Bonneville Power Administration Comments on Stakeholder Process Workshop

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Workshop #2 Topic: How could issues and solutions before the Regional Organization get raised? Who leads?

1. Policy topic selection: who selects among a list of competing priorities for stakeholder attention?

A stakeholder/member group should be responsible for providing input on prioritizing market initiatives and efforts for stakeholder and RO/CAISO attention with input from the market operator management and with the ultimate decision sitting with the RO Board. The stakeholder group will vote on the proposed policy roadmap and workplan before it is recommended to the RO Board.

Market operator management has the best understanding of the available staff and resources and should also weigh in on the prioritization throughout the stakeholder decision process and potentially suggest revisions to the proposed stakeholder prioritization.

Once topics/working group issues are generated, a small group of stakeholders, with facilitation support from MO staff, could work to define the problem statement for testing with a broader stakeholder group.

The current CAISO working group structure is a step in the right direction, but it has spent a lot of time on problem definition which has led to some disengagement. This could be adjusted by having a smaller group (such as an ad hoc subcommittee of the RIF) define the problem statements then test with the broader stakeholder community.

2. Originating policy framing: who first presents a problem statement and solution range?

Under an open governance structure problem statements or issues that need to be addressed could come from any source. Market operator staff or the DMM are likely to flag problems that need attention, but any participant or stakeholder should be able to raise an issue. Once an issue is identified a centralized sector-based entity (i.e. the RIF or a successor entity) should assign the issue to a sector-based work group or task force to scope out a range of solutions. The market operator should supply staff that can facilitate the working group and bring expertise to the assigned issues to facilitate the work group or task force and to ensure the range of solutions is feasible and consistent with reliability. While the work groups and task forces should be sector based for purpose of voting and moving issues forward, the meetings need to be open to all market participants and stakeholders that have an interest in the issues being addressed. This will ensure that a diversity of perspectives are considered in the scoping process.

3. Stakeholder-led workshops: who has responsibility for facilitating discussion and moving an agenda forward?

The sector-based committee would be responsible for taking ownership of presenting the straw proposal solutions with leadership from RO staff who are facilitating the committee. The straw proposal would be created in the task force/committee with support and facilitation from RO staff. The committee would then also be responsible for presenting it at public meetings and responding to questions about the straw proposal. Following the public presentation, there would be an opportunity for public comment. The committee would then vote on prioritized recommendations to be presented to the Board for approval. All committee discussions and any delegated subcommittee (work group) discussions would be open to stakeholder participation.

4. Selectivity of bottoms-up stakeholdering: how often and (possibly) through what nomination process are topics subject to a stakeholder-driven process?

Any issue that could have an impact on market policy, operations, reliability, settlements, tariff or business practice changes should be assumed to need a stakeholder driven process. For urgent issues, there could be a shortened version of the stakeholder process defined that maintains the elements of the stakeholder process, but with a shorter timeline. Those topics would be differentiated by their urgency and requiring a shorter turnaround than the typical stakeholder process (side note: the "typical stakeholder process" should have a general defined timeline, with an expected range of time to complete to aid in this decision-making and set stakeholder expectations).

Workshop #3 Topic: What could a sector-based committee and voting structure add?

5. Sector definitions: Should sectors be established? If so, how should they be defined?

Yes, sectors should be established. Bonneville recommends the following sectors as a starting point (international companies would be categorized in their most equivalent sector):

- IPPs
- Independent transmission companies
- IOUs
- Consumer-owned utilities
- Federal agencies
- Marketers
- Environmental/public interest advocates
- Consumer advocates

a. Should they be weighted for voting purposes? If so, how?

Bonneville recommends considering weighted voting to ensure that market participants are adequately represented. If weighted voting is used, the weights should consider relative impact on the voting sector. Bonneville would also support not weighting the votes as long as full transparency to the underlying votes and cross-tabulation of the individual votes is provided to

the RO Board and parameters are established to provide a voice for market participants. The voting also needs to ensure that no one sector or participants from one state are able to control a majority of the vote.

b. What could be the value of sector designations outside of voting?

Sector designations could be used to develop the membership of the stakeholder group (either RIF or a successor entity) and the initiative working groups. Using sectors would support ensuring diversity of perspectives on these groups and providing an opportunity for each sector's voice to be heard.

6. Voting: Should stakeholder engagement include voting? If so,

Yes, stakeholder engagement should include voting. Voting should be structured to motivate compromise and collaboration. Voting results should be transparent to decision-makers (RO Board) and be able to be tabulated across different groups. It is critical that there be visibility to the minority perspective in votes.

a. What kind of issues are selected to be voted on?

