

## EIM Governance Review – Issue Paper and Straw Proposal

Submitted by	Organization	Date Submitted
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SCE appreciates the opportunity to submit comments on the CAISO’s Issue Paper and Straw Proposal (the Paper) on the EIM Governance Review. SCE offers comments on:

- i. The decisional making roles of the CAISO’s Governing Board and the EIM Governing Body for hybrid initiatives, and
- ii. The documentation establishing the decisional classification process

### **Decision-making Roles for Hybrid Initiatives**

The Paper references the description of a hybrid initiative<sup>1</sup> and the current decision-making roles of the EIM Governing Body as well as the CAISO’s Board of Governors when such initiatives are presented for a policy decision outcome. A nuanced idea is presented on a policy initiative that results in the revision or establishment of a generally applicable real-time market rule that is proposed to address an issue facing the EIM balancing authority areas. This specific type of policy initiative appears to reduce the decision-making role of the EIM Governing Body to an advisory role when the primary driver originates in an EIM balancing authority area or several EIM balancing authority areas and the CAISO’s Board of Governors has the discretion to leave the initiative on its consent agenda or remove the initiative for further consideration.

SCE supports the CAISO’s Board of Governors retaining primary decision-making authority for hybrid initiatives whether the primary driver is the EIM balancing authority area(s). Granting primary authority to the EIM Governing Board for any hybrid initiative for which an EIM balancing authority area is the primary driver is an unusual decision when the market rule(s) associated with the hybrid initiative has effects on the real-time market in California. Unlike EIM participants, CAISO members do not have the ability to “opt-out” of real-time markets. Thus, the CAISO Board must maintain primary authority over items directly impacting the real-time markets.

In addition, though the day-ahead and real-time markets run independent auctions, the auction outcomes in the real-time market depend on the inputs and outputs from the day-ahead market despite the participation of EIM members in the real-time market only.

Another reason for the above representation on decision-making authority relates to split decision outcomes if primary authority was granted to the EIM Governing Body. Specifically, what happens when the decision ruling of the EIM Governing Body and the CAISO’s Board of Governors differs? SCE offers that the ultimate decision of whether the hybrid policy initiative should be filed with FERC must remain

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<sup>1</sup> “An initiative that proposes to change both market rules that are generally applicable and market rules that are EIM-specific, and the different parts of the initiative are so closely integrated together they are non-severable and thus must be submitted together for approval together.” EIM Governance Review Issue Paper and Straw Proposal, December 14, 2018, p.3.

with the CAISO's Board of Governors. Members of the EIM Governing Body currently have opportunities to discuss their concerns within the Board of Governors meetings as well as render opinions within the CAISO's stakeholder processes. Effective participation in such forums can influence policy outcomes.

#### **Documentation of the Decisional Classification Process**

SCE notes that there are language differences between the Charter and the Guidance Document in the current documentation of the existing decisional classification process. The Guidance Document seems to ascribe broader decisional rights for the exercise of primary authority by the EIM Governing Body. The decision outcome with respect to the distribution of primary authority for hybrid initiatives offers an opportunity to ensure both the Charter and Guidance Document contain similar language that accurately reflects the demarcation of decision-making authority between the two bodies, the EIM Governing Body and the CAISO's Board of Governors.

SCE supports continuation of the CAISO's Board of Governors approval for the Charter and Guidance Document to ensure alignment of the language reflected for the delegation and decisional classification rules in both documents.