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ISO Stakeholder Process Overview and Policy Outlook
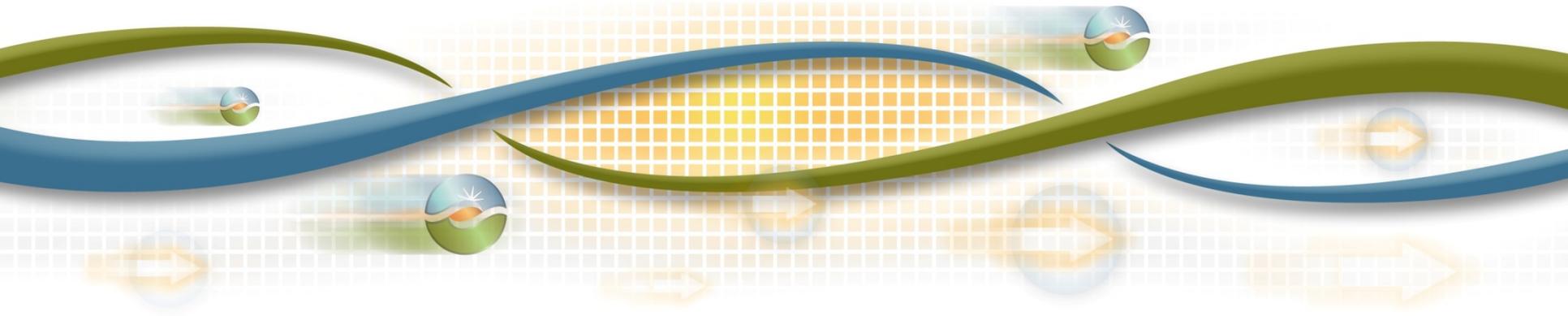
Brad Cooper

Manager, Market Design and Regulatory Policy

EIM Governing Body Meeting

General Session

August 30, 2016

Overview

- Existing annual policy roadmap process
- Existing policy initiative stakeholder process
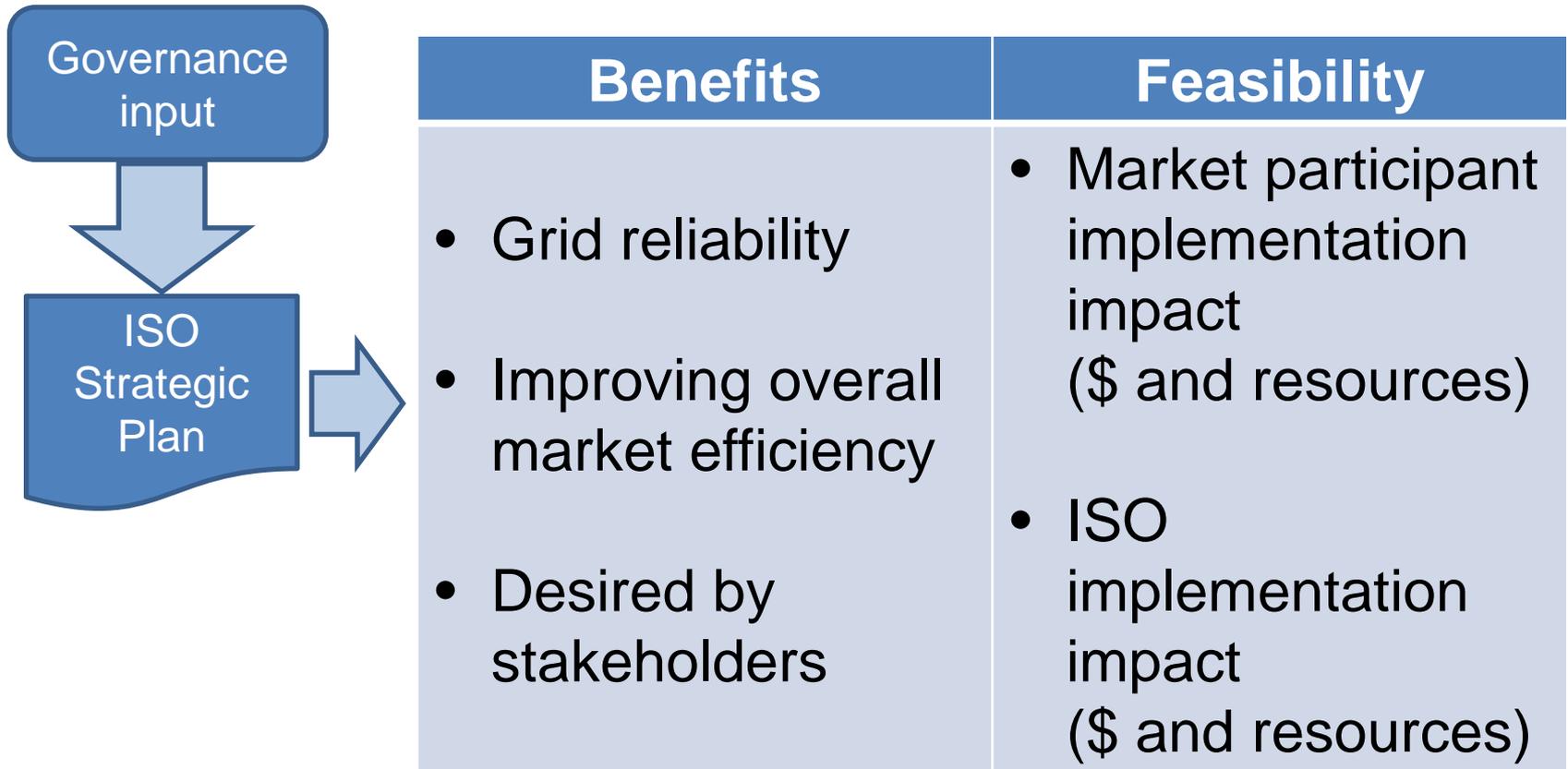 - EIM policy process
- Policy outlook

