

## **GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING July 13, 2017 Offices of the ISO Folsom, California**

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### **July 13, 2017**

The western Energy Imbalance Market Governing Body convened the general session meeting at approximately 1:05 p.m. and the presence of a quorum was established.

### **ATTENDANCE**

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

Douglas Howe, Chair  
Valerie Fong, Vice Chair  
Carl Linvill  
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 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 19, 2017 meeting. The motion was seconded by Chair Howe and approved 5-0.

### **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 the make-up of the BOSR membership and recent BOSR activities. Commissioner Rendahl reported that the BOSR received recommendations from its Staff Advisory Committee on ISO Management’s energy storage and distributed energy resources

phase 2 and Aliso Canyon gas-electric coordination phase 3 proposals. She reported that the BOSR supports these proposals and is supportive of Management's proposed amendments to the Charter for Energy Imbalance Market Governance. Commissioner Rendahl noted that Commissioner Kristine Raper, Idaho Public Utilities Commission, abstained from the BOSR's vote on whether to support the energy storage and distributed energy resources phase 2 proposal.

## **BRIEFING ON REGIONAL ISSUES FORUM RE-EVALUATION PROPOSAL**

Tony Braun, Chair – Regional Issues Forum, provided a brief overview of the RIF's re-evaluation process and its final proposal. Mr. Braun explained that the foundational energy imbalance market governance documents required that the RIF undergo re-evaluation as to its efficacy and role after a specified period of time. Mr. Braun next summarized the re-evaluation process that was undertaken by the RIF, which culminated in the production of the RIF's final proposal. He summarized the RIF's final proposal, noting that certain recommended changes, such as the number of meetings the RIF may hold per year, require corresponding amendments to the Charter for Energy Imbalance Market Governance. Mr. Braun reported that the RIF supports Management's proposed amendments to the Charter and recommends approval by the EIM Governing Body.

Mr. Braun next provided a general update on upcoming RIF activities, including organizational changes and preparations for its next meeting, which will be held on September 7, 2017, in Seattle, Washington. Brief discussion followed.

## **DECISION ON PROPOSED AMENDMENTS TO CHARTER FOR ENERGY IMBALANCE MARKET GOVERNANCE**

Burt Gross, Deputy General Counsel – Legal, provided an overview of the provisions in the Charter for Energy Imbalance Market Governance relating to the Regional Issues Forum. Mr. Gross next provided an overview of Management's proposed revisions, which are intended to accommodate the RIF's final proposal. Mr. Gross explained that the revisions propose to 1) remove the annual three-meeting limit, giving discretion to RIF liaisons on meeting frequency, 2) add clarifying language regarding discussion of topics at issue in an ongoing ISO stakeholder process, and 3) remove the provision requiring RIF re-evaluation. Mr. Gross concluded his presentation by requesting that the EIM Governing Body advise the ISO Board of Governors to approve the proposed revisions on the Board's consent agenda. Discussion ensued regarding RIF discussions and the ISO stakeholder process.

### Public comment

Mr. Braun provided comments on behalf of the Regional Issues Forum supporting the proposed revisions. He clarified that it is not the RIF's intent to duplicate the ISO stakeholder process.

**Motion****Member Howe:**

***Moved, that the EIM Governing Body advises the Board of Governors to approve on its consent agenda the proposed amendments to the Charter for Energy Imbalance Market Governance, attached to the memorandum dated July 6, 2017.***

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

**ALISO CANYON GAS-ELECTRIC COORDINATION PHASE 3**

Greg Cook, Director – Market and Infrastructure Policy, provided an overview of Management’s proposal to make some Aliso Canyon mitigation measures permanent and extend other temporary measures. Mr. Cook explained that there are continued operational risks associated with the continued limited availability of the Aliso Canyon natural gas storage facility. He described the elements of the proposal that will address continued risks by extending the November 2017 sunset date on temporary mitigation measures until long-term changes contemplated in the Commitment Cost and Default Energy Bid Enhancements initiative are implemented. He next described the elements of the proposal that will extend the use of the maximum gas burn constraint throughout the ISO and EIM, making it a permanent operational tool. He stated that the tool has been useful for managing gas restrictions, and the ISO recognizes that areas outside of southern California and within the EIM may experience gas restrictions as well.

