

# **GENERAL SESSION MINUTES EIM GOVERNING BODY MEETING November 30, 2016 The Westin Phoenix Downtown, Phoenix, AZ**

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## **November 30, 2016**

The ISO 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:

Kristine Schmidt, Chair  
Douglas Howe, Vice Chair  
Valerie Fong  
Carl Linvill  
John Prescott

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

### **GENERAL SESSION**

The following agenda items were discussed in general session:

#### **PUBLIC COMMENT**

There were no public comments.

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

Member Prescott moved for approval of the EIM Governing Body general session minutes for the October 5, 2016 meeting. The motion was seconded by Member Linvill and approved 5-0.

#### **REGIONAL ISSUES FORUM UPDATE**

Cameron Yourkowski, Vice Chair – Regional Issues Forum, provided an update on behalf of the Regional Issues Forum. Mr. Yourkowski noted that, if the RIF retains the same or similar governance structure after its upcoming evaluation process, he will serve as chair and a new vice chair will be elected. He next reported that the RIF held its most recent meeting on November 29, 2016, and the meeting was well attended. Mr. Yourkowski explained that, going forward, the RIF's focus will be on how best to structure itself to ensure

that it is serving as an efficient conduit between stakeholders and the EIM Governing Body. He said that the RIF recognizes it is not a decision-making body and will focus on facilitating good meetings and documentation of stakeholder feedback. He next reported that the RIF will begin a re-evaluation process pursuant to the Charter for Energy Imbalance Market Governance. Mr. Yourkowski explained that the RIF will solicit feedback from stakeholders on whether and in what form the RIF should proceed. He said that the RIF plans to have a recommendation on design by the March EIM Governing Body meeting. Member Fong observed that the RIF's November 29 meeting facilitated great discussions and she encouraged them to continue those discussions. Chair Schmidt recommended the RIF touch base with the Body of State Regulators to determine how discussion between the two groups can be improved. She next explained that the ISO stakeholder process is a critical form of engagement, adding that stakeholders should remain engaged through both the RIF and the ISO stakeholder process.

## **BODY OF STATE REGULATORS UPDATE**

Commissioner Doug Little, Arizona Corporation Commission and Vice Chair - Body of State Regulators, provided an update on the Body of State Regulators' recent activities. Commissioner Little reported that the BOSR decided to restructure the format of its meetings so that the energy imbalance market and grid regionalization are separate items for discussion. He stated that they intend to form a staff advisory committee made up of public utilities commission staff, as they begin to review more technical issues. He explained that the committee staff members will be given an opportunity to discuss and weigh in on issues at meetings of the BOSR. Commissioner Little explained that the BOSR intends to reduce its number of regularly scheduled in-person meetings to two per year, and will scale back the number of conference calls it holds as well. Commissioner Little next provided comments in support of ISO Management's metering rules enhancements proposal and proposed guidance document, adding that the BOSR recommends future review of the proposed guidance document to ensure efficacy of processes. Brief discussion followed.

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

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an update on the western energy imbalance market. Mr. Rothleder reported that Arizona Public Service Company and Puget Sound Energy began participation on October 1, 2016. He next reported that Portland General Electric remains on track to join in fall 2017, and Idaho Power remains on track to join in spring 2018. He stated that entities exploring future entry into the energy imbalance market include CENACE – Baja Norte, Balancing Authority of Northern California, Los Angeles Department of Water & Power, and Seattle City Light.

Mr. Rothleder next provided an overview of the Quarter 3 2016 energy imbalance market benefits report, explaining that Quarter 3 benefits came to about \$26 million. He explained that the benefits report for Quarter 4 2016 will be released at the end of January 2017 and will be the first to incorporate Arizona Public Service Company and Puget Sound Energy. Mr. Rothleder reported that gross benefits since the start of EIM total about \$114 million.

Mr. Rothleder next provided an overview of daily average prices and transfer capabilities in EIM areas. He concluded his presentation by providing an overview of challenges faced by some EIM entities in the first days after implementation into the real-time market of the flexible ramping product. Mr. Rothleder explained that the challenges were largely informational, and that educational efforts are being made to ensure entities understand their flexibility requirements. Discussion ensued regarding the reliability benefits of EIM and Mr. Rothleder explained that, while they are difficult to quantify, ISO staff will look for ways to highlight the reliability benefits EIM provides.