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ISO develops roadmap of planned policy development each year

- Roadmap includes planned policy initiatives and timeframes, including EIM policy initiatives
- ISO develops roadmap through stakeholder process conducted each fall
  - 49 potential initiatives listed in last year's policy initiative catalog
  - Resources for approximately 10 initiatives per year
- Roadmap briefing presented to Board of Governors at beginning of year
  - Also EIM Governing Body going forward
- ISO informs stakeholders of roadmap changes during the year through Market Performance and Planning Forum

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Policy roadmap process divides policy initiatives into various categories:

- In progress
- FERC-mandated
  - Policy changes ordered by FERC
- Non-discretionary
  - Used sparingly
  - Address significant reliability or market efficiency issues
- Discretionary
  - ISO and stakeholders rank
    - Benefits
    - Feasibility
  - Ranking determines priority

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ISO ranks discretionary initiatives using stakeholder input by weighing benefits and feasibility:

Governance input

ISO Strategic Plan

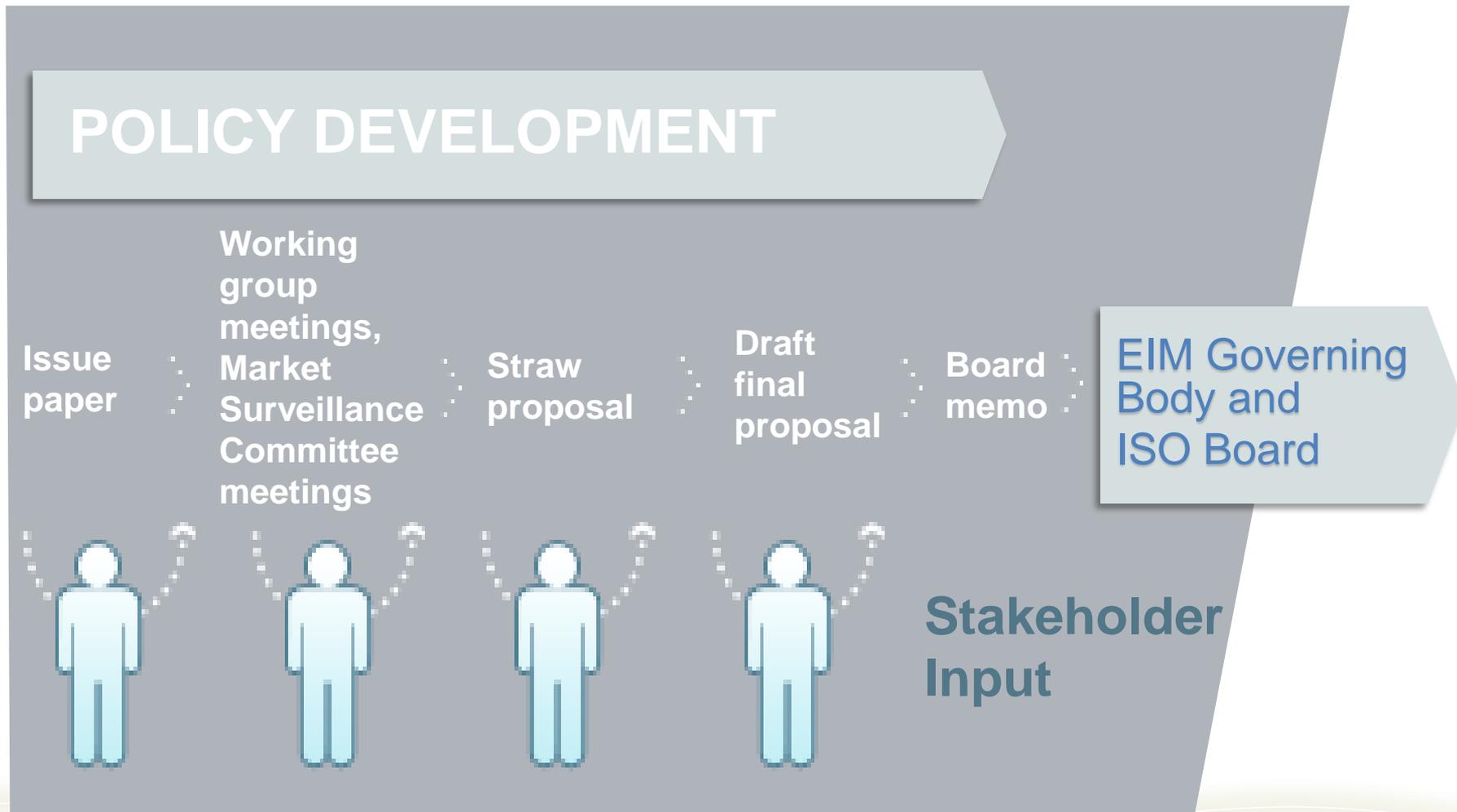| Benefits	Feasibility
• Grid reliability • Improving overall market efficiency • Desired by stakeholders	• Market participant implementation impact ($ and resources) • ISO implementation impact ($ and resources)

