energy. I just want to throw out a personal opinion
11 here.

12 Honestly, coming at the idea of market
13 expansions from the standpoint of the utility doing
14 business in the market, I'm concerned about the
15 regulators being too strong in the process, a
16 constitutional convention.

17 I think the regulators' role should be to
18 balance the public interest after the ink is dry, not be
19 the one that sends us down a certain highway. I think
20 that should be the role of the principals; in other words,
21 the transmission owners and the generators and the market
22 participants, the load-serving entities.

23 I don't object to regulators giving guidance to
24 that process. But I think California made that mistake
25 once back in its inception. It embraced the hubris that

1 the market should be designed by regulators and
2 legislators, and that had a disastrous outcome.

3 I'm not saying the governance is the same thing
4 as the market design, and I don't want to bring up any old
5 ghosts, but I guess I did.

6 MS. WAGNER: Okay. So just doing a time check
7 here, we have about 30 minutes left to cover the remaining
8 topics.

9 Let's move on to, which is just an extension of
10 the discussion that we were having, the initial board and
11 transitional period.

12 Bryce, do you want to start the subject off for
13 us?

14 MR. FREEMAN: Sure. As we discussed in the
15 prior section, I think Abby pointed out that she thought
16 that the transitional stakeholder committee really is
17 pretty California-centric. If that's true, the proposal
18 for the initial board is the mother of California-centric
19 propositions here.

20 And you know, we just have a lot of serious
21 concerns about, you know, the fact that the initial board
22 under the proposal would continue to be accountable to the
23 governor in California. The current ISO board members
24 would continue to constitute a majority of the nine-member
25 board during the as yet unspecified transition period.

1 That obviously has implications for all of the
2 things that we've been working on for the last year in the
3 way of TAC, RA, metering, and everything that will get
4 hammered out under that initial arrangement would
5 essentially be accountable to the California political
6 process.

7 We are also concerned that with regard to the
8 other four board members, which would constitute a
9 minority of this nine-member board, that it's not clear
10 exactly how those would be selected. The straw proposal
11 simply says that the other states would agree on
12 those four other board members.

13 And the process, based on our experience, that
14 would just invite immediate division among the other
15 states. You've got five other states and only four board
16 seats, whose ox gets gored in that negotiation?

17 I thought maybe a better alternative would
18 simply be to have one initial board member from each of
19 the six states as the initial board, which could later
20 be expanded, or in the alternative, reconstituted. That
21 may be perceived to be more fair by the PacifiCorp states.

22 This is a very problematic provision of the
23 straw proposal, in my opinion.

24 MS. WAGNER: Thank you, Bryce.

25 Travis, did you want to elaborate more on your

1 mousetrap?

2 COMMISSIONER KAVULLA: No. I think I got
3 out most what I'd like.

4 I would just like to endorse that comment that
5 Bryce just made. I mean, say that, again if you must have
6 this feature because it's deemed a political necessity for
7 some reason, realizing, by the way, that it may be
8 political anathema to any other state but California, that
9 you should at least put a very clear deadline about when
10 this initial board expires right up front so that people
11 have a clear idea that a truly independent board's in
12 place.

13 But in general, I think there's a lot of common
14 ground actually, what you just heard from Bryce and also
15 what you just heard from Steve Buening.

16 I think it behooves everyone to have in place a
17 market board that's actually populated by independent
18 members who have some expertise in this field. And it's
19 certainly no offense to the current ISO board or should
20 whoever the other states be, the four appointees of them.
21 But I think we need to realize that the decision of these
22 people will be called upon to make may be infused with
23 politics, but they're really ideally a market design.

24 And the big questions of initial tariff design
25 and governance can then be left to be sorted out through

1 the public processes that are already under way now and
2 through the stakeholder populated transitional committee.

3 That leads to the genuine stakeholders,
4 including the people who actually own the assets and are
5 paying the bills and regulating those people respectively,
6 the decisions that are more infused in politics and call
7 for essentially deal-making, and it leaves the more
8 complex matters of market design to the people who are
9 actually running the ISO.

10 MS. WAGNER: Okay. I'll turn to Abby.

11 MS. BRIGGERMAN: I just wanted to say I couldn't
12 agree with Bryce more. He made very excellent points,
13 particularly the fact that CAISO or excuse me, California
14 is guaranteed at all times a majority vote in the
15 structure that's in bullet point 4.

16 Again, it's the ISO, the existing ISO board
17 which is appointed by California, nominated by the
18 California governor and approved by the California senate
19 to have, you know, a guaranteed minority right for all the
20 other states is very problematic for anybody outside of
21 California.

