

GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING April 19, 2017 Courtyard by Marriott Downtown Salt Lake City Salt Lake City, Utah

April 19, 2017

The western Energy Imbalance Market Governing Body convened the general session meeting at approximately 1:00 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the EIM Governing Body were in attendance:

Kristine Schmidt, Chair
Douglas Howe, Vice Chair
Valerie Fong
Carl Linvill
John Prescott

The following members of the executive team were present: Stacey Crowley, Petar Ristanovic, and Mark Rothleder.

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There were no public comments.

DECISION ON GENERAL SESSION MINUTES

Chair Schmidt moved for approval of the EIM Governing Body general session minutes for the February 28-March 1, 2017 meeting. The motion was seconded by Member Prescott and approved 5-0, as corrected.

REGIONAL ISSUES FORUM UPDATE

Tony Braun, Chair – Regional Issues Forum, provided a status report regarding the Regional Issues Forum’s re-evaluation process. Mr. Braun was joined by Regional Issues Forum liaisons Sarah Edmonds, Therese Hampton, and Cameron Yourkowski who joined via telephone. Mr. Braun explained that the Charter for Energy Imbalance Market

Governance required a re-evaluation of the RIF after a specified period of time. He noted that the RIF began its re-evaluation with a discussion paper, which posed a series of questions as to the RIF's efficacy and role, and a subsequent issue paper, which is organized pursuant to the questions that were asked in the discussion paper. Ms. Edmonds provided an overview of the process, timeline, and status of the RIF's re-evaluation process, noting that the first area of consensus among stakeholders was the desire for an expedited re-evaluation process. Ms. Hampton provided an overview of the RIF's developing recommendations around the role and responsibilities of the RIF, including its meeting process. She highlighted stakeholder comments around frequency of meetings and agenda development. Mr. Braun provided an overview of the RIF's developing recommendations regarding written work product, noting that, while there are disparate views on whether the RIF should produce written work product, there is general support for the RIF maintaining the option to provide such work product. Discussion followed regarding the likely triggers and structure for RIF work product. Ms. Edmonds discussed possible proposed changes to RIF foundational documents as a result of the re-evaluation process, noting that the RIF is open to recommending or adopting changes if needed, pending additional comments from stakeholders. She added that the ISO's legal team may find it necessary to propose changes to the Charter after legal review of the RIF's final proposal. Mr. Braun concluded the presentation by providing additional information about the next steps for the RIF's re-evaluation process.

BODY OF STATE REGULATORS UPDATE

Ann Rendahl, Commissioner – Washington Utilities and Transportation Commission, and Chair – Body of State Regulators, provided an update via telephone regarding recent activities of the BOSR. Commissioner Rendahl reported that the BOSR supports ISO Management's proposed amendments to the Charter for Energy Imbalance Market Governance. She reported that the BOSR has agreed to allow the ISO to facilitate BOSR meeting notices and web conferences. Discussion followed and Commissioner Rendahl clarified that ISO-issued market notices of BOSR meetings will duplicate the existing notice process used by BOSR under the Western Interstate Energy Board's website.

BRIEFING ON WESTERN ENERGY IMBALANCE MARKET READINESS

California ISO update

Petar Ristanovic, Vice President – Technology, provided an implementation update regarding Portland General Electric, which is on schedule to join the western energy imbalance market on October 1, 2017. Mr. Ristanovic reported that EIM entities collaborate well and share lessons learned with each other, which has resulted in there being no repeat mistakes in the implementation process for PGE thus far. He reported that PGE joining the EIM will add 448 MW of bi-directional transfer capability to the PacifiCorp West area, as well as 450 MW northbound and 296 MW southbound. He added that, in addition to PGE's expected benefits, PGE is expected to provide \$2.7 to \$3.7 million in yearly benefits to existing EIM participants. Mr. Ristanovic next provided an overview of key accomplishments

and upcoming milestones in the implementation process for PGE. He concluded his presentation by describing the training and readiness efforts underway, which have supported a smooth transition for the ISO and PGE. Discussion followed regarding training efforts and the potential impact of new entities on existing entities.

Portland General Electric update

Larry Bekkedahl, Vice President – Transmission and Distribution for Portland General Electric, provided an implementation update on behalf of PGE. Mr. Bekkedahl provided an overview of PGE, including the project organizational structure. He discussed the preparation PGE undertook prior to deciding to join the EIM, preparation it undertook ahead of implementation, and the overall project timeline. Discussion followed regarding FERC approval and Johnny Useldinger, Transmission and Reliability Services for PGE, noted that PGE's EIM-related tariff amendments were accepted by FERC under delegated authority on April 19, 2017. Mr. Bekkedahl next provided an overview of PGE's transfer capability and discussed challenges and key accomplishments associated with implementation. He concluded his presentation by discussing next steps for PGE, including its continuing efforts to explore ways for smaller balancing authority areas to participate in the EIM. Discussion followed regarding PGE's exploration around offering services to other balancing authority areas using the software UtiliCast, and side benefits associated with participating in the EIM that are not necessarily EIM-related.

