

Basic Themes

Governance is an Appropriate Area in Which to Allow for Regional Differences.

- Unlike market design, governance differences do not create or exacerbate trading seams.
- Market principles do not vary from region to region but existing organizations, institutions and constituencies do vary.

New York Governance is a Workable Peace.

- Section 205 filing authority is a shared responsibility between the 58% majority of the Management Committee and the independent board of the ISO.
- Board has 206 authority and participants have right to appeal decisions to the board.
- Sectors are never perfect but NY sectors allow for all constituents to participate and strike a balance between the need to protect minority interests and the need to avoid gridlock.

FERC Must Allow Governance to Evolve.

- As interests, technologies and institutions in a region change, governance arrangements must be revisited to allow new interests to be heard within the context of balanced stakeholder rights.
- FERC must be prepared to hear and act on complaints to reform governance but should also examine closely how the regional organization has sought to address the issue and whether they have failed to achieve balance.
- **Governance should be allowed to be a constantly evolving process, where market participants, the ISO's and their Boards are allowed to determine what works best in their region. The market participants, as part of the Strategic Planning process, are currently addressing governance issues in the NY market.**

Balance Is the Bedrock of Effective Governance.

- The balance of authority and responsibility must be maintained as between the ISO and the participants it serves to achieve strong ISO independence tempered with ISO accountability
- The balance of authority and responsibility must also be maintained as between buyers and sellers of both Energy and Transmission. Neither sellers nor buyers should be capable of imposing their will upon the other.