



Comments of the California Energy Storage Alliance on the California Independent System Operator's Energy Imbalance Market Governance Review Committee Straw Proposal

1. Please provide your organization's overall position on the EIM Governance Review Straw Proposal:

- CESA does not support one aspect of the proposal at this time.

2. Provide summary of your organization's overall position on this proposal:

The California Energy Storage Alliance (CESA) is an industry group that serves as the voice of energy storage for CA, with roughly 100 members, committed to advancing the role of energy storage in the electric power sector through policy development and continuous engagement with regulatory bodies and other stakeholders. We are technology and business model-neutral and promote opportunities and markets for the wide variety of energy storage solutions, including with different energy storage durations.

As energy storage solutions propagate and more energy storage is needed in California and the west, CESA expects to continue its CAISO-related advocacy, which will include siting of storage in ex-California areas. As such, we are focused on supporting the EIM's success and expansion.

With respect to the EIM Governance proposals, CESA does not support the inclusion of an Outside Market Expert (OME). The Market Surveillance Committee (MSC) (as detailed further below) is reasonably capable of addressing EIM market design issues; as such, CESA recommends an expansion of the MSC's role instead of the creation of an additional entity. This makes sense based on capabilities and also on limiting the number of parties having 'opinion-type' authorities for the CAISO. An additional body could also increase costs and complexity, unnecessarily.

CESA otherwise appreciates the efforts of the ISO to incorporate the feedback of stakeholders within this initiative. In particular, CESA commends the Governance Review Committee (GRC) for offering a balanced and reasonable proposal.

3. Provide detailed comments including examples on Issue 1: The Delegation of Authority for Market Rules to the Governing Body, the Decisional Classification Process, and Durability:

CESA offers no comments at this time.

4. Provide detailed comments including examples on Issue 2: Selection of Governing Body Members:

CESA offers no comments at this time.

5. Provide detailed comments including examples on Issue 3: Governing Body Meetings and Engagement with Stakeholders:

CESA offers no comments at this time.

6. Provide detailed comments including examples on Issue 4: Other Potential Areas for Governing Body Involvement:

CESA offers no comments at this time.

7. Please detailed comments including examples on Issue 4.1: Annual Policy Initiatives Roadmap:

CESA offers no comments at this time.

8. Please detailed comments including examples on Issue 4.2: Governing Body Role with Department of Market Monitoring, Market Surveillance Committee and Outside Market Expert:

CESA opposes the GRC's proposal to ensure the Governing Body access to an additional Outside Market Expert (OME) if the Extended Day-Ahead Market (EDAM) moves forward. In the Straw Proposal, the GRC argues that due to the historical focus and expertise rooted in California-directed policies and the interest of California load, the MSC might not be reasonably equipped to address broader market issues from a multifaceted perspective. Thus, the GRC believes that an OME would provide an important external perspective that could bolster confidence in the market and encourage participation in EIM and EDAM. CESA disagrees with this conclusion.

First, CESA does not consider that currently the MSC has a distinct California bias. The MSC is composed of three nationally-regarded experts that have worked in several states on electric market issues. They have experience in several of the US markets, including CAISO, PJM, and the Midcontinent Independent System Operator (MISO) Moreover, they have conducted research that has been published on peer-reviewed journals, some of them on topics related to energy markets beyond the US, such as the European Union. The MSC's knowledge and expertise are not geographically limited and should not be wasted or disregarded due to a perceived California bias.

Second, the establishment of an OEM would be redundant and inefficient. The institution of another surveilling body could lead to confusion with regards to policy and implementation, particularly for issues that transcend regular CAISO operations and could impact EIM or EDAM. Having two oversight authorities could result in the Governing Body and the ISO sending inadvertently contradictory signals to market participants, for example.

In the spirit of efficiency and clarity, CESA recommends maintaining the authority of the MSC in all market design and related matters. The MSC is a credible body with experts able to provide valuable advice on matters related to EIM and EDAM, as well as to regular ISO matters. The MSC has also shown a repeated interest in understanding and incorporating stakeholder input from all vantages, and CESA expects this responsible approach from the MSC will and should continue.

9. Please detailed comments including examples on Issue 4.3: Possible Funding for the Body of State Regulators:

CESA offers no comments at this time.