

## **GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING January 24, 2019 ISO Headquarters Folsom, California**

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### **January 24, 2019**

The Energy Imbalance Market Governing Body convened the general session meeting at approximately 12:30 p.m. and the presence of a quorum was established.

### **ATTENDANCE**

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

Valerie Fong, Chair  
Carl Linvill, Vice Chair  
Travis Kavulla  
John Prescott  
Kristine Schmidt

The following members of the executive team were present: Steve Berberich, Keith Casey, Roger Collanton, Stacey Crowley, Petar Ristanovic, and Mark Rothleder

### **GENERAL SESSION**

The following agenda items were discussed in general session:

### **PUBLIC COMMENT**

There was no public comment.

### **DECISION ON GENERAL SESSION MINUTES**

Member Schmidt moved for approval of the EIM Governing Body general session minutes for the November 29, 2018 meeting. The motion was seconded by Member Kavulla and approved 5-0.

### **REGIONAL ISSUES FORUM UPDATE**

Matt Lecar, Principal – Pacific Gas & Electric Company, and Secretary – Regional Issues Forum, provided an update on behalf of the RIF. Mr. Lecar reported that the next RIF meeting is scheduled for March 11 in Albuquerque, New Mexico, adjacent to the March 12

EIM Governing Body meeting that will be held at the same venue. He stated that the agenda is under development and that the following topics are confirmed: (1) governance benchmarking comparison and (2) EIM best practices. Mr. Lecar noted that RIF hopes EIM best practices will be a recurring topic at future RIF meetings and that the March 11 meeting discussion on the topic will focus on energy transfer service requests.

## **BODY OF STATE REGULATORS UPDATE**

Kristine Raper, Commissioner – Idaho Public Utilities Commission, and Vice Chair – Body of State Regulators, provided an update on behalf of the BOSR. Commissioner Raper reported that the first quarter 2019 BOSR meeting was held on January 11. She stated that the following topics were discussed: (1) orientation for new BOSR members by Western Interstate Energy Board staff, (2) background on the current EIM governance structure including authority delegation by Jennifer Gardner and WIEB staff, and (3) discussion regarding potential BOSR comments on the EIM governance review. Commissioner Raper noted that BOSR ultimately submitted comments on the EIM governance review to the ISO, and she provided a brief summary of those comments. She concluded by reporting that the second quarter 2019 BOSR meeting will be held on April 17 in Salt Lake City, Utah, in conjunction with the CREPC/WIRAB meeting.

## **EIM GOVERNANCE REVIEW UPDATE**

Stacey Crowley, Vice President – Regional and Federal Affairs, provided an update regarding the stakeholder process for the EIM governance review. She stated that the ISO received 20 sets of written comments on its issue paper and straw proposal from a broad cross-section of stakeholders. Ms. Crowley next provided a high-level summary of the stakeholder comments, noting that the comments address (1) Management's proposed revisions to decisional classification rules and (2) Management's request for feedback on the broader EIM governance review. She reported that there was widespread support for making the proposed changes to decisional classification rules, which would expand the EIM Governing Body's primary authority to include changes to generally applicable real-time market rules when the primary driver for those changes is the EIM. Ms. Crowley reported that as to the broader EIM governance review, stakeholders suggested the review explore broader authority delegation, public entity participation, authority over a potential extended day-ahead market, timing for the review and the potential establishment of a governance review committee. She explained that because there is broad support for the proposed revisions to decisional classification rules, Management proposes to proceed with a draft final proposal with the intent to bring the proposal to the March 2019 EIM Governing Body and Board of Governors meetings for consideration and decision. Ms. Crowley added that Management has not yet developed a proposal as to the broader EIM governance review.

### Public comment

Jennifer Gardner provided comment on behalf of Western Resource Advocates, Western Grid Group, Natural Resources Defense Council, Renewable Northwest, and Northwest

Energy Coalition. Ms. Gardner stated that the timing feels ripe to address EIM governance since circumstances of the market have changed so dramatically. She suggested starting now by setting up a governance review committee. She concluded by providing a summary of her written comments.

David Rubin provided comment on behalf of NV Energy. Mr. Rubin stated that NV Energy supports approval of the incremental change to the decisional classification rules and the concept of setting up a committee to review governance more broadly. He added that NV Energy would support approval of an additional incremental change to authority delegation with respect to the EIM Governing Body's role over a potential extended day-ahead market.

