

## **GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING March 12, 2019 Hyatt Regency Albuquerque Albuquerque, New Mexico**

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### **March 12, 2019**

The Energy Imbalance Market Governing Body convened the general session meeting at approximately 9:05 a.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 was no public comment.

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

Member Prescott moved for approval of the EIM Governing Body general session minutes for the January 24, 2019 meeting. The motion was seconded by Member Schmidt and approved 5-0.

### **REGIONAL ISSUES FORUM UPDATE**

Therese Hampton, Executive Director – Public Generating Pool, and Chair – Regional Issues Forum, provided an update on behalf of the RIF. Ms. Hampton provided a summary of the topics discussed at the RIF's March 11 meeting, which included: a presentation from

Public Service Company of New Mexico on its decision to participate in the EIM, a discussion on EIM best practices relative to energy transfer system resources, and a discussion on governance structures of other ISO/RTOs. She then provided an update on the RIF's June 18 meeting, which will focus on new carbon policies in the west.

## **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 next meeting will be held on April 17 in Salt Lake City, adjacent to the CREPC/WIRAB spring meeting. He next reported that the BOSR, together with the Western Interstate Energy Board, organized a training for regulators on market fundamentals, which will be held at the ISO headquarters in Folsom, California on March 21-22, 2019.

## **EIM NOMINATING COMMITTEE PROCESS UPDATE**

Peter Colussy, Manager – Regional Affairs, provided an update regarding the status of the EIM Nominating Committee's most recent selection process. Mr. Colussy provided background information on the Committee and the selection process. He explained that the Committee convened, conducted in-person interviews, and reached the consensus that they will nominate Chair Fong and Member Prescott, whose terms are scheduled to end on June 30, 2019, each for re-appointment to a three-year term. He concluded by noting that the decision on the EIM Governing Body slate is currently planned for the April 24 EIM Governing Body meeting.

## **BRIEFING ON POLICY OUTLOOK**

Brad Cooper, Senior Manager – Market Design Policy, provided an update regarding the status of ongoing and upcoming policy initiatives, including their decisional classification, and an update on the 2019 annual policy development plan. Discussion ensued regarding the updates to the policy catalog, which Mr. Cooper explained is updated twice a year. He explained that the catalog is a listing of potential initiatives, and that ISO staff will work with stakeholders in the August to September timeframe to determine which initiatives from the catalog will be included in the annual plan for 2020.

## **DECISIONS ON LOCAL MARKET POWER MITIGATION ENHANCEMENTS PROPOSAL**

Greg Cook, Executive Director – Market and Infrastructure Policy, provided an overview of Management's proposed enhancements to the local market power mitigation provisions. Mr. Cook described the provisions that fall within the EIM Governing Body's advisory role, namely the new default energy bid option for hydro resources, an enhancement to market power mitigation provisions, a modification to processes for reference level adjustments, and an update to gas price indices used for mitigation. He next described the optional feature to

limit the EIM from dispatching additional energy from resources in balancing authority areas outside of the ISO in the event of bid mitigation, which falls within the EIM Governing Body's primary approval authority. Mr. Cook reported that stakeholders generally support the proposal and he described some concerns expressed by the Department of Market Monitoring and the Market Surveillance Committee. He concluded by stating that Management commits to monitor the effectiveness of the proposal to ensure it meets the objectives of attracting more resources while providing effective market power mitigation.

## Public comment

Greg Fisher, Senior Counsel – Corporate, acknowledged receipt of public comment letters from Chelan Public Utilities District and Powerex.

David Rubin provided comment on behalf of NV Energy. Mr. Rubin stated that NV Energy challenges the notion that EIM transmission is voluntary. He expressed NV Energy's concerns with the flow reversal proposal and he suggested the default energy bid should be compensatory or identify those situations where it should not be applied.

Laura Trolese provided comment on behalf of Public Generating Pool. Ms. Trolese stated that PGP supports the proposal in its entirety and would urge adoption with no modifications. She added that PGP believes the proposal strikes the right balance between balancing the need for market power and protecting the dispatch efficiency of northwest hydro resources.

Lea Fisher provided comment on behalf of Seattle City Light strongly supporting the proposal. Ms. Fisher stated that SCL believes the proposal was carefully crafted and strikes a reasonable balance to accomplish the goal of making the EIM more desirable for northwest hydro resources to participate. Finally, she added that SCL agrees with the MSC's suggestion that there be monitoring going forward.

Jeff Spires provided comment on behalf of Powerex in support of the proposal. Mr. Spires noted that the proposal in its totality represents an appropriate balance between protecting against market power and minimizing the risk that hydro operators will be faced with their supply being depleted in the wrong hours, which ultimately will lead to more EIM participation.

Lauren Tenney Denison provided comment on behalf of the Public Power Council in support of the proposal. Ms. Tenney Denison added that the components of the proposal all work together to make it successful.

Tuuli Hakala provided comment on behalf of Chelan Public Utilities District in support of the proposal. Ms. Hakala summarized the comments Chelan PUD submitted via public comment letter and she commended the ISO stakeholder process.

Suzanne Cooper provided comment on behalf of Bonneville Power Administration in support of the proposal. She noted that BPA appreciates the collaborative way in which the proposal was developed and believes the proposal strikes the appropriate balance.

Mike Polito provided comment on behalf of Idaho Power in support of the proposal. Mr. Polito provided a brief summary of Idaho Power's previously submitted written comments and he added that the proposal is a step in the right direction.

