

**GENERAL SESSION MINUTES
BOARD OF GOVERNORS MEETING
September 5, 2018
ISO Headquarters
Folsom, California**

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The ISO Board of Governors convened the general session meeting at approximately 2:00 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the ISO Board of Governors were in attendance:

Dave Olsen, Chair
Angelina Galiteva, Vice Chair
Ash Bhagwat
Mark Ferron

The following members of the executive team were present: Steve Berberich, Keith Casey, Roger Collanton, Stacey Crowley, Tom Doughty, Mark Rothleder, Ryan Seghesio, Eric Schmitt, and Jodi Ziemathis

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no public comment offered at this time.

DECISION ON GENERAL SESSION MINUTES

Governor Ferron moved for approval of the Board of Governors general session minutes for the July 25-26, 2018 meeting. The motion was seconded by Governor Galiteva and approved 4-0.

CEO REPORT

Steve Berberich, President and Chief Executive Officer, provided an overview of the following sections of his report: overall system conditions, distributed energy and energy

storage, Reliability Coordinator, and renewable energy production. Mr. Berberich concluded his report with a legislative update noting the ISO remains committed to supporting energy policy goals with the passage of Senate Bill 100. He stated that it was a missed opportunity and unfortunate that Assembly Bill 813 did not pass as having a regional grid was critical to keeping costs down. The Board concurred and noted its support in continuing to seek greater regionalism.

EIM GOVERNING BODY CHAIR REPORT

Valerie Fong, Chair of the EIM Governing Body, provided highlights from the Governing Body's August 22, 2018 meeting in Denver, Colorado, including updates from ISO Management, the Body of State Regulators and the Regional Issues Forum. Ms. Fong provided an overview of various outreach activities by the Governing Body. She noted that the Governing Body's next meeting will be held on October 30-31, 2018 at ISO headquarters in Folsom, California.

DECISION ON ENERGY STORAGE AND DISTRIBUTED ENERGY RESOURCES PHASE 3 PROPOSAL

Greg Cook, Executive Director – Market and Infrastructure Policy, provided an overview of Management's energy storage and distributed energy resources phase 3 proposal. Mr. Cook provided an overview of the following four proposed enhancements: (1) new bidding and real-time dispatch options for proxy demand resources, (2) removal of the single load serving entity aggregation requirement and the need for application of a default load adjustment, (3) new load shift product for behind the meter storage, and (4) measurement of behind the meter electric vehicle supply equipment load curtailment. Mr. Cook noted that at its August 22 meeting, the EIM Governing Body, under its advisory role, recommended the Board approve the proposal.

Mr. Cook provided an overview of the stakeholder process and noted that a majority of stakeholders are supportive of all four proposed enhancements. He stated that the Department of Market Monitoring remained concerned about the potential for demand response to exercise market power through commitment costs. Mr. Cook concluded his presentation by providing an overview of the proposal's benefits.

EIM Governing Body Advisory Input

Valerie Fong, Chair of the EIM Governing Body, stated that the EIM Governing Body was briefed on the proposal at its August 22, 2018 meeting and the Governing Body voted unanimously to recommend that the Board approve the proposal.

Public comment

Jim Baak, on behalf of Stem, Inc., provided comments in support of Management's proposal and requested that staff continue to monitor and adjust throughout the implementation process if needed to get a higher participation rate. Keith Casey, Vice President – Market and Infrastructure Development, provided responsive comments and confirmed that the ISO will continue to closely monitor throughout the implementation process.

Alex Morris, on behalf of California Energy Storage Alliance, provided comments in support of Management's proposal as an important step in opening up additional paths to distributed energy resources. Mr. Morris provided additional comments and commended the ISO stakeholder process.

Department of Market Monitoring comment

Dr. Eric Hildebrandt, Executive Director of the Department of Market Monitoring, provided generally supportive comments on Management's proposal and noted the importance for the ISO to closely monitor market outcomes and adjust rules as necessary. Dr. Hildebrandt provided an overview of DMM's written comments, which included an overview of suggestions that DMM provided throughout the stakeholder process. The Board and Management further discussed the importance of continued monitoring throughout the process. Mr. Cook provided additional responses to address some of the concerns raised by Dr. Hildebrandt regarding residual unit commitments.

Public comment (continued)

David Schlosberg, on behalf of eMotor Werks, Inc., provided comments in support of Management's proposal and commended the ISO stakeholder process.

Abdellah Cherkaoui, on behalf of Volta Charging, provided comments in support of Management's proposal and commended ISO staff throughout the process. Mr. Cheraoui provided a summary overview of Volta Charging in support of electric vehicle transportation.

Motion

Governor Ferron:

Moved, that the ISO Board of Governors approves the energy storage and distributed energy resource phase 3 proposal, as described in the memorandum dated August 29, 2018; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal, including any filings that implement the

overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.

The motion was seconded by Governor Bhagwat and approved 4-0.

DECISION ON ISO PLANNING STANDARDS

Neil Millar, Executive Director - Infrastructure Development, provided an overview of Management's proposed changes to the ISO planning standards. Mr. Millar described how the key changes will effectively address implementation of NERC's definition of Bulk Electric System Facilities. He described how the proposed changes would align the ISO planning standards for non-BES facilities under ISO control to better align with participating transmission owner planning practices for similar voltage facilities not turned over to ISO control. Mr. Millar stated the proposed changes would also acknowledge pre-existing planning requirements not previously codified in the planning standards. He noted that the ISO addressed the editorial comments provided by one stakeholder.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the ISO planning standards, included as attachment 1, and as described in the memorandum dated August 29, 2018.

