

GENERAL SESSION MINUTES EIM TRANSITIONAL COMMITTEE MEETING April 30, 2015 California ISO – Folsom, CA

April 30, 2015

The Energy Imbalance Market Transitional Committee, an advisory committee to the ISO Board of Governors, convened the general session meeting at approximately 10:00 a.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the EIM Transitional Committee were in attendance:

Rebecca Wagner, Chair
Steve Beuning
Tony Braun
Dede Hapner
Natalie Hocken
Travis Kavulla, joined later via teleconference
Kevin Lynch
David Mills
Mark Smith, via teleconference
Walter Spansel
Robert Weisenmiller
Carl Zichella

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DECISION ON MINUTES

Committee member Spansel moved for approval of the EIM Transitional Committee's general session minutes for the March 5, 2015 meeting. The motion was seconded by

Committee member Zichella and approved 10-0-1, with Committee member Mills abstaining.

CHAIR REPORT

Chair Wagner provided welcoming remarks to newly appointed Committee member Mills. Ms. Wagner next provided a brief overview of committee activities, including a recap of the March 5, 2015 meeting held in Portland, Oregon. Ms. Wagner commented on the recent announcement of the ISO-PacifiCorp memorandum of understanding to explore the benefits of full participation in the ISO market and noted the Committee would continue to stay its course to develop an EIM governance proposal by the September/October 2015 timeframe.

WORKING GROUP UPDATES

Committee member Smith, lead of the market design working group, provided an overview of recent activities pertaining to the tracking of technical matters as related to the energy imbalance market.

Committee member Zichella, lead of the stakeholder working group, began the presentation by noting 21 sets of stakeholder comments had been received. He next discussed feedback received pertaining to the nominating committee. He noted that while substantial support for the structure was received, some issues were raised and Mr. Zichella provided an overview of those issues. Brief discussion followed.

Committee member Hapner continued the presentation and provided an overview of stakeholder comments pertaining to the EIM governance body section of the straw proposal. Ms. Hapner discussed questions raised pertaining to qualifications, allocation of costs, and term lengths. She noted the importance of having consistent procedures and rules for the EIM body and the ISO Board. Ms. Hapner next reviewed comments received pertaining to the composition of the ISO Board, the impact of the ISO-PacifiCorp memorandum of understanding announcement, and the spectrum of governance models identified in the issue paper. Brief discussion followed.

Committee member Hocken continued the presentation and provided an overview of comments received related to scope of authority. She noted there was strong support to delineate primary and secondary authority upfront with a mixture of suggestions on how to determine this in the first instance. Ms. Hocken next discussed suggestions as to possible ways to start the process of delineation between primary and secondary authority along with suggested principles. Brief discussion followed.

Committee member Lynch continued the presentation and provided an overview of comments received related to the mechanism for dispute resolution and noted comments were received on the appropriate threshold for ISO Board discussions on

EIM items. Mr. Lynch stated that there was general consensus from comments on the documentation structure, including changes to the bylaws and the EIM body's charter. Brief discussion followed.

Committee member Braun continued the presentation and provided an overview of comments received pertaining to the proposed advisory body of State Regulators. Mr. Braun stated there was general support to have such an advisory body but noted there was mixed support to include publicly-owned utility CEOs or local board officials on the committee. He next discussed comments received pertaining to triggers and noted there was general support for re-evaluation after a set interval of five years. Brief discussion followed.

Committee member Kavulla joined the meeting via teleconference at approximately 11:00 a.m.

Committee member Mills continued the presentation and provided an overview of the comments received related to criteria for evaluating proposals. He reviewed several proposed additions and suggested changes. Brief discussion followed.

Committee member Hocken continued the presentation and provided an overview of remaining miscellaneous comments received on the straw proposal. Brief discussion followed. Committee member Zichella continued the presentation and provided an overview of various questions for consideration that were received by stakeholders and noted the Committee would be reviewing these further. Brief discussion followed. Dan Shonkwiler, Lead Counsel, stated that the legal department would continue to work closely with the Committee on legal matters, including whether any delegation should be fully authorized by California law.

