

GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING March 8, 2018 The Westin Bonaventure Hotel Los Angeles, California

March 8, 2018

The Energy Imbalance Market Governing Body convened the general session meeting at approximately 1:00 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 January 23-24, 2018 meeting. The motion was seconded by Vice Chair Fong and approved 5-0.

REGIONAL ISSUES FORUM UPDATE

Therese Hampton, Vice Chair – Regional Issues Forum, reported that the RIF will meet on March 9, 2018 at The Westin Bonaventure Hotel in Los Angeles, California. Ms. Hampton

next provided an overview of the agenda. Ms. Hampton stated that the next RIF meeting will be held on June 6, 2018 in Portland, Oregon. Ms. Hampton next reported that the EIM Governing Body requested assistance from RIF and the Body of State Regulators in clarifying guidance regarding policy decisional classification. She requested Chair Howe provide a brief explanation.

Chair Howe explained that the ISO's *Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body* ("guidance document") provides guidance to ISO Management on decisional classification of policy initiatives. He reported that there have been instances where the language is vague and, as such, RIF and BOSR members were asked to participate in a process intended to clarify interpretation of the guidance document as to decisional classification. Chair Howe added that any process that takes place will be open and transparent.

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 Staff Advisory Committee is evaluating the ISO's most recent EIM greenhouse gas enhancements proposal. He reported that the next in-person meeting of the BOSR will be held on April 18, 2018 in Vancouver, British Columbia, adjacent to the CREPC/WIRAB meeting. Commissioner White added that BOSR members intend to engage in the process for clarifying guidance document language on decisional classification as well.

BRIEFING ON WESTERN ENERGY IMBALANCE MARKET READINESS

ISO update

Petar Ristanovic, Vice President – Technology, provided an update on behalf of the ISO regarding the implementation readiness of Idaho Power Company and Powerex. Mr. Ristanovic reported that both entities are on schedule for April 4, 2018 activation. He provided an overview of key accomplishments in the implementation period, including starting parallel operations on February 1, 2018, and signing the FERC-required EIM readiness certification on March 2, 2018. He next provided an overview of final implementation activities. Mr. Ristanovic, on behalf of the ISO, thanked Idaho Power and Powerex for their excellent leadership and execution.

Idaho Power update

Kathy Anderson, Transmission Energy Scheduling Manager / EIM Project Implementation Lead for Idaho Power Company, provided an implementation readiness update on behalf of Idaho Power. Ms. Anderson first provided an overview of Idaho Power, noting that the company recently celebrated its 100-year anniversary. She next provided an overview of

Idaho Power's EIM project timeline. Ms. Anderson reported that Idaho Power intends to dispatch all of its dispatchable resources to participate in the EIM, which includes hydro, coal, and natural gas generation. She provided EIM project statistics on staffing, technology, and metering, and provided an overview of challenges faced in the implementation period. Ms. Anderson concluded her presentation by reviewing Idaho Power's key accomplishments in the implementation period, including implementation of technology changes, completion of market simulation and functional testing, and FERC approval of market-based rate authorization and their new tariff. Brief discussion followed.

Powerex update

Mike MacDougall, Director – Trade Policy for Powerex, provided an implementation readiness update on behalf of Powerex. Mr. MacDougall reported on key features of Powerex's EIM participation, including its status as the first international entity to join EIM. He explained that Powerex will participate under a Canadian EIM entity agreement and that it is supported by resources and load located in Canada. He added that the EIM area will not extend into Canada and Powerex will transact at the British Columbia-United States border using aggregated resources and load. Mr. MacDougall provided an overview of key milestones reached during the implementation period, including FERC approvals and readiness certification. He explained that EIM readiness required substantial coordination with BC Hydro and the ISO, and with Bonneville Power Administration and Puget Sound Energy on transmission.

Mike Goodenough, Spot Trading and Optimization Director for Powerex, provided an overview of Powerex's concerns with the ISO's existing default energy bid tariff options. Mr. Goodenough reported that Powerex has a near-term solution available, which is to voluntarily provide transmission only on the path from the ISO to BC in higher risk hours. He reported that Powerex looks forward to working with the ISO on potential longer-term solutions. Discussion followed regarding default energy bids and Powerex's application to FERC for market-based rate authority.