The motion was seconded by Governor Olsen and approved 4-0.

DECISION ON CONDITIONAL APPROVAL TO EXTEND EXISTING RELIABILITY MUST-RUN CONTRACTS FOR 2019

Neil Millar, Executive Director - Infrastructure Development, provided an overview of Management's request for the Board to conditionally approve an extension of certain existing reliability must-run contracts for 2019. Mr. Millar further described why the extensions were conditional. He stated that the CPUC jurisdictional load serving entities made preliminary resource adequacy showings. He provided an overview of the pre-determined timeline of the resource adequacy process and noted that letters for reliability must-run extensions or terminations will be sent to resource owners on October 1, 2018. Mr. Millar stated that Management would report the results of the reliability must-run contract extensions at the November Board meeting. Brief discussion followed.

Mr. Millar also provided an update on the Board's July decision on the reliability must-run designation for the Ellwood Generating Station and the Ormond Beach Generating Station. He stated that Southern California Edison was able to re-negotiate the contracts which have been filed with the CPUC. He informed the Board that if the

contracts are approved, the ISO will not need to designate either unit as a reliability must-run unit.

Motion

Governor Olsen:

Moved, that the ISO Board of Governors authorizes Management to extend reliability must-run contracts for any of the reliability must-run units listed on Attachment 1 of the memorandum dated August 29, 2018, and consistent with the criteria described therein.

The motion was seconded by Governor Bhagwat and approved 4-0.

DECISION ON INTERCONNECTION PROCESS ENHANCEMENTS TRACK 2 PROPOSAL

Roger Collanton acknowledged receipt of the following public comment letters that were submitted and provided to the Board: First Solar, NextEra Energy Resources, and EDF-Renewables

Keith Casey, Vice President – Market and Infrastructure Development, provided introductory remarks and comments in response to the public comment letters received. He noted that First Solar and EDF-Renewables were seeking a change to one of the eight proposed enhancements associated with the timing of technology changes. Dr. Casey informed the Board that after further review, the ISO has agreed to refine the proposal to allow for energy storage additions to projects with a commercial operation date beyond the applicable tariff deadlines. He stated that Robert Emmert will further describe this refinement in his comments and that the ISO will make this clarification clear in the proposed tariff language.

Robert Emmert, Manager – Interconnection Resources, provided an overview of the interconnection process enhancement initiative (Track 1: 7 topics approved in July; Track 2: 8 topics in September; Track 3: 4 topics in November). Mr. Emmert provided an overview of the following 8 proposed enhancements: (1) allocating transmission plan deliverability, (2) options for converting to energy only, (3) options for transferring deliverability, (4) retaining energy storage facilities added to retiring generators, (5) Generator Interconnection Agreement suspension, (6) eliminating conditions for partial recovery of financial security, (7) adding project names to interconnection queue, and (8) prohibiting technology changes for delayed projects. Mr. Emmert provided highlights of various stakeholder comments in each of these areas. Mr. Emmert clarified with regard to enhancement #8, in response to additional stakeholder comments received, that Management has determined that storage additions to the project, as opposed to changes to the original technology type, beyond the 7/10 year commercial operation date tariff limit above the de minimus amount of 5% or 10 MW will be allowed as long as the original project technology and capacity is preserved and the addition does not

involve an increase in capacity at the point of interconnection. Discussion followed regarding the impact of Senate Bill 100 on the generation interconnection queue.

Public comment

Susan Schneider, on behalf of NextEra Energy Resources, provided comments in support of Management's proposal.

Anois Lambrou, on behalf of EDF Renewables, provided comments in support of Management's proposal.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the proposed interconnection process enhancements, as described in the memorandum dated August 29, 2018 and as further clarified at the September 5, 2018 meeting; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.

The motion was seconded by Governor Ferron and approved 4-0.

DECISION ON AUDIT COMMITTEE MEMBERSHIP

Roger Collanton, Vice President, General Counsel and Chief Compliance Officer, provided introductory remarks and stated that, in response to the Board's request, Management is putting forth a motion proposing to increase the Audit Committee membership from two to three members. He advised that this will allow for additional flexibility in reaching a quorum of two members. Governor Galiteva nominated Governor Olsen to serve as the third member of the Audit Committee, along with Governor Ferron, Audit Committee Chair, and Governor Maullin.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors elects Dave Olsen to serve as a member of the Audit Committee of the ISO Board of Governors, effective September 5, 2018.

The motion was seconded by Governor Bhagwat and approved 4-0.

BRIEFING ON RENEWABLES IN THE GENERATOR INTERCONNECTION QUEUE

Robert Emmert, Manager – Interconnection Resources, provided the Board an update on renewable generation in the generator interconnection queue. Mr. Emmert reviewed graphs that depicted the current and projected renewable generation capacity by resource type, and conventional renewable interconnect by county. Mr. Emmert provided an overview of the following queue statistics: 45,589 MW renewable energy projects and 24,812 MW of energy storage projects. Brief discussion followed.

INFORMATIONAL REPORTS

There were no comments or questions on the following informational reports: business practice manual change management report, market performance report, Market Surveillance Committee update, master stakeholder engagement and release plans, regulatory report, state, regional and federal affairs update, and Transmission Maintenance Coordination Committee update.

FUTURE AGENDA ITEMS

There were no items to discuss.

ADJOURNED

There being no additional general session matters to discuss, the session was adjourned at approximately 3:50 p.m.