Tony Braun provided comment on behalf of the California Municipal Utilities Association. Mr. Braun stated that stakeholder comments indicate there is widespread satisfaction with the job the EIM Governing Body is doing and there is widespread support for forming a governance review committee. He noted that governance issues may take some time to resolve and that it does not make sense to review those issues now with the possibility of an extended day-ahead market on the horizon.

Lea Fisher provided comment on behalf of Seattle City Light. Ms. Fisher stated that Seattle City Light believes public power's role is underrepresented in the EIM, and she suggested the governance review process explore enhancing the role of public power. She added that while Seattle City Light supports creating a governance review committee now, there are different ideas as to timing for the review itself and it is important not to ignore ongoing work on a potential extended day-ahead market.

Laura Trolese provided comment on behalf of Public Generating Pool. Ms. Trolese stated that PGP supports an EIM governance review occurring now. She added that PGP supports the proposed incremental change to decisional classification rules but are concerned it may not result in substantive change. She concluded by providing a summary of PGP's written comments.

Discussion ensued among EIM Governing Body members and stakeholders regarding stakeholder suggestions on the potential topics, plan, timing, and format for the EIM governance review. EIM Governing Body members indicated they encourage ISO staff to continue the process for the proposed incremental changes to decisional classification rules and to provide a recommendation regarding moving forward on the broader EIM governance review.

## **BRIEFING ON INTERTIE DEVIATION SETTLEMENT PROPOSAL AND DECISION ON ADVISORY ROLE**

Brad Cooper, Manager – Market Design Policy, provided an overview of Management's proposal to revise the intertie transaction non-delivery charge to provide increased assurance that market participants deliver imports and exports. Mr. Cooper stated that imports and exports are important to the ISO market and that non-delivery affects reliability

and pricing. He added that there is an existing non-delivery charge but it is ineffective. Mr. Cooper explained that the proposed revised charge would provide increased incentive to deliver intertie energy, which would yield more accurate results and increase reliability. He provided background information on intertie transactions and the impacts of undelivered intertie energy. He next described the ways in which the proposed revision strengthens incentives to deliver. Mr. Cooper concluded his presentation by summarizing stakeholder positions on the proposal and he noted that it is supported by most.

## Public comment

Carrie Bentley provided comment on behalf of the Western Power Trading Forum. Ms. Bentley stated that WPTF supports Management's proposal. She added that WPTF believes the Market Surveillance Committee's position on real-time market intertie prices applies not just to the interties but also to the real-time market. She stated that WPTF supports the ISO's commitment to conduct a root-cause analysis and asks that the analysis be as transparent and quick as possible.

## Department of Market Monitoring comment

Eric Hildebrandt, Executive Director – Department of Market Monitoring, stated that DMM supports Management's proposal. Dr. Hildebrandt provided a brief summary of DMM's written comments.

Discussion ensued and EIM Governing Body members indicated they support the ISO's commitment to conduct a root-cause analysis on broader real-time market pricing issues. Ultimately, EIM Governing Body members reached the consensus that they will provide written advisory input to the Board supporting Management's proposal.

## Motion

**Member Kavulla:**

***Moved, that the EIM Governing Body will provide written advisory input to the Board of Governors, as discussed at its January 24, 2019 general session meeting, supporting Management's intertie deviation settlement proposal.***

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

## **DEPARTMENT OF MARKET MONITORING UPDATE**

Dr. Hildebrandt provided an overview of western energy imbalance market performance in 2018. He reported that EIM prices in 2018 reflected regional supply conditions, transmission limits, and net loads. He next provided a summary of DMM's report on EIM power balance constraint relaxation and imbalance conformance limiter, dated January 18, 2019. He

concluded his presentation by summarizing DMM's conclusions and recommendations. He noted that DMM supports the new load conformance limiter but recommends EIM areas take action to mitigate potential priced impacts of the new approach. He added that changes to sufficiency tests should provide more transparency and help reduce failures.

## **INFORMATIONAL REPORTS**

There were no comments or questions on the following informational reports: EIM Governing Body budget report, EIM Governing Body policy calendar, and stakeholder initiative milestones.

## **FUTURE AGENDA ITEMS**

There were no items to discuss.

## **ADJOURNED**

There being no additional general session matters to discuss, the general session was adjourned at approximately 2:40 p.m.