

GENERAL SESSION MINUTES

EIM TRANSITIONAL COMMITTEE MEETING

October 23, 2014

California Energy Commission

Sacramento, CA

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The Energy Imbalance Market Transitional Committee, an advisory committee to the ISO Board of Governors, 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 Transitional Committee were in attendance:

Rebecca Wagner, Chair
Steve Beuning
Tony Braun
Dede Hapner
Natalie Hocken
Travis Kavulla, via teleconference
Kevin Lynch
Mark Smith
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 GENERAL SESSION MINUTES

Committee member Lynch moved for approval of the EIM Transitional Committee's general session minutes for the August 26, 2014 meeting. The motion was seconded by Committee member Spansel and approved 10-0-1, with committee member Weisenmiller abstaining.

CHAIR REPORT

Chair Wagner provided an overview of committee activities and stated that an early December meeting would likely be added to the committee's meeting schedule. Ms. Wagner requested that each of the working group leads provide updates on recent activities. Stephen Beuning, lead of the scope working group, provided an overview of recent activities and noted the group compiled a series of questions for ISO legal staff related to the following two scenarios: a new governance body as an affiliate of the ISO, and a new governance body as a separate entity from the ISO. Mr. Beuning noted that work was in progress to provide updates in an upcoming general session meeting. Kevin Lynch, lead of the structure working group, provided an overview of recent activities and noted that the overview of the governance models from other ISO/RTOs prepared by ISO staff was very helpful. Mr. Lynch described the value of the webinar sponsored by the Western Interstate Energy Board on EIM governance. He stated the structure working group also prepared a series of questions to ISO legal staff in follow-up to the governance scenarios. Discussion followed regarding the value of the webinar and the committee noted it was available on the Western Interstate Energy Board website for the public to view.

BRIEFING ON ENERGY IMBALANCE MARKET IMPLEMENTATION

Dede Subakti, Director – Operations Engineering Services, provided the committee with an update on activities and coordination with Peak Reliability. Mr. Subakti provided an overview of a September 3, 2014 discussion and information session that occurred in Portland, Oregon. He noted topics discussed included dynamic schedules, pseudo-ties, EIM tags, transmission and priority rights, unscheduled flow, impact of 5-minute dispatch, ramp-constrained periods and operating procedures for loss of communication. Mr. Subakti next discussed data sharing for operation and described how the full network model was utilized by the ISO to run the market. He provided an overview of the following inputs into the full network model: load forecast, topology, interchange and generation schedule and real-time data. He discussed next steps and stated that the ISO was establishing metrics and would be publishing results of data quality. Mr. Subakti concluded his presentation by providing an overview of the enhanced curtailment calculator task force and explained that the ISO participated in it to ensure coordination between market dispatch and the enhanced curtailment calculator. Discussion followed regarding changes to the project schedule and coordination efforts related to Peak Reliability and the full network model expansion. Mr. Subakti confirmed that implementation of the full network model would not impact transmission capacity for EIM.

Eric Hildebrandt, Director of Market Monitoring, provided an overview of the Department of Market Monitoring and stated its mission was to provide independent oversight and analysis of the ISO market for the protection of consumers and market participants by the identification and reporting of market design flaws, potential market rule violations and market power abuses. Mr. Hildebrandt discussed his duties as the independent market monitor and stated he reported directly to the ISO Board as well as administratively to the ISO's chief executive officer. He noted there are fifteen staff in DMM who focus on economics, engineering and data analysis. He discussed the benefits associated with DMM being an internal market monitor, including having access to internal ISO systems. Mr. Hildebrandt further discussed the importance of independence and noted that he anticipated having the opportunity to meet with the new EIM governing entity similar to his current reporting functions to the ISO Board. Mr. Hildebrandt concluded his presentation by describing DMM's work on energy imbalance market related issues, including market power mitigation and market efficiency and competitiveness.

Discussion followed regarding DMM's role as an independent input to the Board, and Mr. Hildebrandt stated that DMM's positions on ISO market design issues, including alternative viewpoints, were captured in Board memos. Steve Berberich, ISO President and CEO, provided clarifying comments and, in response to the committee's questions, noted that disagreements between DMM and ISO management were uncommon, but if they occurred, DMM would report them to the Board as an independent assessment. Discussion followed regarding potential constraints related to the role of the independent market monitor with regard to the anticipated EIM governing entity. Mr. Hildebrandt stated he would further discuss this topic with the ISO legal team and report back. Brief discussion followed regarding competitive costs and mitigation procedures. In response to a committee question regarding the scope of DMM's ability to refer matters to FERC, Mr. Berberich clarified that DMM has the ability to refer any matter to FERC, including matters outside of the ISO footprint. Discussion followed regarding DMM metric tracking, fiduciary duties, mitigation measures and the role of the Market Surveillance Committee.

Petar Ristanovic, Vice President – Technology, provided the committee with a status update on EIM implementation. Mr. Ristanovic stated that EIM parallel production started October 1, 2014 with parallel operation, and that the full network model expansion deployed October 15, 2014. He noted that all EIM system interfaces were functioning in parallel production and that the ISO and PacifiCorp were monitoring closely. Mr. Ristanovic stated that EIM full production deployment remained on track for November 1, 2014 and that the ISO and PacifiCorp were coordinating a go-live support plan.

Mr. Ristanovic next discussed NV Energy and described how implementation of NV Energy as an EIM entity was underway with the following four tracks: project management track, policy, legal and support track, project delivery track and operations

readiness track. He stated that NV Energy was on track for an October 1, 2015 EIM implementation.

Brief discussion followed and the committee noted its appreciation for all of the work that has gone into the implementation efforts. Mr. Ristanovic noted it was a team effort with PacifiCorp, Bonneville Power Administration and the ISO. Brief discussion followed regarding the work plan for NV Energy implementation and Mr. Ristanovic discussed the benefits of running parallel operation in advance of full deployment.

BRIEFING ON ISO TARIFF FRAMEWORK

John Anders, Lead Counsel, provided an overview of the framework of the ISO tariff. Mr. Anders described how balancing authorities outside of the ISO participated in the energy imbalance market to satisfy their needs for imbalance energy. He discussed how extending the ISO real-time market to energy imbalance market participants relied on a defined tariff framework. Mr. Anders informed the committee that the framework reflected in the ISO tariff followed a few fundamental rules of construction and organization, and then he described those rules. He discussed how each participant's open access transmission tariff must enable operation of the energy imbalance market in accordance with the ISO tariff. Mr. Anders concluded his presentation by quoting language from FERC's June 19, 2014 ISO and PacifiCorp orders that recognized tariff framework as an important element of the energy imbalance market. Discussion followed regarding the importance of having a consistent tariff amendment process for EIM entities, the process for emergency tariff amendments, integrated tariff structures and pricing considerations.

INFORMATIONAL REPORTS

There were no questions on the following informational reports: Summary of ISO legal and regulatory background and ISO-RTO governance and committee structures.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 3:00 p.m.