Stakeholder process for policy initiatives

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ISO stakeholder process provides nimble policy development with effective stakeholder interaction

- ISO's stakeholder process allows ISO to quickly evolve market and infrastructure policy

- ISO takes balanced view of all aspects of proposed policy
  - Stakeholder interests
  - Market and reliability impacts
  - Implementation costs and complexity

- Stakeholders note advantages over other ISOs' stakeholder committee stakeholder processes
  - Avoids contentious voting structures
  - Avoids biased or brokered policy decisions, ISO goal is best policy to achieve market efficiency and grid reliability

Stakeholders are extensively involved in ISO's policy development process

POLICY DEVELOPMENT

Issue paper

Working group meetings, Market Surveillance Committee meetings

Straw proposal

Draft final proposal

Board memo

EIM Governing Body and ISO Board

Stakeholder Input

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EIM policy process will leverage existing ISO stakeholder process

- ISO policy staff will identify policy initiatives as falling into one of the categories that determine Board of Governors and EIM Governing Body approval process
  - Primary authority
  - Advisory
  - Hybrid

- Guidance document will describe process
  - Stakeholder initiative to start early October
  - Will present at November EIM Governing Body meeting and December ISO Board of Governors meeting

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Policy outlook

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Initiative	EIM Related	Board of Governors Date
Energy Storage and Aggregated DER Phase 2	Yes, advisory	TBD
Commitment Cost and Default Energy Bid Enhancements	Yes, advisory	Q2 2017
Generator Contingency and RAS Modeling Enhancements	Yes, advisory	TBD
Stepped Constraint Parameters	Yes – hybrid	Q1 2017
Bid Cost Recovery Enhancements	Yes, advisory	Q1 2017
Self Schedule Bid Cost Recovery Allocation and Bid Floor	Yes, advisory (bid floor only)	October 2016
Metering Rules Enhancements	Yes, advisory	TBD
Contingency Modeling Enhancements	No	Q1 2017
Aliso Canyon Phase 2	No	TBD

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Initiative	EIM Related	Board of Governors Date
Regional Resource Adequacy	No	Q1 2017
Regional Transmission Access Charge Options	No	Q1 2017
Regional Integration California Greenhouse Gas Compliance	No	Q1 2017
Load Serving Entity Definition Refinement	No	October 2016
Load Serving Entity Definition Refinement	No	October 2016
Reliability services phase 2 (RSI)	No	October 2016
Flexible resource adequacy criteria and must offer obligation phase 2	No	TBD
Reactive Power Requirements for Asynchronous Generators	No	August 2016