22 Sorry, one more thing. There's very little to
23 nothing in here about the scope of authority of this
24 initial board, what they're going to be doing. So we
25 would like to see more information on what the initial

1 board is tasked with doing.

2 MS. WAGNER: Marshall, did you have, did you
3 want to comment on this section?

4 I'm reminding everyone I'm getting notifications
5 that we need to continue to speak into the microphones.

6 MR. EMPEY: No, I don't have anything more.

7 MS. WAGNER: Okay. Jennifer?

8 MS. GARDNER: I'm actually going to ask a
9 question, if that's okay, Rebecca.

10 MS. WAGNER: Depends on who you're asking.

11 MS. GARDNER: All right.

12 Well, I've been intrigued ever since Travis
13 brought up his counterproposal and using his mousetrap
14 analogy, which I may need more clarification on.

15 But from my understanding of Travis' proposal,
16 he's looking to not abolish but skip a step in the process
17 and make it less complicated. Go from the current board
18 of governors, use the skills of the transitional
19 committee, which would be made up of a diverse set of
20 stakeholders, including states, to develop the governance
21 documents, but eventually go from an ISO board governance
22 to a fully independent regional board and skips the step
23 where you have a hybrid board.

24 I'm curious, we've heard concerns from Bryce and
25 Abby, what Travis is proposing, which I think is very

1 interesting, if that's something that would give you a
2 little bit more assurances that this would not be as
3 dominated by California interests as what you're stating
4 today.

5 MS. WAGNER: Bryce, Abby, you guys want to take
6 a shot at that?

7 MR. FREEMAN: Well, as I understand Travis'
8 proposal, it certainly sounds at first blush like an
9 improvement over what's in the straw proposal. But I
10 would certainly reserve judgment on that until, as we say,
11 we see the details.

12 But it certainly -- I just don't see how this is
13 going to be acceptable to states outside of California
14 without some modifications. To the extent that Travis'
15 idea limits California's influence, that would be an
16 improvement.

17 MS. WAGNER: Abby, any thoughts?

18 MS. BRIGGERMAN: Yes. I hope I'm interpreting
19 your question right.

20 I don't necessarily see the relationship
21 between speeding up the process to a new governing board
22 and mitigating California's majority rule throughout this
23 entire process.

24 I mean, when we get to the final stage of the
25 thing -- and I'm sure we're going to get to this in a few

1 moments -- but when we get to the final stage of things,
2 California still has essentially what I've been calling a
3 veto authority over everything anyway.

4 So I'm not entirely sure what the relationship
5 is between speeding up the process to the final board and
6 reducing California's majority vote, or mitigating
7 California's influence through this process is.

8 MS. WAGNER: Caitlin, do you want to add
9 anything?

10 MS. LIOTIRIS: You know, I think the things that
11 I was going to say have been covered. I think generally
12 we would probably support a faster transition in that it
13 would mitigate some of the concerns about California
14 dominating of the board for an undefined period of time.

15 In some ways maybe I'd go back a little bit to
16 the transitional committee. One thing we didn't talk
17 about is how their final recommendation is approved. And
18 maybe if there is, in addition to a faster cutover to an
19 independent board, also some additional checks and
20 balances there so it's not solely approved by the ISO
21 board but also approved by the presumptive body of state
22 regulators or some stakeholder group would help address
23 some of the concerns I'm hearing from Bryce and Abby.

24 I know it doesn't address all of them, but it
25 would probably just help to get us down the road.

1 MS. WAGNER: Anybody else want to comment?

2 Steve?

3 MR. BUENING: Sorry if I'm talking too much, but
4 just let me throw out an observation.

5 The transitional committee of stakeholders
6 listed in No. 4 structurally has quite a different role
7 and set of responsibilities than what the transitional
8 committee had for the Energy Imbalance Market, in my view.

9 The transitional committee for the EIM had to
10 figure out how to do something as an add-on to a given
11 organizational charter for the CAISO and do it in a way
12 that it didn't mess up the tax status, and addressed the
13 concerns of the EIM entities.

14 I mean, fundamentally this transitional
15 committee of stakeholders should be called something more
16 clear. This is the group that is writing the charter and
17 bylaws for a ground-zero regional transition organization,
18 and it might want to be addressing how it transitions
19 existing CAISO structure into that regional structure, but
20 coming at it from a different kind of fundamentally much
21 more profound way.