BRIEFING ON POLICY OUTLOOK

Brad Cooper, Manager – Market Design Policy, provided status updates regarding ongoing and upcoming policy initiatives, focusing first on EIM driven and EIM-related initiatives, and then touching on non-EIM related initiatives. In addition to providing policy initiative status, Mr. Cooper described the initiatives' decisional classifications and target meeting dates for EIM Governing Body and ISO Board of Governors decision. Discussion ensued regarding the EIM greenhouse gas attribution enhancements initiative, the timeline for the management of EIM imbalance settlement for bilateral schedule changes initiative, third party donation of transmission capacity, and the decisional classification for real-time market enhancements.

BRIEFING ON SUPPLY CONDITIONS

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an overview of supply conditions in the western energy imbalance market, focusing primarily on the oversupply conditions in California. Mr. Rothleder reported that actual net-load and 3-hour ramps are approximately 4 years ahead of the original estimate that is illustrated in the ISO's duck curve chart. He reported that the volume of curtailment is increasing and that the EIM helps avoid curtailment. He next provided an overview of the frequency of curtailment for years 2014-2017. Discussion ensued regarding frequency of curtailment. Mr. Rothleder next described the effects of oversupply conditions on prices, noting that, when oversupply conditions exist, prices fall, facilitating transfer out of California. He added that when prices rise in the evening, transfers into California increase, illustrating that the

EIM also helps the ISO navigate and balance during the evening ramp. Mr. Rothleder concluded his presentation by providing an overview of supply conditions during the drought years as compared to 2006, which was a high-hydro year. He added that the ISO has started to forecast and communicate the expectation of oversupply conditions to help inform the market. Discussion followed regarding supply conditions and avoided curtailment.

DECISION ON PROPOSED AMENDMENTS TO CHARTER FOR ENERGY IMBALANCE MARKET GOVERNANCE

Greg Fisher, Senior Counsel – Corporate, provided an overview of proposed amendments to the Charter for Energy Imbalance Market Governance. Mr. Fisher explained that the proposed amendments clarify the role of the EIM Governing Body in approving substantive changes to the Charter. He explained that the proposed amendments propose a role for the EIM Governing Body in approving BOSR- and RIF-specific changes similar to the “primary authority” role, wherein any proposed substantive changes to the BOSR and RIF sections of the Charter would go first to the EIM Governing Body for review, and then to the consent agenda of the ISO Board. Mr. Fisher concluded his presentation by explaining that the proposed amendments also clarify ISO staff’s role in providing support to the BOSR and RIF. Brief discussion followed.

Public comment

Ann Rendahl, Commissioner – Washington Utilities and Transportation Commission, and Chair – Body of State Regulators provided comments on behalf of the BOSR in support of ISO Management’s proposed amendments.

Motion

Member Fong:

Moved, that the EIM Governing Body endorses the proposed amendments to the Charter for Energy Imbalance Market Governance, attached to the memorandum dated April 5, 2017, and recommends submittal to the ISO Board of Governors for its approval of the document.

The motion was seconded by Chair Schmidt and approved 5-0.

DECISION ON EIM GOVERNING BODY NOMINATION

Sarah Edmonds, Vice President and General Counsel for PacifiCorp, on behalf of the EIM Nominating Committee, provided an overview of the nominating committee’s selection process, timeline, and its consensus-driven decision to re-nominate Kristine Schmidt for a term beginning July 1, 2017, and ending June 30, 2020. Discussion ensued and Mr. Fisher clarified that the Selection Policy for the EIM Governing Body specifies that the EIM

Governing Body member whose term is ending, in this case Chair Schmidt, will be recused from the nomination approval decision.

Motion

Member Prescott:

Moved, that the Western Energy Imbalance Market Governing Body appoints Kristine Schmidt to the Energy Imbalance Market Governing Body for a term beginning July 1, 2017 through June 30, 2020.

The motion was seconded by Member Fong and approved 4-0.

ELECTION OF EIM GOVERNING BODY CHAIR AND VICE CHAIR

Member Prescott nominated Douglas Howe as Chair and Valerie Fong as Vice Chair of the EIM Governing Body, effective July 1, 2017 to June 30, 2018. Brief discussion followed.

Motion

Member Prescott:

Moved, that the EIM Governing Body elects Douglas Howe to serve as Chair of the EIM Governing Body, pursuant to section 3.3 of the Charter for Energy Imbalance Market Governance, effective July 1, 2017 to June 30, 2018.

Moved, that the EIM Governing Body elects Valerie Fong to serve as Vice Chair of the EIM Governing Body, effective July 1, 2017 to June 30, 2018, whose role will include substituting for the Chair when the Chair is unable to fulfill their duties due to conflicts, absence, or unforeseen reasons, and who will be designated as the EIM Governing Body representative to the Nominating Committee.

Moved, that the EIM Governing Body will review the appointment of the Chair and the Vice Chair on at least an annual basis, or as circumstances require, and will determine if a reappointment is necessary for either.

The motion was seconded by Member Linvill and approved 5-0.

INFORMATIONAL REPORT

There were no comments or questions on the following informational report: EIM Governing Body policy calendar.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:10 p.m.