Chair Wagner provided further remarks regarding whether additional time was needed before publishing the next version of the proposal to fully consider the comments and questions posed by stakeholders. Committee member Zichella provided remarks in appreciation to the stakeholders for the feedback and also acknowledged the efforts of his fellow committee members.

Committee member Hapner, lead of the straw proposal working group, provided an update on recent working group activities, including next steps based on stakeholder feedback. Ms. Hapner further discussed the impact of the ISO-PacifiCorp announcement. Discussion followed regarding the importance of the Committee staying on its original course and building in additional time to the schedule as needed.

BRIEFING ON ENERGY IMBALANCE MARKET

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an energy imbalance market operations update. Mr. Rothleder provided a summary of EIM gross benefits for the 1st quarter of 2015, which totaled \$5.26 million. He further

described how the benefits reflected more efficient dispatch, reduced renewable energy curtailment, and reduced flexibility reserves needed in PacifiCorp balancing authority areas. He provided an overview of graphs that depicted 15-minute and 5-minute price frequency in PACE and PACW as well as graphs that demonstrated how pricing performance improved in March and April. Brief discussion followed regarding bidding behavior. He next reviewed hourly average transfers from PacifiCorp and the ISO and noted hourly average transfers between PACE and PACW decreased in February. Mr. Rothleder concluded his presentation by discussing a graph that depicted the frequency of 5 and 15 minute intervals with megawatt infeasibilities. Brief discussion followed.

Don Tretheway, Lead Market Design and Regulatory Policy Developer, provided an update on the market design stakeholder process as related to the energy imbalance market. Mr. Tretheway stated that tariff language was under development for the year 1 enhancements phase 1 proposal that was approved by the Board in March. He described how the analysis for EIM year 1 enhancement phase 2 would begin after six months of operational experience and noted the Board decision was targeted for the first quarter of 2016.

Mr. Tretheway next discussed FERC's rejection of the ISO's proposed one-year transition period, and the April 9 technical conference that was held to review insufficiency. He noted the ISO's reply comments were due on May 21. He further described how the proposal would recognize available capacity to resolve market infeasibilities in the energy imbalance market and noted it would increase market bids to resolve market infeasibilities by using available capacity. Brief discussion followed.

Petar Ristanovic, Vice President – Technology, provided an update on Nevada Energy's implementation into the energy imbalance market and noted project delivery was on track. He stated that integration of the Nevada Energy model into the ISO full network model was complete. Mr. Ristanovic stated full integration was on track and that June 15 was the target date for starting "day-in-the-life" practice exercises. He described how metering and settlements configuration and training was on track as well as operational readiness efforts. He noted that the path to EIM activation included structured market simulation in August and non-binding parallel production in September.

Mr. Ristanovic next provided an update on Puget Sound Energy's implementation efforts and stated the project plan was on track to be completed by June 1. He stated that initial activities under the full network model, integration, and metering tracks were underway. He acknowledged the efforts of the Puget Sound Energy team noting they were motivated and making good progress. Brief discussion followed.

BRIEFING ON ISO-PACIFICORP MEMORANDUM OF UNDERSTANDING

Roger Collanton, Vice President – General Counsel and Corporate Secretary, provided an overview of the April 14, 2015 ISO-PacifiCorp announcement of the intent to explore

the benefits of full participation in the ISO market. Mr. Collanton stated the memorandum of understanding identified key points for further consideration by the ISO and PacifiCorp. He noted there were numerous statements in support by key leaders in the industry. Mr. Collanton described current efforts underway as part of the initial feasibility and benefits analysis and that the transition was targeted for 2017. He concluded by reviewing the following key issues under consideration: governance, transmission access charge, transmission planning and generator interconnection, resource adequacy, operational readiness, and NERC/WECC compliance. Brief discussion followed regarding governance, and Mr. Collanton stated that governance matters would be addressed as a separate track, as it would require legislative changes.

FUTURE AGENDA ITEMS

Chair Wagner requested updates on ISO-PacifiCorp memorandum of understanding progress. Ms. Wagner also noted that suggestions were welcome for proposed names of the EIM governing body.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 12:30 p.m.