

GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING July 12, 2018 ISO Headquarters Folsom, California

July 12, 2018

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, 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

Member Schmidt moved for approval of the EIM Governing Body general session minutes for the April 24 and June 21, 2018 meetings. The motion was seconded by Member Prescott and approved 4-0. Member Kavulla abstained.

REGIONAL ISSUES FORUM UPDATE

Matt Lecar, Vice Chair – Regional Issues Forum, provided an update on behalf of the RIF. Mr. Lecar reported that the RIF had an officer transition at its June 6, 2018 meeting. He explained that Therese Hampton is now Chair, he is now Vice Chair, and Suzanne Cooper

is now Secretary of the RIF. Mr. Lecar next summarized the content of the June 6 meeting held in Portland, Oregon, noting that presentations were provided by David Patton of Potomac Economics, who discussed approaches to market power mitigation, and Vicky VanZandt of the ISO New England Board of Directors, who discussed the ISO New England Board's stakeholder engagement process. He reported that Amber Motley of the California ISO presented on forecasting enhancements relative to variable energy resources, and that Idaho Power and Powerex representatives presented on their respective EIM implementations. Mr. Lecar stated that the next meeting of the RIF is scheduled for November 28, adjacent to the November 29 EIM Governing Body meeting in Phoenix, Arizona. He added that RIF liaisons are exploring the option of holding an additional RIF meeting in the interim, possibly adjacent to the ISO stakeholder symposium in Sacramento. He concluded his update by inviting stakeholders to contact their respective RIF sector liaison to provide feedback regarding a potential additional meeting, as well as potential topics.

BODY OF STATE REGULATORS UPDATE

Jordan White, Commissioner – Public Service Commission of Utah, and Chair – Body of State Regulators, provided an update on behalf of the BOSR. Commissioner White reported that the BOSR's third quarter webinar-based meeting has been re-scheduled from July 19 to August 3 at 2:00 p.m. Mountain Time. He explained that the agenda includes a discussion regarding extension of the ISO day ahead market to EIM participants for which Sarah Edmonds will provide a high-level overview of key issues important to EIM participants including transmission, governance, and resource sufficiency. He next reported that the BOSR's fourth quarter in-person meeting will be held on October 24 in Mesa, Arizona, coinciding with the fall CREPC/WIRAB meetings. He added that the agenda for that meeting is under development. Finally, Commissioner White reported that the Western Interstate Energy Board will be holding its second western electricity market forum on September 20-21, details for which are under development.

DECISION ON EIM GREENHOUSE GAS ATTRIBUTION ENHANCEMENTS

Don Tretheway, Senior Advisor – Market Design Policy, provided the EIM Governing Body an overview of Management's EIM greenhouse gas attribution enhancements proposal. Mr. Tretheway explained that the current EIM greenhouse gas design recognizes only certain generation is subject to the California Air Resources Board regulations. He added that the key to the current design is that generation inside the ISO has a compliance obligation, and that generation outside the ISO has a compliance obligation only when serving ISO load. Mr. Tretheway explained that the current design may not account for the full atmospheric effects of serving ISO load. He next provided a summary of the proposed enhancements, which reduce the magnitude of secondary dispatch by reducing the potential attribution quantity to base schedules. He explained that secondary dispatch may or may not cause under-accounting of full atmospheric effects, but that the ISO does not have the ability to account for these emissions in its market optimization. Mr. Tretheway stated that the CARB is exploring ways to account for these emissions through regulations, and the ISO

will continue to work with CARB to provide any information they may need from the ISO. Mr. Tretheway summarized some stakeholder concerns with the enhancements, noting that stakeholders generally support the proposed enhancements, which improve the greenhouse gas attribution and which do not have price inconsistency or energy bidding behavior issues of previous proposals.

Public comment

Greg Fisher, Senior Counsel – Corporate, acknowledged receipt of a public comment letter from Public Generating Pool.

Body of State Regulators

Commissioner White, on behalf of the BOSR, provided comments in support of the proposed enhancements. He explained that, in analyzing the various proposals, the BOSR's primary concern was the potential for interference with the most efficient economic dispatch of resources. He stated that BOSR encourages the ISO to monitor the proposal's impact to ensure that the market remains robust and unbiased.

Department of Market Monitoring

Eric Hildebrandt, Executive Director – Department of Market Monitoring, provided comments in support of the proposed enhancements. He noted that DMM worked with the ISO as it developed the proposed enhancements over the past two years and that DMM believes the proposal to be reasonable.

There was no further public comment.

Discussion ensued and Mark Rothleder, Vice President – Market Quality and Renewable Integration, reinforced Management's commitment to monitoring for potential issues. Mr. Rothleder suggested Management report to the EIM Governing Body six months after the enhancements are implemented, and Governing Body members appreciated Management's commitment, with Member Prescott adding that he would like to hear about any post-implementation issues from EIM participants as well.

Motion

Chair Fong:

Moved, that the EIM Governing Body approves the proposal for tariff clarifications enhancing the EIM greenhouse gas attribution, as described in the memorandum dated July 5, 2018, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Federal Energy Regulatory Commission guidance in any initial ruling on the proposed tariff amendment.

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

BRIEFING ON DISPATCH OPERATING TARGET TARIFF CLARIFICATIONS

Mr. Tretheway provided an overview of dispatch operating target tariff clarifications, which provide additional clarity in the ISO tariff. He explained that, consistent with FERC Order No. 764 policy, Management will add a rule that explicitly allows eligible intermittent resources to generate as capable unless told otherwise. He added that all other resources must continue to follow their dispatch operating target pursuant to the tariff. Mr. Tretheway explained that the rule already exists in the business practice manual, and that Management is now codifying the rule in the tariff for clarity. He further explained that the tariff clarifications provided consistency with NERC standards in the use of dispatch instruction and operating instruction and provide a clearer distinction between the two.

BRIEFING ON WESTERN ENERGY IMBALANCE MARKET AND BENEFITS

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an update on the performance of the western energy imbalance market. Mr. Rothleder noted that the update was scheduled for the April 24 EIM Governing Body meeting but had to be deferred. He reported that Idaho Power and Powerex had successful starts on April 4, and that Sacramento Municipal Utility District/Balancing Authority of Northern California's implementation is on schedule for spring 2019. He next provided an overview of the Quarter 1 2018 energy imbalance market benefits report, stating that Quarter 1 gross economic benefits totaled about \$42.08 million. He reported that gross economic benefits since the start of EIM now total about \$330.52 million. Mr. Rothleder next reported on flexible ramping diversity savings, weekly average prices in EIM areas, and estimated wheel through transfers for Quarter 1. He concluded by reporting that robust energy transfers were observed in Quarter 1.

DEPARTMENT OF MARKET MONITORING BRIEFING

Eric Hildebrandt, Executive Director – Department of Market Monitoring, provided an update on western energy imbalance market issues and performance, as observed by DMM. He summarized average EIM transfers with Idaho Power and Powerex. He next provided an overview of some areas for improvement of mitigation suggested by Powerex. Mr. Hildebrandt concluded his presentation by providing recommendations from DMM on EIM-related issues.

Discussion ensued and Keith Casey, Vice President – Market and Infrastructure Development, noted that the ISO has an ongoing stakeholder process on EIM offer rules, which includes review of the fourth default energy bid issue, and will hold a workshop on July 19 to discuss with stakeholders potential solutions. Mr. Casey added that Management is targeting potentially the end of Quarter 1 2019 to bring the initiative to a close.

INFORMATIONAL REPORTS

There were no comments or questions on the following informational reports: EIM Governing Body policy calendar, 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 2:15 p.m.