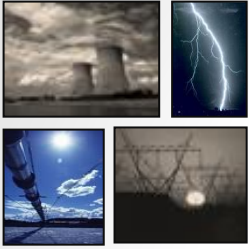




EIM Body of State Regulators Monthly Update

Letha Tawney
Alaine Ginocchio

Teleconference
September 11, 2020



Agenda

Welcome

- Commissioner Letha Tawney, BOSR Chair

Review of Stakeholder Positions on GRC Straw Proposal

- State Regulated Market Participants Proposal for BOSR Funding
 - Sarah Edmonds, Portland General Electric
 - Eric Eisenman, Pacific Gas & Electric
- Other Issues in the Straw Proposal
 - Commissioner Kris Raper, BOSR Representative on the GRC
 - Alaine Ginocchio, WIEB

Next Steps and Announcements



EIM GRC Draft Straw Proposal

Purpose of Governance Review: Adjust EIM governance as necessary to account for significant growth of EIM and to facilitate possible further expansion through EDAM

- Straw Proposal (published July 31, 2020): GRC developed recommendations for potential improvements to governance structure
- Comments to Straw Proposal submitted and posted (August 28, 2020): GRC will use comments to Straw Proposal to refine recommendations.
- Expect at least two more rounds of refinements before submitting recommendations to the EIM Governing Body and CAISO Board (Q1 2021).



BOSR Funding

- The GRC supports an appropriate mechanism through which the BOSR could obtain the funding necessary for enhanced participation.
- General recognition of the benefit of BOSR funding (no opposition)
- An appropriate funding source would be the state commission jurisdictional utilities that participate in EIM or EDAM and equal allocation among IOUs.
- Options for collection mechanism:
 - A component of the grid management charge (GMC) charged to specific entities
 - An agreement outside of the CAISO tariff directly with IOUs
 - Other proposals

SEPTEMBER 11, 2020

*Funding for EIM
BOSR: Presentation
by State-Regulated
Market Participants*

State-Regulated Market Participants (SRMPs)/EIM- BOSR Members

- **SRMPs**
 - Arizona Public Service (APS)
 - Avista
 - Idaho Power
 - Nevada Energy
 - NorthWestern Energy
 - Pacific Gas & Electric (PG&E)
 - PacifiCorp
 - Portland General Electric (PGE)
 - Public Service of New Mexico (PNM)
 - Puget Sound Energy (PSE)
 - San Diego Gas & Electric (SDG&E)
 - Southern California Edison
 - Tucson Electric
 - Xcel Energy
- **Current EIM-BOSR Members**
 - OR - Letha Tawney, Commissioner, Oregon Public Utility Commission
 - AZ - Robert Burns, Commissioner, Arizona Corporation Commission
 - CA - Cliff Rechtschaffen, Commissioner, California Public Utilities Commission
 - ID - Kristine Raper, Commissioner, Idaho Public Utilities Commission
 - NV - Hayley Williamson, Commissioner, Nevada Public Utilities Commission
 - UT - Thad LeVar, Chair, Utah Public Service Commission
 - WA - Ann Rendahl, Commissioner, Washington Utilities & Transportation Commission
 - WY - Kara B. Fornstrom, Commissioner, Wyoming Public Service Commission

Summary of EIM-BOSR/WIEB MOU

- Memorandum of Understanding (MOU) between BOSR and WIEB, 8/12/19
- **Purpose:** set the terms for WIEB to provide the technical expertise, staff resources, and office space necessary to support the ongoing efforts of the EIM-BOSR
- **Funding:** WIEB staff salaries and benefits, overhead, meeting costs (e.g., room rental, audio-visual support, and webinar service), WIEB staff travel, BOSR member travel, travel for public utility commission staff, and other activities, as needed
- The MOU was contingent upon securing a source of funding to support EIM-BOSR activities.
 - *“It is the intention of the EIM-BOSR to have its funding provided to WIEB by retail electricity consumers of the Western EIM entities, recovered via the CAISO EIM tariff.”*

Viewpoints of the SRMPs

- The SRMPs support the need of EIM-BOSR for additional support for EIM-BOSR efforts
- State engagement and participation is critical to the success of market expansion
- The SRMPs would like to discuss an alternative, out-of-market funding structure to provide EIM-BOSR what it needs
 - An alternative to a CAISO tariff charge will be faster and more efficient
 - It is premature to put a formal tariff funding mechanism in place
 - May set an ultimately untenable precedent for intervenor funding

Contract Alternative: Structure and Main Concepts

- **Structure:** multiple agreements?
 - WIEB with BOSR: what services will WIEB provide to BOSR and what is the relationship between WIEB and BOSR?
 - WIEB with State-Regulated Market Participants: EIM Entities provide funding to WIEB. What is the relationship between WIEB and EIM Entities?
 - Between State-Regulated Market Participants: cost allocation, exit & entry procedures, etc.
- **Termination:** the parties as a whole or individual entities should be able to terminate or exit the agreement with sufficient notice if their regulating state requires them to do so
- ***It is important to the SRMPs that BOSR has consensus of every BOSR state to move forward with this funding structure***

Contract Alternative: Other Concepts

- EIM-BOSR funding for market expansion efforts would be a new way of working together in the region and there will likely be continuous improvement opportunities;
 - The SRMPs recommend that the funding arrangement initially be structure as a pilot with a review opportunity for the SRMPs to engage with BOSR and WIEB
- A review opportunity some time after the agreement commences (2 years?) to provide for:
 - a summary of program budget, expenditures;
 - utilization of staff; and
 - description of services rendered, and outcomes supported;
 - The parties would share feedback and discuss any proposed modifications that should be made.