## Department of Market Monitoring comment

Eric Hildebrandt, Executive Director – Department of Market Monitoring, provided comment on behalf of the DMM in support of the proposal. Dr. Hildebrandt stated DMM believes the proposal should effectively address the concerns that have been raised by current and potential market participants about mitigation of hydro units. He provided a summary of DMM's comments and its noted areas of concern. He concluded by adding that some aspects of the proposal may warrant further monitoring and modification.

Discussion ensued regarding the proposal and the voluntary nature of transmission in the EIM. EIM Governing Body members expressed support for the proposal and Member Prescott expressed support for monitoring for effectiveness after implementation.

## Motion

### **Member Prescott:**

***Moved, that the EIM Governing Body approves an optional feature to limit the EIM from dispatching additional energy from resources in balancing authority areas outside of the ISO in the event of bid mitigation, as described in the memorandum dated March 5, 2019.***

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

## Motion on advisory role

### **Member Linvill:**

***Moved, that the EIM Governing Body will provide written advisory input to the ISO Board of Governors, as discussed at its March 12, 2019 general session meeting, supporting Management's proposal for local market power mitigation enhancements.***

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

## BRIEFING ON PROPOSED REVISIONS TO DECISIONAL CLASSIFICATION RULES AND DECISION ON ADVISORY ROLE

Greg Fisher, Senior Counsel – Corporate, provided an overview regarding Management’s proposed revisions to decisional classification rules. Mr. Fisher explained that Management proposes to incrementally expand the primary authority of the EIM Governing Body to include proposed changes to generally applicable real-time market rules if the primary driver for the change is EIM. He noted that there is broad stakeholder support for the proposal and he added that the proposal is subject to review by the EIM Governing Body for any advisory input it may wish to provide to the ISO Board of Governors.

### Public comment

Eric Eisenmann provided comment on behalf of Pacific Gas & Electric. Mr. Eisenmann explained that while PG&E does not object to the proposal it does consider the real-time market to be important. He explained that there could come a time when PG&E requests that a proposal that falls under the EIM Governing Body’s primary authority be removed from the Board’s consent agenda and reviewed on the merits.

Beverly Breretom provided comment on behalf of Southern California Edison. Ms. Breretom explained that SCE shares similar opinions as PG&E and would prefer that decisions made with respect to the real-time market generally remain under the authority of the Board.

Discussion ensued and EIM Governing Body members reached consensus to provide written advisory input to the Board supporting Management’s proposal.

### Motion

Chair Fong:

***Moved, that the EIM Governing Body will provide written advisory input to the ISO Board of Governors, supporting the proposed revisions to the Charter and the Guidance Document, as attached to the memorandum dated March 5, 2019, and as discussed at its March 12, 2019 general session meeting.***

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

## BRIEFING ON EIM GOVERNANCE REVIEW NEXT STEPS

Stacey Crowley, Vice President – Regional and Federal Affairs, provided an overview of proposed next steps for the EIM governance review. Ms. Crowley explained that based on discussions with the Board and EIM Governing Body, as well as stakeholder feedback, Management plans to propose the development of an EIM governance review committee that would be modeled after the EIM Transitional Committee. She provided a proposed

preliminary timeline for the establishment of the EIM governance review committee. Ms. Crowley explained that the EIM GRC would focus on issues of EIM governance and could potentially encompass two tracks, the first of which would be potential enhancements to the existing EIM governance framework in light of accumulated experience. She explained that the second potential track would be determined once decisions were made on the feasibility of moving forward with an extended day-ahead market. She added that Management envisions close collaboration between the EIM Governing Body and the Board on this process.

## Public comment

Laura Trolese provided comment on behalf of Public Generating Pool. Ms. Trolese stated that PGP is interested in following the development of the EIM governance review committee and would like to ensure that every sector is represented on the committee.

Discussion ensued and various EIM Governing Body members indicated that a well-populated EIM governance review committee is important and it will be critical to have sector representation and wide participation within sectors throughout the process.

## **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 reported that NorthWest Energy signed an implementation agreement with planned entry in 2021. He noted that Sacramento Municipal Utility District/Balancing Authority of Northern California are now in parallel operations with an expected implementation date of April 4. He reported that work continues with Bonneville Power Administration's stakeholder process considering EIM implementation. Mr. Rothleder next provided an overview of the Quarter 4 2018 energy imbalance market benefits report, stating that gross economic benefits for Quarter 4 total about \$62.57 million. Mr. Rothleder next reported on flexible ramping diversity savings, weekly average prices in EIM areas, estimated wheel through transfers, and energy transfers for Quarter 4.

Mr. Rothleder explained that the question was posed whether there are any concerns about degradation of EIM benefits during the time when presumably the ISO would be implementing 15-minute granularity in the day-ahead market but prior to the prospect of extending the day-ahead market to the EIM, which could be a one- to two-year period of time. He explained that the EIM is about allowing for balancing areas to intra-hour find more economic and efficient solutions to meet their demand and he provided an overview of the EIM and its economic benefits. He concluded by summarizing that 15-minute granularity itself does not change EIM benefit opportunity from economic displacement and transfers. He added that it improves commitment and intra-hour ramp and thus increases ability to pass sufficiency tests, which increases the opportunity for transfers and EIM benefits. Finally, he noted that 15-minute granularity creates new opportunity for imports and exports that may shift but does not fundamentally undermine real-time supply and demand curves



and benefits. Discussion ensued regarding the fundamental value of the EIM and potential impacts to EIM benefits of 15-minute scheduling granularity.

## **INFORMATIONAL REPORTS**

There were no comments or questions on the following informational reports: 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 11:55 a.m.