

GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING February 1, 2017 ISO Headquarters, Folsom, California

February 1, 2017

The ISO 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: Steve Berberich, Keith Casey, Stacey Crowley, 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 November 30, 2016 meeting. The motion was seconded by Member Fong and approved 5-0.

REGIONAL ISSUES FORUM UPDATE

Tony Braun, Chair – Regional Issues Forum, provided an update on behalf of the Regional Issues Forum. Mr. Braun noted that the RIF's most recent meeting in Phoenix, Arizona on November 29, 2017, represented its first effort at allowing stakeholder representatives to lead discussions. Mr. Braun stated that the RIF is now focusing on future meetings and the future of the RIF, including the upcoming ISO stakeholder process for re-evaluation. Finally,

Mr. Braun noted that the RIF will provide an update on the re-evaluation process as part of the February 28-March 1, 2017 EIM Governing Body meeting. Brief discussion followed.

BODY OF STATE REGULATORS UPDATE

Ann Rendahl, Commissioner – Washington Utilities and Transportation Commission, and Chair – Body of State Regulators, provided an update via teleconference on behalf of the Body of State Regulators. Commissioner Rendahl reported that on January 23, 2017, the BOSR appointed Doug Little, Commissioner – Arizona Corporation Commission, as the BOSR representative on the EIM Nominating Committee. She next reported that the Staff Advisory Committee of the BOSR issued a report and recommendations regarding the ISO 2017 policy roadmap. Commissioner Rendahl stated that the BOSR discussed and adopted the SAC's recommendations, and intends to convey the recommendations to the EIM Governing Body.

BRIEFING ON WESTERN ENERGY IMBALANCE MARKET

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an update on the performance of the western energy imbalance market, including implementation updates for Portland General Electric, Idaho Power, Seattle City Light, Balancing Area of Northern California member Sacramento Municipal Utility District, and CENACE. Mr. Rothleder next provided an overview of the Quarter 4 2016 energy imbalance market benefits report, explaining that Quarter 4 benefits totaled about \$28.27 million. He reported that gross benefits since the start of EIM now total about \$142.62 million.

Mr. Rothleder next reported on the continued observance of reduced renewable curtailment, and flexible ramping procurement diversity savings in Quarter 4. He concluded his presentation by providing updates regarding transfer capabilities, daily average prices and frequency of flexibility test failures in EIM areas. Discussion ensued regarding flexibility sufficiency tests, benefits expectations, and negative pricing and its connection to benefits.

Casey Cadle, Shift Manager – Real Time Operations, provided an overview of the reliability impacts of the western energy imbalance market from an operations perspective. Mr. Cadle reported that the EIM has enhanced the management of system reliability in the key areas of energy oversupply and renewable resource volatility. He next provided illustrative examples of days when the ISO benefitted from having the ability to transfer low-cost energy during periods of oversupply. Finally, he explained that EIM entities likewise benefit from having the ability to transfer low-cost energy during periods of oversupply, and from having additional resources to manage renewable resource volatility. Discussion ensued and Steve Berberich, President and Chief Executive Officer, added that, as states in the West continue to move towards more renewables, and as ramps, oversupply and undersupply conditions are exacerbated as a result, the benefits provided to EIM entities from having additional resources to manage contingencies are important.

Public comment

Dan Williams, on behalf of Portland General Electric, provided comments and requested information regarding the capacity benefits of EIM.

Joseph Abhulamen, on behalf of the California Public Utilities Commission, provided comments regarding the process of quantifying the benefits of EIM.

Discussion ensued regarding the capacity benefits provided by energy imbalance market participation versus those provided by full market participation. Discussion followed and Mr. Rothleder provided clarification regarding how benefits are quantified.

BRIEFING ON 2017 POLICY INITIATIVES ROADMAP

Greg Cook, Director – Market and Infrastructure Policy, provided an overview of the 2017 stakeholder initiatives catalog process. He described the process used for ranking discretionary initiatives. Discussion ensued regarding the ranking criteria. Mr. Cook next provided an overview of the 2017 policy initiatives roadmap, including its development process and an update of revisions made to the draft final roadmap.

Public comment

Commissioner Rendahl, on behalf of the Body of State Regulators, provided an overview of the Staff Advisory Committee to the BOSR's comments and recommendations relative to the 2017 policy initiatives roadmap, including its request that ISO Management advance the start date of the initiative for management of EIM imbalance settlement for bilateral schedule changes.

Discussion ensued regarding the development, resource constraints, implementation and prioritization efforts associated with policy initiatives. Discussion followed and various EIM Governing Body members expressed support for a recommendation that ISO Management revise the delegation of authority classification of the EIM greenhouse gas enhancement initiative from primary to hybrid–EIM driven to allow the ISO Board of Governors to evaluate the proposal on a non-consent-agenda basis. The EIM Governing Body also expressed support for the BOSR's recommendations to ISO Management. Finally, Chair Schmidt requested a mid-summer update from ISO Management regarding roadmap progress.

BRIEFING ON POLICY OUTLOOK

Greg Cook, Director – Market and Infrastructure Policy, provided updates regarding ongoing policy initiatives, including initiative status, classifications and target meeting dates for ISO Board or EIM Governing Body decision. Mr. Cook next provided an overview of policy initiative processes planned to begin in the first half of 2017.

BRIEFING ON BUDGET PROCESS

Ryan Seghesio, Chief Financial Officer and Treasurer, provided an overview of the ISO budget process, including the budget development timeline. Mr. Seghesio reviewed the total revenue requirement and EIM administrative charge, including describing how the rates are developed. Discussion followed regarding the decrease in transmission volume from 2016 to 2017. Mr. Seghesio summarized the 2017 annual capital/project budget, which is targeted at \$20 million, and the associated development process. He next provided a summary of proposed 2017 projects that target EIM. Mr. Seghesio concluded his presentation by providing an overview of the amounts budgeted in the Operations and Maintenance budget that are specific to the EIM Governing Body.

Public comment

Tony Braun, on behalf of California Municipal Utilities Association, provided comments in support of the ISO's current budget process, stating that the fiscal discipline previous and current ISO Management have brought to the process is greatly appreciated.

DEPARTMENT OF MARKET MONITORING UPDATE

Eric Hildebrandt, Director – Market Monitoring, provided an update regarding congestion metrics and pricing information since Arizona Public Service Company and Puget Sound Energy joined the EIM. Mr. Hildebrandt noted that growth in EIM transfer capacity continued to significantly increase market competitiveness, and that congestion in EIM areas continues to be infrequent. Brief discussion followed regarding the effect of congestion on pricing.

INFORMATIONAL REPORTS

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 3:45 p.m.