22 MS. WAGNER: Any questions from the dais?

23 Okay.

24 I want to keep us moving along here. Our next
25 section is the composition of the ISO board.

1 Nobody really wanted to jump out and address
2 this. Does anybody want to make any comments on this
3 section?

4 MR. RECHTSCHAFFEN: I have a question about --
5 and if people have any comments, they can put it in
6 writing -- about what role states should have on a
7 nominations committee or in the approval process of the
8 permanent board. We sort of left that for further input,
9 and that would be interesting if folks have specific
10 suggestions about that.

11 Once we get past whatever mousetrap we keep in
12 place, complicated or simple, either we'll have a
13 permanent board or a mousetrap nomination committee and
14 approval process.

15 We've heard different suggestions about the
16 roles states are playing or others, and I think it's what
17 roles states should play.

18 MS. WAGNER: Does anybody want to respond to
19 Cliff's comment now? Or think about it and put in
20 writing?

21 Jennifer?

22 MS. GARDNER: Again, I've been saying this
23 repetitively and I apologize.

24 But to your question about the nominating
25 committee and the role of states, from WRA's perspective,

1 we do feel like the EIM model worked very well.

2 As someone who served on the EIM nominating
3 committee we had the state alternative. Chairman Little
4 is with us today. He was on that committee as well.

5 Again, it worked very well.

6 We had I remember a number of representatives
7 from a number of stakeholder interests on that committee.
8 It functioned incredibly well, like I said, even though
9 technically they're voting versus non-voting interests. I
10 believe all interests should have a vote.

11 Our committee tended to work with consensus, so
12 that distinction really became irrelevant. But I envision
13 something like this for this process as well.

14 MS. WAGNER: Anybody else want to comment on
15 that right now?

16 Okay, let's turn to the establishment of the
17 body of state regulators for discussion. Out of deference
18 to my colleague, still the commissioner, Travis, do you
19 want to start off the section?

20 COMMISSIONER KAVULLA: Sure. So each one of the
21 ISOs that has a multistate footprint that exists has some
22 kind of body of state regulators. And their functions are
23 really well described in the materials that EIM
24 transitional committee put together. There's an excellent
25 spreadsheet, that I would recommend to everyone, that

1 describes their different functions, as well as I think I
2 understand that Bill Smith, the former executive director
3 of the Organization of MISO States is in the audience
4 there.

5 Bill, raise your hand and wave, Bill, if you're
6 there.

7 He is the author of an excellent academic
8 article that describes some of the origins and purposes of
9 such bodies.

10 There's been a healthy debate over what kind of
11 authority a body of state regulators should have. The
12 proposal is mirrored, as I understand it, after the
13 Southwest Power Pools Regional State Committee. It's
14 housed within the ISO itself. And it has Section 205
15 rights that are essentially borrowed from the ISO native
16 powers of AR filings.

17 There's a healthy debate that has to happen over
18 whether to house such a body within the ISO or as a
19 separate organization like Bill's OMS or PJM's offices. I
20 don't have at this point a strong opinion about that
21 because I think there are good arguments on either side of
22 the process.

23 There's also a crucial distinction here in the
24 sense that one of the individual, one of the individuals
25 on this body is from a publicly owned utility. As I

1 described earlier, the Southwest Power Pool has a
2 considerable amount of public power. There it is assumed
3 that the state utility commissioners, who traditionally
4 sit on the RFC, are representing not just the certain
5 public interests of their state in relation to investor-
6 owned utilities, but also the public-owned utilities and
7 the rural electric cooperatives.

8 So that level of trust in the representation of
9 state utility commissioners may not exist in the western
10 United States. And if it doesn't, and if there's a
11 particular need for public power, to have a representative
12 on this body, that might be something that's an argument
13 in favor of having someone in the advisory or non-voting
14 role on this body since they are in fact self-regulating;
15 they're their own regulators.

16 They're also a market participant. And voting
17 or non-voting, it does throw a bit of competition into the
18 nature of that body and it's something that needs to be
19 thought about as well. But at this point again I don't
20 have a strong opinion on that one way or the other. I
21 just note it because it is very different than the norm.

22 Finally, it's also been noted that if this body
23 does seem to have a lot of reserve authority and power,
24 that's true. And it has authority over things that some
25 state commissions don't have a lot of personal horsepower

1 behind. That I think makes the argument for having some
2 kind of professional staff that's dedicated to these
3 issues and under the charge of any regional state
4 committee.

5 Clearly this committee is going to be
6 considering proposals that have had a lot of work done
7 relevant to them by people other than employees of state
8 commissions or employees even of the ISO perhaps that they
9 consider.