## **DEPARTMENT OF MARKET MONITORING UPDATE**

Eric Hildebrandt, Director – Market Monitoring, provided an update regarding barriers to market-based rate authority in the energy imbalance market. Mr. Hildebrandt explained that the Department of Market Monitoring has been working with EIM participants and the ISO to address the various concerns that FERC has articulated to ensure EIM participants are ultimately granted market-based rate authority. Discussion ensued regarding the timing requirements for entities to re-apply for MBR authority.

Mr. Hildebrandt provided an overview of the concerns FERC articulated in its orders denying market-based rate authority for PacifiCorp, NV Energy, and Arizona Public Service Company. He next described the Department of Market Monitoring's actions and recommendations to address FERC's concerns. He described ways in which growth of the energy imbalance market has significantly increased market competitiveness in the EIM areas. Discussion ensued regarding Arizona Public Service Company's transfer capacity and the reliability impact of increased transfer capacity in the EIM areas. Mr. Hildebrandt concluded his presentation by describing steps the Department of Market Monitoring will take to support market-based rate authority for EIM entities when appropriate. Brief discussion followed and Chair Schmidt requested updated metrics showing additional data for Arizona Public Service Company and Puget Sound Energy at a later meeting of the EIM Governing Body.

## **BRIEFING ON METERING RULES ENHANCEMENTS PROPOSAL AND DECISION ON ADVISORY ROLE**

Mike Russell, Manager – Market Services Meter Engineering & Analysis, provided an overview of Management's metering rules enhancements proposal. Mr. Russell explained that the proposal provides additional metering flexibility to market participants and reduced costs to participation in ISO markets. He provided a summary of impacts specific to energy imbalance market participants, explaining that the proposal provides benefits to market resources both in the ISO balancing authority area and those in the energy imbalance market. Mr. Russell stated that stakeholders have expressed support for the enhancements.

Discussion followed and various EIM Governing Body members expressed support for providing verbal advisory input to the Board of Governors supporting Management's proposal.

#### Public comment

Sarah Edmonds, on behalf of PacifiCorp, provided comments in support of Management's proposal, and clarified PacifiCorp's view that the proposal formalizes and memorializes many of the arrangements PacifiCorp negotiated for itself.

#### Motion

##### **Member Fong:**

***Moved, that the EIM Governing Body will provide verbal advisory input to the ISO Board of Governors, as discussed at its November 30, 2016 general session meeting, which supports Management's metering rules enhancements proposal.***

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

#### **DECISION ON PROPOSED GUIDANCE DOCUMENT**

Dan Shonkwiler, Lead Counsel, provided an overview of Management's proposed guidance document about how ISO staff should handle policy initiatives that may fall within the EIM Governing Body's decisional or advisory authority. Mr. Shonkwiler explained that the guidance document was required by the ISO bylaws and reviewed with stakeholders through a stakeholder process. He stated that stakeholders requested one clarification, which Management made in the guidance document. Mr. Shonkwiler next reviewed the processes outlined in the guidance document. Discussion followed regarding the processes, and Mr. Shonkwiler described the process Management would follow if a proposal under the EIM Governing Body's primary or hybrid authority were approved by the Governing Body, but not consented to by the Board of Governors.

There was no public comment on this item.

#### Motion

##### **Vice Chair Howe:**

***Moved, that the EIM Governing Body endorses the proposed guidance document, attached to the memorandum dated November 23, 2016, and endorses the document for submittal to the ISO Board of Governors for its approval of the document, pursuant to Article IV, Section 1(c) of the corporate bylaws.***

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

### **EIM GOVERNING BODY REQUEST FOR FEEDBACK UPDATE**

Vice Chair Howe provided an update regarding input received by the EIM Governing Body as requested from stakeholders. He explained that the Governing Body reviewed and identified themes in the responses, and he provided some highlights from the feedback received. Vice Chair Howe next described the themes, which related to how stakeholders define success for the Governing Body, areas for potential improvement, and first-year focus items. Chair Schmidt added that the Governing Body intends to hold one meeting per quarter outside of ISO headquarters in 2017, to facilitate outreach with potential and existing EIM entities.

### **INFORMATIONAL REPORTS**

There were no public comments or questions on the following informational reports: update on settlements disputes for the energy imbalance market and EIM Governing Body policy calendar.

### **ADJOURNED**

There being no additional general session matters to discuss, the general session was adjourned at approximately 3:45 p.m.