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 provided an overview of the Quarter 4 2017 energy imbalance market benefits report, stating that Quarter 4 gross economic benefits totaled about \$33.46 million. He reported that gross economic benefits since the start of EIM now total about \$288.44 million. Mr. Rothleder next reported on flexible ramping diversity savings, weekly average prices in EIM areas, and estimated wheel through transfers for Quarter 4. He reported that robust energy transfers were observed in Quarter 4. Discussion followed regarding trends in wheel through transfers.

**BRIEFING ON COMMITMENT COSTS AND DEFAULT ENERGY BID ENHANCEMENTS
AND DECISION ON ADVISORY ROLE**

Brad Cooper, Manager – Market Design Policy, provided the EIM Governing Body an overview of Management’s commitment costs and default energy bid enhancements proposal. Mr. Cooper explained that all elements of the proposal are generally applicable to the real-time market and thus are within the EIM Governing Body’s advisory role. He added that there were no stakeholder objections to this decisional classification in response to the revised draft final proposal. Mr. Cooper first provided an overview of how supply offers work currently in ISO markets to provide context for the proposed changes. He explained the ways in which the current commitment cost bidding design prevents suppliers from accurately reflecting commitment costs. Mr. Cooper next described how Management’s proposal enhances suppliers’ ability to accurately reflect commitment costs by replacing the static commitment cost cap with a commitment cost local market power mitigation test, providing for suppliers to request adjustment to reference levels before the market runs, providing for after-the-fact recovery of costs that could not be verified before the market runs, and changing the minimum load bids from daily to hourly. He provided illustrative depictions of the enhancements. Mr. Cooper described how the proposal complies with FERC Order No. 831. He noted that, while the Department of Market Monitoring and California IOUs do not support certain aspects of the proposal because they believe it could potentially result in increased costs, the Market Surveillance Committee, EIM participants, generators, and the Environmental Defense Fund strongly support the proposal or maintain that it still does not offer enough bidding flexibility. Mr. Cooper concluded his presentation by summarizing the benefits of the proposal.

Public comment

Roger Collanton, Vice President, General Counsel and Chief Compliance Officer, acknowledged receipt of public comment letters from NV Energy, Powerex, and Environmental Defense Fund.

Dan Williams, on behalf of Portland General Electric, provided comments in support of Management’s proposal, stating that the enhancements are an incremental improvement on where we are today. He noted that the proposal was developed through an excellent stakeholder process that allowed stakeholders to clarify their concerns at the onset.

Department of Market Monitoring

Eric Hildebrandt, Executive Director of Market Monitoring, provided comments on Management’s proposal. He explained that DMM supports the goals of the proposal but has concerns, which he described. He provided an overview of DMM’s proposal to address those concerns, as detailed in DMM’s comments on the proposal.

Keith Casey, Vice President – Market and Infrastructure Development, provided responsive comments to concerns raised by DMM.

Market Surveillance Committee

Dr. Ben Hobbs, Chair of the Market Surveillance Committee, provided highlights of the Market Surveillance Committee opinion titled “Opinion on Commitment Costs and Default Energy Bid Enhancements (CCDEBE).”

There was no further public comment.

Discussion ensued and the EIM Governing Body ultimately agreed to support approval of the proposal, with Management’s commitment to provide briefings to the EIM Governing Body and ISO Board of Governors prior to increasing the circuit breaker bid cap from ‘reference level multiplied by 150%’ to ‘reference level multiplied by 300%’ after the 18-month-phase in period.

Motion

Member Linvill:

Moved, that the EIM Governing Body will provide verbal and written advisory input to the Board of Governors, as discussed at its March 8, 2018 general session meeting, supporting Management’s proposal on commitment costs and default energy bid enhancements, and based on Management’s commitment to brief both the Governing Body and the Board of Governors prior to increasing the circuit breaker bid cap from reference level multiplied by 150% to 300%.

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

INFORMATIONAL REPORTS

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

FUTURE AGENDA ITEMS

The following potential future agenda item was discussed: EIM Nominating Committee selection process timeline update.

ADJOURNED

There being no additional general session matters to discuss, the general session was

adjourned at approximately 3:35 p.m.