Mr. Cook noted that the element of the proposal that proposes to extend use of the maximum gas burn constraint to the EIM falls within the EIM Governing Body’s primary authority, while the remainder of the proposal falls within its advisory role, since those proposed changes are generally applicable to the real-time market. He concluded his presentation by providing an overview of stakeholder comments and benefits of the proposal. Discussion ensued regarding comments provided by the Department of Market Monitoring, the Business Practice Manual process, the timing of authorization and implementation of a natural gas burn constraint, and protections against market abuse.

Eric Hildebrandt, Director – Market Monitoring, provided comments in support of the concept of the natural gas burn constraint. He provided comments and concerns regarding the setting of relaxation parameters and Market Monitoring’s recommendations to mitigate those concerns that the resource sufficiency test consider the gas burn constraint, and that the process to deem paths uncompetitive be automated.

Discussion followed and Keith Casey, Vice President – Market and Infrastructure Development, reiterated that there is broad support for the proposed maximum gas burn constraint tool among stakeholders. He explained that the ISO does not believe the natural gas burn constraint should be incorporated into the resource sufficiency test at this time but will re-evaluate should circumstances change. He clarified that Market Monitoring’s

comments generally relate to details that will be addressed in the implementation phase and that imposing an additional constraint will be a well-vetted process.

## Briefing on extending mitigation measures and decision on advisory role

### Motion

**Member Schmidt:**

***Moved, that the EIM Governing Body will provide verbal advisory input to the Board of Governors, as discussed at its July 13, 2017 general session meeting, supporting Management's Aliso Canyon gas-electric coordination phase 3 proposal to extend existing temporary market measures.***

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

## Decision on energy imbalance market maximum natural gas burn constraint

### Motion

**Member Prescott:**

***Moved, that the EIM Governing Body approves the proposal to extend the use of the maximum natural gas burn constraint to the energy imbalance market; and***

***Moved, subject to Board of Governors' consent, that Management is authorized to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.***

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

## **ENERGY STORAGE AND DISTRIBUTED ENERGY RESOURCES PHASE 2**

Jill Powers, Infrastructure and Regulatory Policy Manager, provided an overview of Management's energy storage and distributed energy resources phase 2 proposal, including the elements of the proposal within the EIM Governing Body's advisory role and the element of the proposal within its primary authority. Ms. Powers described how the proposal introduces new demand response customer load baseline methodologies and clarifies station power treatment for storage resources. She next described the Net Benefits Test calculation and the need to remove tariff language that lists specific gas indices so that the calculation will accurately reflect the expanded real-time market. Ms. Powers concluded her presentation by noting that stakeholders supported, or did not comment on, incorporating regional gas price indices. Discussion ensued regarding the change of the decisional

classification of the energy storage and distributed energy resources phase 2 final proposal from advisory to primary and the proposal's benefits.

## Briefing on advisory elements and decision on advisory role

### Motion

Member Linvill:

***Moved, that the EIM Governing Body will provide verbal advisory input to the Board of Governors, as discussed at its July 13, 2017 general session meeting, supporting Management's energy storage and distributed energy resources phase 2 proposal 1) introducing new demand response performance evaluation methods; and 2) clarifying station power treatment for storage resources.***

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

## Decision on Net Benefits Test inclusion of additional gas price indices

### Motion

Member Fong:

***Moved, that the EIM Governing Body approves the proposal to include additional gas price indices to be used in calculating the price threshold estimate for the net benefits test; and***

***Moved, subject to Board of Governors' consent, that Management is authorized to make all necessary and appropriate filings with the Federal Regulatory Commission to implement the proposed tariff change.***

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

## **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 planned meeting dates for EIM Governing Body and ISO Board of Governors decision. Brief discussion followed.