Contract Alternative: Cost Recovery & Allocation

- **Budget:** \$500k is assumed; SRMPs would be interested in more details on the budget details
- **Cost Recovery:** SRMPs should receive assurance that they will be allowed to recover the costs of these services in their respective electric utility rates
- **Cost Allocation:** The SRMPs are open to alternatives
 - One idea favored by several of the SRMPs is to divide the total cost by the number of states in the BOSR and then divide the per-state cost on a load-ratio share within each state
 - This approach provides that the cost for each state to participate in the BOSR is fixed (e.g., it costs the same for California to participate as Wyoming).

Cost allocation Alternatives considered

- Total costs divided by total participants (equal cost per SRMP).
 - SRMPs find this to be punitive to smaller LSEs.
- Total costs divided by load ratio share.
 - SRMPs find this approach disproportionately shifts costs to large participants (California & PacifiCorp).
- Cap the California entities peak loads at the next highest load (PacifiCorp) and then perform a Load Ratio Share calculation.
 - SRMPs do not believe that the value of BOSR participation is best reflected through a load-ratio share calculation; each state receives the same value from participating in BOSR.

Next Steps

- The SRMPs request EIM-BOSR feedback on the funding contract alternative
- The SRMPs will meet to debrief on any feedback received
- If acceptable, the SRMPs can prepare a draft term sheet of the agreement(s) for EIM-BOSR and WIEB review



Stakeholder Positions on Straw Proposal

Issue 1: Delegation of Authority in EIM Context

- Joint Authority between Governing Body and CAISO Board of Governors
 - Eliminates four classifications, four paths to approval and subjective motivation tests
 - Simplified, more equally shared authority and preserves statutory limitation on Board's ability to delegate authority
- All real time market rules (not just EIM) and EDAM
- Joint Governing Body and CAISO Board meetings
- Dispute Resolution: One or two attempts to resolve



Stakeholder Positions on Straw Proposal

Issue 1: Delegation of Authority if EDAM is Implemented

- Same joint authority as proposed for EIM
- All day-ahead market rules
- Exceptions for California specific issues such as: transmission planning, reliability must run contracts, capacity procurement mechanism and resource adequacy requirements

Issue 1: Durability

- Changing the scope of delegation would require a unanimous vote of the Board with advisory input from GB and input of BOSR and stakeholders.
- Any changes cannot be implemented before a notice period equal to any EIM/EDAM exit notice period.



Stakeholder Positions on Straw Proposal

Issue 2: Selection of Governing Body Members

- PIO/Consumer Advocates sector would become voting member of Nominating Committee.
- Permit a 60-day “holdover period” for GB members
- Enhancing the role of diversity in the nomination process:
 - Expand diversity that should be considered on the GB beyond expertise; also include: geographic background, ethnicity, gender and perspective.
 - Also adds: the GB should “reflect a broad variety of personal backgrounds and life experiences.”



Stakeholder Positions on Straw Proposal

Issue 3: Stakeholder Engagement

- Modify the RIF to increase stakeholder engagement
 - Remove limitation, and encourage engagement, on issues that are in active stakeholder processes.
 - Allow the RIF to provide written opinions on market issues to the Governing Body and Board
- Support the concept of non- voting liaisons from Public Power sector to the BOSR (not support an additional committee for Public Power).
 - Almost no opposition
 - Number of liaisons
 - Requires BOSR to amend BOSR Charter



Stakeholder Positions on Straw Proposal

Issue 4: Governing Body Role and Support

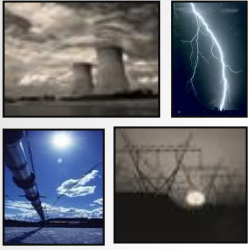
- GB's role in the CAISO Market Surveillance Committee (MSC) and Department of Market Monitoring (DMM) should be expanded to be more equal to that of the CAISO Board
 - GB would have an advisory role on the DMM Oversight Committee
 - The GB would have joint authority with the Board in the approval of MSC members
- Outside Market Expertise
 - EIM-only: no change; GB proposes the use of an expert if they believe that is necessary.
 - EDAM: the GB could contract with an outside market expert to provide expertise about the development and implementation of EDAM.



Stakeholder Positions on Straw Proposal

Issue 5: Governing Body Mission Statement and Criteria for Decision Making

- No changes recommended



Stakeholder Positions on Straw Proposal

Issue 6: Other Areas

- Allow GB and Board to consider whether to implement some or all aspects of draft final proposal before EDAM is implemented.
- Governance re-evaluation no later than 5 years from adoption of new governance features by the GB and Board
- The GRC would remain available to re-evaluate any element of governance prior to their adoption of final EDAM market design.
- BOSR comment: Transparency and open meetings.
 - Standard: all meetings conducted in conformance with CAISO bylaws and Open Meeting Policy
 - Only exceptions: litigation, personnel, or proprietary/confidential/ security-sensitive information.



Next Steps

- BOSR Comments to Draft Straw Proposal submitted Aug. 27; all comments are posted
- Next GRC Meeting Sept. 15: Stakeholder panel
- Q4 2020: Revised Straw Proposal and another comment period
- Q1 2021: Publish draft final proposal and another comment period
- Final Recommendations to GB and Board



Upcoming BOSR Meetings

BOSR Monthly Update Teleconference

Second Friday of Every Month at 10:00 AM MT / 9:00 AM PT

Next Meeting: October 9, 2020 at 10:00 AM MT / 9:00 AM PT

Fall 2020 EIM-BOSR Meeting

October 26, 2020, 9:30 AM MT / 8:30- AM PT

Webinar only



Information or Questions

Letha Tawney

letha.tawney@state.or.us

Kristine Raper

kristine.raper@puc.idaho.gov

Alaine Ginocchio

aginocchio@westernenergyboard.org