

GENERAL SESSION MINUTES BOARD OF GOVERNORS MEETING July 15, 2021 Teleconference

July 15, 2021

The ISO Board of Governors convened the general session meeting at approximately 9:00 a.m. and the presence of a quorum was established.

ATTENDANCE

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

Angelina Galiteva, Chair
Ash Bhagwat, Vice Chair
Severin Borenstein
Mary Leslie
Jan Schori

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no public comment.

DECISION ON THE GENERAL SESSION MINUTES

Governor Borenstein moved for approval of the Board of Governors general session minutes for the May 20, 2021, meeting. The motion was seconded by Governor Leslie and approved 5-0.

CEO REPORT

Elliot Mainzer, President and CEO, provided highlights of the following sections of his CEO report: summer readiness and backstop procurement, wheel-through decision, transmission planning, EIM Governance Review Committee, the FERC technical conference on resource adequacy, the dedication of the top gun storage facility, and a COVID status update. Brief discussion ensued.

EIM GOVERNING BODY CHAIR REPORT

Anita Decker, Chair of the EIM Governing Body, provided highlights of the EIM Governing Body's June 30 meeting that included briefings from the EIM Governance Review Committee, the Body of State Regulators, and the Regional Issues Forum. Ms. Decker stated the EIM Governing Body voted to elect Ms. Decker as the new Chair, and Rob Kondziolka was elected as the new Vice Chair. Next, she noted under their advisory role, the EIM Governing Body unanimously supported Management's proposal on the aggregated capability constraints for co-located hybrid resources and unanimously supported the changes in the language to the EIM Governing Body Charter and the selection policy. Ms. Decker reported that the EIM Governing Body voted to approve the selection of Jennifer Gardner as the newest member to the EIM Governing Body and voted to reappoint member Robert Kondziolka. To conclude, she noted that the EIM Governing Body was reviewing the requirements and logistics for the Governing Body market expert and would report on the status at a future Board meeting.

EIM GOVERNANCE REVIEW COMMITTEE CHAIR REPORT

Therese Hampton, Executive Director – Public Generating Pool, and Chair – EIM Governance Review Committee, provided an update on behalf of the Committee. She stated the GRC had been working on part two of the draft final proposal, which focused on the delegation of authority – joint authority model. She noted the GRC has continued to have robust discussions with stakeholders to develop their recommendations. Ms. Hampton concluded by noting, the part two draft final proposal was on track and that the GRC would meet on July 30 to vote on part two and would then be presented to the Board of Governors and the EIM Governing Body for a vote.

DECISION ON CONSENT AGENDA

Roger Collanton, Vice President, General Counsel and Corporate Secretary, provided an overview of the consent agenda process.

Motion

Chair Galiteva:

Moved, that the Board of Governors approves the July 15, 2021, consent agenda comprised of changes to provisions in the Charter for Energy Imbalance Market Governance regarding the Regional Issues Forum, as set forth in Management's memorandum to the EIM Governing Body dated June 30, 2021.

The motion was seconded by Governor Borenstein and approved 5-0.

DECISION ON POLICIES TO IMPLEMENT THE EIM GOVERNANCE REVIEW

COMMITTEE'S PART 1 PROPOSAL

Dan Shonkwiler, Assistant General Counsel – Corporate & Litigation, presented Management's proposal regarding the proposed changes to governance documents in order to implement the EIM Governance Review Committee's part one proposal. Mr. Shonkwiler noted that the following three documents which required changes were: 1) Charter for EIM Governance, 2) selection policy for the EIM Governing Body, and 3) DMM Oversight Committee Charter. Next, Mr. Shonkwiler summarized the recommended changes to the selection policy and the recommended changes to EIM Governance Charter outside of sections five and six. He also noted a new section was added on market analysis. To conclude, he highlighted the other recommendations the EIM Governance Review Committee identified: 1) deferral of the delegation of authority to part two, 2) EIM Governing Body's mission, 3) funding for Body of State Regulators, 4) Body of State Regulators to include representative of publicly owned utilities and federal power marketing administrations, and 5) cost allocation for the EIM Governing Body market expert. Discussion followed and Mr. Shonkwiler responded to Board inquiries regarding the cost allocation process for the EIM Governing Body market expert.

Public comment

There was no public comment on this item.

Motion:

Governor Bhagwat

Moved, that Board of Governors approves the proposed revisions to the Charter for EIM Governance, the Selection Policy for the EIM Governing Body, and the Charter of the DMM Oversight Committee, as discussed in and attached to the memorandum dated July 7, 2021.