## **BRIEFING ON EIM GREENHOUSE GAS ATTRIBUTION ENHANCEMENTS**

Don Tretheway, Senior Advisor – Market Design Policy, provided an informational update on the EIM GHG attribution enhancements proposal. Mr. Tretheway described the current EIM greenhouse gas design, which recognizes that only certain generation is subject to California Air Resources Board regulations, and he described some observations of current EIM dispatch optimization. He stated that the ISO is working with ARB to address concerns with whether the current GHG attribution sufficiently captures the atmospheric effects of EIM least cost dispatch to serve ISO load. Mr. Tretheway described how the GHG enhancement is to perform a two-step process to more accurately determine GHG attribution for EIM transfers to serve ISO load. He concluded his presentation by providing the timeline and next steps for the GHG enhancement initiative. Discussion ensued regarding impacts of the two-pass solution on emitting resources participating in the EIM but external to the ISO, ARB's feedback to the ISO on the two-pass solution, and ARB reporting obligations for EIM resources external to the ISO.

## **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 Powerex and Los Angeles Department of Water and Power. He indicated that CENACE, Baja California, Mexico and Northwestern Energy have stated publicly they are exploring future entry. He next provided an overview of the Quarter 1 2017 energy imbalance market benefits report, stating that Quarter 1 benefits totaled about \$31.10 million. He reported that gross benefits since the start of EIM now total about \$173.72 million. Mr. Rothleder next reported on the continued observance of reduced renewable curtailment. He concluded his presentation by providing updates regarding flexible ramping procurement diversity savings and daily average prices in EIM areas for Quarter 1, and energy transfer capability in Quarter 2.

## **DEPARTMENT OF MARKET MONITORING UPDATE**

Eric Hildebrandt, Director – Market Monitoring, provided an update regarding energy imbalance market performance. Mr. Hildebrandt stated that Market Monitoring continues to actively support market-based rates for EIM participants. He reported that growth in EIM transfer capacity has significantly increased market competitiveness, and that improvements to automated real-time bid mitigation procedures have been successfully implemented. Brief discussion followed regarding data flow and rate-of-change constraints.

## **BRIEFING ON WESTERN ENERGY IMBALANCE MARKET WEBSITE OVERVIEW**

Peter Colussy, External Affairs Manager – Regional, provided an overview of the new, separate website for the western energy imbalance market. Mr. Colussy provided a live demonstration of the site's webpages and features. He concluded his presentation by requesting feedback and suggestions from the EIM Governing Body and stakeholders for



the purpose of continued improvement. Brief discussion followed regarding market notifications and the website's calendar feature.

## **BRIEFING ON 2018 ISO GRID MANAGEMENT CHARGE UPDATE**

April Gordon, Director – Financial Planning and Procurement, provided an overview of the 2016 cost of service study results and the 2018 grid management charge update. Ms. Gordon described the cost of service study, including the business processes and hours used in the study. She next described how the grid management charge percentages are changing as a result of the study. She reported on the impacts of the changes to the grid management charge rates, as well as the impacts to the EIM fee, which uses real-time portions of the grid management charge. Ms. Gordon concluded her presentation by describing the timeline and next steps for the 2018 update.

## **BRIEFING ON ISO PREPARATIONS FOR SOLAR ECLIPSE**

Deane Lyon, Shift Manager, provided an overview of the ISO's preparations for the solar eclipse that will occur on August 21, 2017. Mr. Lyon provided an overview of how the solar eclipse will affect the west, including the expected effect to EIM entities. He next provided an overview of preparations by the ISO's short-term forecasting, operations, and customer service teams, including their collaboration with EIM entities. Discussion ensued regarding the opportunity for data analysis on behind-the-meter solar.

## **INFORMATIONAL REPORT**

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

## **FUTURE AGENDA ITEMS**

The following potential future agenda item was discussed: Implementation update regarding the Aliso Canyon gas-electric coordination proposal.

## **ADJOURNED**

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:30 p.m.