10 I will say ironically, in the rush to grant
11 reserve powers to the states in the west -- and this is
12 kind of an irony. I don't even know that I should mention
13 a state regulator -- but it almost seems to have given the
14 state regulators more authority over certain things than
15 they might, some would say, have already.

16 You know, the subject of transmission cost
17 allocation for instance is something that state regulators
18 functionally have a certain amount of control over. But
19 it is, as any lawyer will tell you, jurisdictional FERC
20 and ultimately if there's a conflict, FERC is the one that
21 would set the rates for transmission even if, because of
22 their siting authority and powers like that, states would
23 be able to functionally deny the siting of transmission
24 lines that were not considered efficient or in the public
25 to be a necessity.

1 So more thinking does have to be done about
2 that. However, I do in the end support the same
3 reservation of authority for Section 205 filing rights
4 that exists in the regional state committee of SPP, and
5 is probably speaking accurate to say that the regional
6 state committee there enjoys both authority over resource
7 adequacy and transmission cost allocation in order to
8 preserve or further effectuate states' resource planning
9 rights as well as their transmission siting and CPCM
10 rights.

11 So I'll conclude my comments there with a
12 general endorsement of this section while citing a few
13 very important issues that need further consideration.

14 MS. WAGNER: All right. Thank you, Travis.

15 Be mindful that we have about ten minutes left
16 within our panel. I'm sure probably we'll be able to do a
17 little overlap.

18 Mark, we haven't heard from you in a while.

19 MR. GENDRON: I think Travis made a number of
20 very good comments.

21 All I would add to his point is that we feel
22 that this committee needs to have the consideration and
23 resources so that there's a real strong goal of the board
24 to achieve consensus with this advisory body, with this
25 body of state regulators.

1 Travis opined that potentially adding a public
2 power representative might be worthwhile. I would offer
3 that in addition to that, as I had said, stated earlier,
4 this may be the right home or place for Bonneville Power
5 Administration as a federal power policy marketing entity.

6 MS. WAGNER: Okay. Marshall?

7 MR. EMPEY: Yes. This is sort of my primary
8 subject here.

9 First, to address Travis, the reason the public
10 power wants a position on this is we represent about 20
11 percent of the consumers, and at least in most of the
12 states we represent, the regulators don't represent us.
13 And so that's why we want somebody on this committee --
14 again, my favorite subject -- to control the cost of the
15 organization.

16 We see an independent board with the super
17 strong CAISO staff, who's very smart and very good,
18 without the Board getting viewpoints from a strong both
19 regional stakeholder or regional regulator committee,
20 state committee.

21 And also we want a market advisory committee.
22 The Board need to lean on those rather than staff for all
23 of the decisions that they will need to do.

24 So again, we want a strong state advisory
25 committee with one or more positions for public, publicly

1 owned committees because of the amount of consumers that
2 we represent in this item.

3 MS. WAGNER: Abby, did you want to comment on
4 this section?

5 MS. BRIGGERMAN: This just sort of echoes my
6 general theme that California has too much authority in
7 this whole proposal. And it really comes down to the
8 second-to-last bullet point in this section which gives,
9 requires a majority of the load for any approval or any
10 vote. And that's California by far. It's not even close.

11 I don't know the exact numbers, but I think
12 California's load is approximately four times as large as
13 PacifiCorp's. So it would take a long time, in addition
14 to a lot more load, before California's ability to veto
15 anything through this provision would be mitigated.

16 So also this kind of ties in with the TAC
17 revised straw proposal, which gives I believe the same
18 body of state regulators the authority to both vote to
19 build a policy driven project and the cost allocation of
20 the policy driven project.

21 Having California have that much of the vote or
22 veto authority and policy driven project whether to build
23 them and how the cost allocation works is pretty
24 problematic from a non-California standpoint.

25 Thanks.

1 MS. WAGNER: Thank you, Abby.

2 COMMISSIONER KAVULLA: We just need to get
3 California to save more energy and install more net
4 metering systems, and soon enough we'll be in a good
5 position.

6 In all seriousness, in all seriousness, I do
7 think if we're going to take, you know, at the end of the
8 day this is going to require mutual trust between
9 California and non-California.

10 And I do think inevitably there are going to
11 have to be fallback governance features that enable both
12 the non-California parties and California some kind of
13 appeal rights. And hopefully the idea behind them is that
14 those vetoes will never actually be used because their
15 presence will adduce the creation of some kind of
16 consensus.