The motion was seconded by Governor Leslie and approved 5-0.

DECISION ON HYBRID RESOURCES AGGREGATE CAPABILITY CONSTRAINT IMPLEMENTATION

Greg Cook, Executive Director, Market and Infrastructure Policy, presented Management's proposal regarding enhancements to the aggregate capability constraints for co-located hybrid resources. Mr. Cook noted that, based on stakeholder feedback, the aggregate capability constraint functionality, which was approved in phase 1 and phase 2 of the hybrid resource initiative, would be insufficient to manage co-located projects coming on-line over the new few years, due to contractual provisions. Next, Mr. Cook summarized the proposed new functionality to model contractual limits and shared graphs that illustrated the changes. He noted that the new provisions would allow dispatch of co-located resources. Mr. Cook also noted if reliability was at risk and there

were insufficient supply bids to meet demand, the ISO market could relax the sub-aggregate capability constraints to schedule extra energy.

Mr. Cook concluded by providing an overview of the benefits of the proposal and stated that at the June 30 EIM Governing Body meeting, the EIM Governing Body, under their advisory authority, voted unanimously to support the proposal.

Department of Market Monitoring comment

Ryan Kurlinski, Manager – Market Monitoring, provided an overview of the comments submitted by the Department of Market Monitoring as part of the stakeholder initiative. Brief discussion followed and Mr. Kurlinski responded to various inquiries from the Board of Governors.

Public Comment

Public comment was provided as follows:

Susan Schneider, on behalf Large-scale Solar Association
Ben Schwartz, on behalf of Clean Coalition

Interactive discussion ensued between stakeholders, the Board, and Management.

Motion:

Governor Schori

Moved, that the ISO Board of Governors approves the tariff revisions necessary to enhance the hybrid co-located resources model to include subordinate aggregate capability constraints as described in the memorandum dated July 7, 2021; 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 Leslie and approved 5-0.

DECISION ON RAAIM EXEMPTION OPTION FOR VARIABLE DEMAND RESPONSE RESOURCES

Roger Collanton, Vice President, General Counsel and Corporate Secretary, acknowledged the receipt of a public comment letter from California Large Energy Consumers Association, and noted it was provided to the Board of Governors.

Greg Cook, Executive Director, Market and Infrastructure Policy – presented Management’s proposal regarding changes to how the resource availability incentive mechanism was applied to demand response resources. Mr. Cook explained that the CPUC’s recent decisions and rulings enable the ISO to seek tariff revisions to treat demand response as a RAAIM-exempt variable output resource. To conclude, Mr. Cook reviewed the benefits of the proposal and noted stakeholders generally supported the RAAIM exemption, but noted concerns regarding how the proposed changes would be implemented. Brief discussion ensued.

Department of Market Monitoring comment

Ryan Kurlinski, Manager – Market Monitoring, provided an overview of the comments submitted by the Department of Market Monitoring as part of the stakeholder initiative. Brief discussion followed and Mr. Kurlinski responded to various inquiries from the Board.

Discussion ensued and Mr. Kurlinski provided responsive comments.

Public Comment

Public comment was provided as follows:

Greg Wikler, on behalf of California Efficiency Demand Management Council

Motion:

Chair Galiteva

Moved, that the ISO Board of Governors approves the tariff revisions necessary to recognize variable-output demand response valued under an effective load carrying capability or similar methodology and provide them with the option to be exempted from RAAIM as described in the memorandum dated July 7, 2021; 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 5-0.

RECESSED

The meeting was recessed at approximately 10:45 a.m.

RECONVENED

The Board of Governors reconvened the general session at approximately 10:55 a.m. and the presence of a quorum was established.

DECISION ON RELIABILITY MUST-RUN DESIGNATION FOR AGNEWS POWER PLANT

Jeff Billinton, Director, Transmission Infrastructure Planning, provided an overview of Management's request for the Board's approval of reliability must-run designations for Agnews Power Plant for November to December 2021 and 2022. Mr. Billinton reported that on November 20, 2020, the ISO received the notice of retirement for the 25.56 MW unit effective November 1, 2021, but was denied. He explained that analysis conducted concluded that this unit was found to be required to meet local requirements in the San Jose sub-area. Mr. Billinton added that should the resource secure a resource adequacy contract, no reliability must-run contract would be executed.

Next, Mr. Billinton reviewed the stakeholder process and noted that several stakeholders provided feedback suggesting that the resource be designated as a system need rather than a local need. To conclude, Mr. Billinton noted that Management would report the results of the reliability must-run contracts during a future Board meeting. Discussion ensued and Management provided responsive comments to the Board.