All issues that go through the stakeholder process should undergo a vote at some level. For compliance-based changes, there may be a truncated stakeholder process that only includes votes at the RIF-type group level and not also at the stakeholder working group level.

Voting should be done on the initial roadmap and annual prioritization of issues. The sectors should provide input throughout the process and vote to recommend (or not) approval of the roadmap presented by RO staff.

b. At what points in the process should voting be scheduled?

Votes are conducted at the following stages in the process:

1) Policy catalog/roadmap prioritization: vote to recommend approval of the roadmap
2) Problem statement/scope definition: vote to recommend moving the initiative forward
3) Draft final proposal: vote to recommend moving on to final proposal
4) Final proposal: vote to recommend taking to the RO Board for approval.

The RO Board or staff may also call for a vote at other stages of the process at its discretion. Stakeholders may also raise the question of holding a vote at other stages, and stakeholders as a whole would have to vote to proceed to a vote outside of the default stages listed above.

c. Should voting be indicative or binding?

The voting is advisory and informs the RO Board. Voting is indicative of whether widespread support exists for an initiative/issue and whether any particular sectors or similarly situated subgroups are strongly opposed. When voting results are shared with the board, it should include a brief statement from the majority and minority opinions. If the RO Board is poised to make a decision that is counter to the recommendation from the stakeholder vote, the Board could elect to send the issue back to the stakeholder process to address the Board's concerns

prior to outright rejection. If the issue is time sensitive, the Board would provide a justification to the stakeholders for moving forward notwithstanding stakeholder opposition. Note that RO staff may also present a recommendation to the RO Board which may or may not align with the stakeholder recommendation.

Although the voting is advisory, specific criteria should be defined for voting. If a vote meets these criteria prior to Board consideration, it would be automatically remanded back to the stakeholder process up to two times for further collaboration and compromise to attempt to achieve broader support. If an issue is time critical, the RO board could override the return to stakeholder process (the remand) and move an issue forward to a decision despite the lack of broad agreement. Similarly, the RO Board could choose to send an issue/decision back to the stakeholder process at its discretion. The criteria provided below are suggestions for consideration. The goal is to develop some predictable criteria for stakeholders to understand when an issue may be remanded by the Board.

Suggested criteria include:

1) Strong opposition in sectors. Strong opposition is defined as: One sector at 80% or more opposed or two sectors at 70% or more opposed (percentage refers to the underlying votes in the sector).
2) Geographic opposition. Geographic opposition defined as: if a sector has a geographic separation, 70% or more of one geography opposed. For example, potential geographies could be the Desert Southwest, California, the Pacific Northwest, and/or the Interior or Mountain West.
3) Commercial opposition. A simple majority of net load served, generation owned, and/or transmission assets owned represented in a given vote is opposed.
4) Lack of broad consensus. No supermajority of actual sectors in support (for example, at least 5 sectors support (with at least simple internal majorities), if there are 7 total sectors).

7. Standing and ad hoc committee status: what sort of forums or committees do sectors use to organize themselves?

Today we have: RIF, Body of State Regulators (BOSR), MSC, Nominating Committee, (possible CEO selection committee?).

We are focusing our attention on the specific role of stakeholders to individually and collectively voice their positions to the RO Board. What is needed will depend in part on if there is advisory voting by the stakeholder group. Then the advisory voting will need to align to the designation of stakeholder sectors. The purpose of advisory voting is to inform the independent Board of the perspectives of the stakeholder sectors on issues before the Board, and to promote consensus among stakeholder sectors where achievable. Consensus is desirable as a basis for Board consideration, but not a requirement.

At a basic level, we see the need for a few levels of stakeholder forums for the sectors:
1) Leadership level: This would be akin to the RIF or the Markets+ Executive Committee. This body votes on recommendations to be sent to the RO board
2) Working groups: these would include named members. Ideally could be smaller groups for productive working sessions that have expectations of time commitments from members. These groups work with staff to develop policy solutions to bring to the board

(through the leadership level). These are formed for the life of an initiative and selected members should be balanced across sectors and geographic regions.

3) Ad hoc task forces: these could be formed to address specific issues identified in working group processes. They would include named members and would be convened for a defined period of time. The ad hoc task force selected members should be balanced across sectors and geographic regions This group makes recommendations to the working groups.

General feedback: 8. Do you have any additional feedback you would like to share with the Launch Committee on these topics