17 But I appreciate Abby's comment, especially with
18 respect to the initial transitional board. It seems
19 particularly flagrant to me.

20 CHAIR WEISENMILLER: This is Bob.

21 This paper has some different scenarios that
22 hit this question when it might switch.

23 MS. WAGNER: Okay. Anybody else want to comment
24 on this section? There's about three minutes left on our
25 panel, one more section to go.

1 Steve, I know you wanted to talk about it.

2 MR. BUENING: Thank you. I'll try to be brief.

3 Look, as a stakeholder in MISO and in SPP I
4 interact, or our organizations interact with those state
5 committees. They both have performed ethically, and I
6 don't have a preference in one design over the other off
7 the top of my head.

8 But just like we, as a utility, participated as
9 a stakeholder in that process, I'm concerned to think
10 there should be somebody who's more of a stakeholder than
11 me, and why market participants in the form of public
12 power should have some defined role as a stakeholder when
13 no other stakeholder has a defined role. That seems to me
14 like a super vote or something like that, and I just have
15 a reaction to that.

16 Then on the other section there's this sub
17 bullet A that talks about the body of state regulators
18 plays a lead role in directing policy for the regional
19 ISO.

20 Policy is huge. I think what we see in the
21 other state committees is it addresses issues with respect
22 to rate filings and cost allocation.

23 Bill, you correct me if I'm wrong on my
24 perception. It's not anything that has to do with policy.
25 And just as a standard of improving the process, I don't

1 think, unless the state committee wanted to, that it
2 should have to vote on everything with respect to every
3 205 filing that the RTO would make. It should have the
4 option to offer an alternative if it doesn't like the 205
5 filing being made by the RTO.

6 It's just an opinion on my part that if you take
7 the state committee and make them review and affirmatively
8 accept every 205 filing, that's a lot of work. That's all
9 I'm saying.

10 MS. WAGNER: Okay. Anybody else want to comment
11 on this section?

12 MR. RECHTSCHAFFEN: Rebecca, on the point Steve
13 made, he just made the point about what role public power
14 is to have in the SPP or not. When we've been in
15 California, the discussion is the public power is on the
16 body of state regulator, should they have a voting role
17 versus an advisory role.

18 I think it would be useful if we got comments on
19 both those points and others what the proper role should
20 be. Should they be on it? Should they have a voting
21 role? Should they be in an advisory capacity?

22 MS. WAGNER: That was a hotly debated topic of
23 EIM. We spent a lot of time going around and around on
24 that, so it doesn't surprise me that it comes up as a
25 sticking point.

1 Next we'll turn to the stakeholder processes and
2 stakeholder participation. The ISO listed out a few
3 considerations.

4 At this point, Bob, if you don't mind, I'm going
5 to turn it over to you so I can run to catch my flight.
6 But I think that there was --

7 MR. AGUIRRE: What about public comment? It's
8 3:45. Does the public have any involvement?

9 CHAIR WEISENMILLER: There will be a public
10 comment after this.

11 MR. AGUIRRE: It's supposed to be at 3:45.

12 MS. WAGNER: Bob -- sir, it says listed times
13 are general guidelines only. So we're going to --

14 MR. AGUIRRE: The public has no involvement in
15 the process. Everyone is going to leave and you're
16 squeezing out the little bit the public would. That's
17 okay.

18 CHAIR WEISENMILLER: This is your second shot.
19 Let's go forward.

20 Rebecca, who on the panel wants to address this
21 issue?

22 MS. WAGNER: We'll start with the, going down
23 the line here, who wants to jump in first on the
24 stakeholder process and stakeholder participation?

25 Caitlin?

1 MS. LIOTIRIS: I'll be very quick.

2 AWEA supports the ISO current stakeholder
3 process, which means to allow all interested parties to
4 have their voices heard. And whatever is developed in the
5 future, broad participation from a large cross-section of
6 industry should definitely be continued.

7 MS. WAGNER: Bryce?

8 MR. FREEMAN: We're not terribly familiar with
9 the ISO stakeholder process, only through the RTO
10 development that we've had here so we don't have a great
11 touchstone.

12 But we do support a strong stakeholder process.
13 We think it should be funded. Without funding,
14 stakeholders such as the Wyoming Consumer Advocate and
15 others will be unable to participate. That would weaken
16 the ISO, and expose it to greater contest.

17 We think that a funding model should be
18 established up front before filings are made with the
19 state by PacifiCorp.

20 And lastly, we do not support a stakeholder
21 process and a funding model in which charter consumer
22 advocates like the Wyoming Office of Consumer Advocates
23 are locked together with other so-called public interest
24 groups, like Jennifer and Caitlin.