Public Comment

Public comment was provided as follows:

Mark Smith, on behalf of Calpine
Eric Little, on behalf of CalCCA

Discussion followed and Neil Millar, Vice President, Infrastructure and Operations Planning, provided responsive comments to the Board and stakeholders.

Motion:

Governor Bhagwat

Moved, that the ISO Board of Governors authorizes Management to designate the Agnews Power Plant unit for reliability must-run service contingent upon execution of a reliability must-run contract with rates, terms and conditions acceptable to Management, as described in the memorandum dated July 7, 2021 and as discussed incorporating the comments from the meeting on July 15, 2021.

The motion was seconded by Governor Schori and approved 5-0.

BRIEFING ON RENEWABLES IN THE GENERATOR INTERCONNECTION QUEUE

Bob Emmert, Senior Manager, Interconnection Resources, provided the Board of Governors the annual briefing on the status of the generation interconnection queue. Next, Mr. Emmert reviewed a chart that depicted the renewable capacity in the queue over time and highlighted, for July 2021, 97,643 MW of renewable capacity in the queue. He noted that since June 2020 this was an increase of over 30,000 MW. Next, Mr. Emmert reviewed a graph that depicted the 147,812 MW of energy storage capacity currently in the queue and highlighted this was a 78,000 MW increase from June 2020. To conclude, he reviewed an updated map of all projects in the interconnection queue, including conventional resources. Discussion followed and Mr. Emmert and Mr. Millar provided responsive comments.

DECISION ON CLUSTER 14 INTERCONNECTION PROCEDURES

Steve Rutty, Director, Grid Assets, provided an overview of Management's proposal to make changes to the cluster 14 process. He briefly reviewed the interconnection process and noted it was a two-year process with two phases.

Mr. Rutty reported that on average the ISO typically received 113 requests annually, and that in April 2021 the ISO received 373 requests. He added that the volume increase significantly exceeds the capacity of the ISO and the transmission owners to process the requests on normal timelines established in the ISO tariff and business practice manual.

Next, Mr. Rutty summarized the three revisions to the cluster 14 study process: (1) extend the overall study process by 1 year with accompanying study modifications, (2) the estimated costs and cost allocations in phase 1 studies will be advisory; phase 2 studies will set the costs caps, and (3) interconnection customers will be eligible for 100% refund of their initial financial security if the phase 2 study increases the maximum cost responsibility by 25% or more than identified in the phase 1 study; or extends the longest-duration reliability network upgrade by one year or more than identified in the phase 1 study. He stated stakeholders were generally in support of the changes and noted some stakeholders had proposed stricter requirements for applicants in order to remain in the study process. Mr. Rutty concluded by summarizing the benefits and highlighted that the ISO would initiate a more extensive interconnection process enhancement initiative later in the year. Discussion followed and Mr. Rutty provided responsive comments.

Public Comment

Public comment was provided as follows:

Eric Eisenman, on behalf of Pacific Gas & Electric
Susan Schneider, on behalf Large-scale Solar Association

Motion:**Governor Galiteva**

Moved, that the ISO Board of Governors approves the proposed cluster 14 interconnection procedures, as described in the memorandum dated July 7, 2021; 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 Schori and approved 5-0.

BRIEFING ON THREE-YEAR ROADMAP AND ANNUAL PLAN

Greg Cook, Executive Director – Market and Infrastructure Policy, provided the EIM Governing Body a briefing on the 2021 three-year policy initiatives roadmap and annual plan. Mr. Cook provided an overview of the primary drivers of changes to the roadmap and annual plan since January 2021: (1) external load forward scheduling rights process initiative and (2) the resource sufficiency evaluation initiative. Next, he outlined the reforms to resource adequacy and explained how the reforms needed to align procurement with operational needs. To conclude, Mr. Cook reviewed next steps.

Public Comment on all briefings

There was no public comment offered at this time.

Next, Governor Borenstein provided clarifying remarks based on an earlier comment made during the Board meeting regarding stakeholders bringing forth additional information and/or objections the day before a scheduled Board meeting. Mr. Borenstein clarified that his point was to encourage stakeholders to engage with Board members and raise any issues or objections early on in the process, to allow Board members the opportunity to be more responsive.

INFORMATIONAL REPORTS

There were no comments on the informational reports.

FUTURE AGENDA ITEMS

There were no future agenda items.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 12:50 p.m.