25 As much as I like you guys, I don't think that

1 we represent the same interests --

2 MS. GARDNER: No offense taken.

3 MR. FREEMAN: -- we should just, we should be
4 represented independently.

5 CHAIR WEISENMILLER: Jennifer? Caitlin?

6 Comments?

7 MS. GARDNER: Yeah. I'll be quick.

8 I actually do agree with Bryce's concerns. I
9 think historically the public interest groups we saw on
10 the nominating committee as well having combined consumer
11 advocates, and although our interests oftentimes do align,
12 I think our end goals can be slightly different in terms
13 of how we like to see them implemented.

14 I think that's just based on our different
15 missions, so I do support Bryce's concerns. There should
16 be some separation between these different interest groups
17 in terms of how they're represented on a stakeholder
18 committee.

19 WRA also at this point -- I will think this
20 through a little bit more before we submit comments -- but
21 we are supportive of a more formal stakeholder process
22 that looks slightly different than what we see at the
23 California ISO today, which is probably best described as
24 more than informal, and focused along topic areas rather
25 than a formal stakeholder group that advises the ISO.

1 Again, I'll elaborate on those in our comments.
2 But we would like to see something slightly more formal,
3 and along those lines, we would like to see voting roles
4 for the various interests, including public interest
5 groups.

6 Thank you.

7 CHAIR WEISENMILLER: Steve and Travis, to the
8 extent you've been involved in some of the other
9 stakeholder processes, any comments?

10 MR. BUENING: I don't have any.

11 COMMISSIONER KAVULLA: I don't have any
12 comments, but I'm really excited to hear what that
13 stakeholder has to say during public commitment.

14 Thank you.

15 CHAIR WEISENMILLER: Anyone else on the panel?

16 MR. EMPEY: Just quickly, as I said before, we
17 are in favor of a market advisory committee, a formal
18 committee, like Jennifer said, that has a more formal role
19 advising the CAISO and the board.

20 CHAIR WEISENMILLER: Okay. Anyone else on the
21 panel?

22 MS. BRIGGERMAN: Yes. This is Abby Briggeman.
23 Industrial consumers are always in favor of
24 anything that allows them a greater voice in any of those
25 processes. To the extent that a committee of large

1 consumer interests is created, we'd obviously be in favor
2 of that.

3 CHAIR WEISENMILLER: Anyone else on the panel?

4 If not, then I'll thank the panel for their
5 contribution. Again, encourage everyone to do written
6 comments. And we'll transition to public comment.

7 At this point we have three blue cards. Anyone
8 else who has comments please see the public advisor, fill
9 out a blue card. And we'll let IID's representative go
10 forward.

11 Three minutes, please.

12 MR. AGUIRRE: First, I have love in my heart for
13 all of you here. We're just in a completely different,
14 coming from a completely different position.

15 If you want to join the ISO just join it; become
16 a participating member. That's what the California
17 legislature has invited everyone to do.

18 ISO is not run by California; it's run by PGE
19 and Southern California Edison. That's who runs
20 everything through it. Now the proposal is to put
21 PacifiCorp in there.

22 Steve, you seem like a really nice guy. Since
23 all of our California representatives allowed you to
24 insult our state and didn't stand up for our state, I feel
25 the need to do so.

1 First of all, Xcel, as you know, documented
2 market manipulation back in 2002. You guys have the
3 transcripts. Our market in California wasn't designed
4 by the legislature. It was designed exactly like this.

5 I represented the lieutenant governor of the
6 State of California in the litigation against Enron and
7 the other market manipulators.

8 There is no public participation. The IID is
9 160,000 (sic) public utility. It's been around for 100
10 years. We're totally opposed to this because the ISO
11 doesn't work. The ISO prices are through the roof. The
12 transmission access charges are a joke. It's 12, 13 bucks
13 per megawatt.

14 If you'll look at this, my report, I have all
15 this broken down in two papers, which I hope you'll take a
16 look at.

17 The ISO is, also the EIM doesn't work. It's not
18 working. Are you kidding me? FERC didn't even give it
19 market rates because it's got market power. We need to
20 break down the idea of long-term planning. That should be
21 something that's separated from the ISO and distributed
22 out to the planning areas like I hope that you do in your
23 states, community planning groups.

24 We'll never make energy transition unless we
25 actually get a new system. The old system doesn't work.

1 I know the public is listening to this, we're reading this
2 transcript, there's about 53 really good people here,
3 about 30 of them have signed in. The 30 that signed in
4 are almost all industry people so they're here -- I
5 understand where you're coming from, but you are not the
6 public.

7 And Steve, again, the people who own America
8 don't run America. That's not how America works. This is
9 democracy. You should, Oh, you should have a choice. You
10 need to be regulated. We want you to make money, but you
11 guys, you're very naughty if you're not regulated and you
12 need to be regulated.

13 Look, no offense intended, I love my state. I
14 love the state of Colorado. My son went to the University
15 of Colorado, and all your other states.

16 But you are behind. Wyoming, Utah, you're suing
17 to stop the power -- hold on. You're suing to stop
18 President Obama's power plan. Come on. Climate, global,
19 climate warming doesn't just go on in California. We're
20 all in this together.

21 I'm sorry I don't have more time because our
22 tyrannical Mr. CEC over here doesn't believe in public
23 participation. But let me tell you something.

24 When I go back to California and I tell the
25 legislatures how these people have run things -- remember,

1 we are dismantling the CPUC today because of the
2 corruption. The legislature is dismantling the California
3 Utilities, Public Utilities Commission because of the
4 corruption, okay?

5 We have a horrible problem. Let's get together
6 and have a different kind of workshop where everyone gets
7 an opportunity to participate, and we don't have a canned
8 presentation on behalf of our captive regulators as those
9 that are sitting in front of here from the governor's
10 office and CEC.

11 Thank you.

12 CHAIR WEISENMILLER: Next speaker, please, Jan
13 Strake. Thanks for being here.

14 Again, if you have public comment, please fill
15 out a blue card. Go ahead, Jan. Three minutes.

16 MR. STRAKE: Jan Strake, San Diego Gas and
17 Electric Company.

18 I just want to first of all say that what I'm
19 going to just mention today isn't something that our
20 company adopted as its position. We're still thinking
21 about the governance internally.

22 The one thing that we are wrestling with, and
23 encourage everybody to provide a little more detail on, is
24 this relationship between the body of state regulators and
25 the authority that they would have over the transmission

1 cost allocation.

2 We're not familiar with this new world within
3 the ISO where it's all allocated through FERC. So this is
4 sort of a step into the abyss for us; we're not really
5 sure where this goes.

6 So one of the questions I would have is, by
7 virtue of the mutual agreement of all those parties that
8 already have 205 rights, is that how they get that
9 authority conferred on the body of state regulators? Just
10 wondered what the basis for that is.

11 One minute. Pretty good.

12 CHAIR WEISENMILLER: Okay, thank you.

13 Robert Kahn.

14 MR. KAHN: Hi. My name Robert Kahn. I'm here
15 representing the Northwest and Intermountain Power
16 Producers Coalition, NIPPC.

17 It's an important data that some 30 percent of
18 the generation in the west outside of California was
19 independently developed, and is operated by IPPs. It's an
20 important data point, and explains why I'm here.

21 We as generators, marketers, service providers
22 to the power sector really want this to work. We want it
23 to work in a way that is fair, transparent, and builds
24 opportunity ultimately for ratepayers.

25 It's been a long road. A lot of us have worked

1 on this concept for a number of years. Every time we do
2 it, as exhausted as we are at the end, we pick ourselves
3 up and we do it again. Each time we do, we get smarter,
4 and we learn to trust each other more.

5 I have to say, to cut to the bottom line, it
6 won't surprise you to hear NIPPC say that we don't see
7 sharing Section 205 authority as a really good idea. We
8 can't see FERC accepting it. We think it's an illusionary
9 concept, notwithstanding the fact that the states matter
10 and the state regulatory commissions matter a great deal.

11 I have to say though, from our perspective, they
12 don't do much for us. The record would show that over the
13 years, independent power producers regularly lose out to
14 the monopsony power of the industrial utilities.

15 California is the exception there, but that's
16 something that I'm not here to talk about.

17 I really think that we can get this right.
18 Nobody said it was easy. The bottom line, though, is
19 we're creating a synergy where the parts are going to mean
20 more, the whole will be more than the sum of their parts.
21 Frankly that's an existential step that we're taking.

22 It will, in the end, be worth doing, just like
23 breaking up Ma Bell was worth doing. The documentation
24 will be there in due course. The critics will be heard.
25 All of them, even the most flamboyant, will be heard. But

1 at the end of the day we've got a job to do. We need to
2 trust one another.

3 I just close with this. I had occasion to be
4 the liaison representing my industry in the regional forum
5 for EIM. I'm already noticing something going on that's
6 akin to what I'm hearing about the process with the
7 transitional board. There is a fundamental trust around
8 that group that is more than the sum of its parts.

9 I think that the experience of the transitional
10 board is the model we ought to follow going forward.
11 We'll have detailed comment in writing.

12 Thanks very much.

13 CHAIR WEISENMILLER: Thank you.

14 Anybody else in the room? Someone on the phone.
15 Please identify yourself.

16 MR. HEUTTE: Fred Heutte, Northwest Energy
17 Coalition. We'll be submitting comments along with other
18 groups, I'm sure.

19 I just have one question really as much as
20 anything, which is why this proposal is following the idea
21 of a body of state regulators as with SPP rather than a
22 body of states as with MISO or OPSI, OMS or OPSI as Travis
23 mentioned.

24 I realize that there's, you know, nuances to
25 this. But it might be, in particular in representing

1 public power, it might be better to have a broader
2 representation. I realize that could create
3 complications as well.

4 That's my question or comment.

5 CHAIR WEISENMILLER: Any information you have to
6 help us clarify the differences between the two would be
7 good in your comments. Good.

8 Anyone else on the line?

9 MR. HUETTE: This is Fred. If I could have one
10 more comment, if you don't mind, to add in support of
11 what Mark Gendron was saying.

12 It's very important for the PMAs in the west,
13 Bonneville and WAPA, to be represented in some fashion in
14 this process. So I just encourage there be some
15 additional thinking along those lines.

16 Thank you.

17 CHAIR WEISENMILLER: Again, if there's anything
18 in the examples of the existing ISOs on how PMAs are part
19 of the process, certainly that information would be useful
20 to us too.

21 MR. CUCCIA: For the folks on the phone, a
22 reminder to get into the call queue, hit pound 2 on your
23 phone.

24 Operator, go to the next caller, please.

25 Caller, please state your name and the company

1 that you represent.

2 MR. TANSEY: This is Ben Tansey. I don't really
3 have a question. I just wanted to say that the audio was
4 really shitty on this call.

5 CHAIR WEISENMILLER: Anyone else now?

6 MR. CUCCIA: Operator, could you go to guest 57.

7 Guest 57, please clearly state your name and the
8 company that you represent.

9 OPERATOR: Guest 57 was actually Ben's audio
10 line.

11 MR. CUCCIA: Okay. Then there's no one else in
12 queue.

13 CHAIR WEISENMILLER: Okay, then this meeting is
14 adjourned.

15 Actually, before we adjourn, are there any
16 comments from anyone at the dais?

17 MR. RECHTSCHAFFEN: Just want to thank everyone
18 for their participation. We obviously have a lot to chew
19 on. I'll underscore what Chair Weisenmiller said, that
20 the more specific you can be in your written comments on
21 the areas of concern, language, areas you can come up with
22 that we need to work on specificity, the better.

23 And we'll keep working to trying to hone the
24 proposal in the next weeks and months ahead.

25 MR. CUCCIA: All right, folks. As a reminder,

1 please submit your written comments.

2 CHAIR WEISENMILLER: Hang on a second.

3 COMMISSIONER JONES: This is Commissioner Jones.

4 Thank you all for coming. Commissioner Florio
5 and I are going to continue the process with an informal
6 discussion process. We welcome participation in that
7 process as well.

8 We'll meet tomorrow, and we'll probably have
9 some more meetings. And we're doing everything we can to
10 try to work with the schedule that Bob and Cliff have laid
11 down to the states to try to get something down, even
12 though it is rushed in the next couple of months.

13 CHAIR WEISENMILLER: I want to thank everyone
14 again for their participation today. We're looking
15 forward to written comments.

16 MR. CUCCIA: Written comments are due on July 7.
17 Please submit those through the energy.ca.gov website.
18 All of you who received information about this meeting,
19 it's the same website where you obtained instructions and
20 information. We'll look forward to your comments.

21 (Whereupon the proceedings were adjourned at
22 4:01 PM.)

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3 C E R T I F I C A T I O N

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6 I, Martha Loomis, Certified Shorthand Reporter,
7 appointed to take the within proceedings hereby
8 certify that the proceedings was taken by me, then reduced
9 to typewritten form by means of computer-aided
10 transcription; that the foregoing is a true transcript of
11 the proceedings had subject to my ability to hear and
12 understand, and that I have no interest in the proceedings.

13

14 IN WITNESS WHEREOF, I have hereunto set my hand.

15

16

17

18 Martha Loomis

19

Certified Shorthand Reporter

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22 Proofread by E. Williams

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