

**GENERAL SESSION MINUTES
BOARD OF GOVERNORS MEETING
December 19, 2019
ISO Headquarters
Folsom, California**

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The ISO Board of Governors convened the general session meeting at approximately 8:00 a.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
Severin Borenstein
Mary Leslie

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

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

Mark Smith, on behalf of Calpine, provided comments in appreciation of Dr. Keith Casey's contributions to the ISO and wished him the best in his future endeavors.

Eric Eisenman, on behalf of Pacific, Gas and Electric Company, provided comments in appreciation of Dr. Keith Casey's contributions to the ISO and wished him the best in his future endeavors.

DECISION ON GENERAL SESSION MINUTES

Governor Galiteva moved for approval of the Board of Governors general session minutes for the November 13, 2019 meeting. The motion was seconded by Governor Borenstein and approved 5-0.

CEO REPORT

Steve Berberich, President and CEO, provided an overview of the following sections of his CEO report: overall system conditions, reliability coordinator conditions, regional day-ahead market, policy initiatives roadmap, post-2020 grid operational challenges, 2020 ISO budget, and renewable energy production numbers. Mr. Berberich announced that Nancy Traweek, Executive Director of Grid Operations, would be retiring in January 2020. He noted appreciation for her contributions to the ISO and wished her the best in retirement. Mr. Berberich also announced it was Dr. Keith Casey's last Board meeting as the ISO's Vice President of Market and Infrastructure Development as he would be retiring in January 2020. Mr. Berberich noted his appreciation for Dr. Casey's contributions and wished him the best in his future endeavors. The Board also provided comments in appreciation of Dr. Casey's contributions to the ISO and requested the following resolution:

WHEREAS, Dr. Keith Casey, Vice President, Market & Infrastructure Development, is retiring from the California Independent System Operator Corporation, after serving for over twenty-two years as an indispensable member of ISO leadership and the ISO executive team; and

WHEREAS, Dr. Casey has dedicated more than twenty-two years of service in the energy industry in market monitoring, market design, transmission planning and infrastructure development, including as a dedicated member of the California ISO's start-up team, and in several leadership positions throughout his career with the ISO, including Director of Market Monitoring and more than a decade as a highly regarded member of the ISO's executive team as a Vice President and as an interim CEO; and

WHEREAS, Dr. Casey in his various roles, has dedicated his career to developing market design and infrastructure policies and overseeing the transmission planning and generation interconnection process to ensure all of these critical functions evolve to effectively address the changing needs of the industry and facilitate California's transition to a greener and smarter electric grid; and

WHEREAS, Dr. Casey, amongst his many significant achievements, played a key role in designing the ISO's current market, helping to create a competitive market for the benefit of California and the regions' electric customers; and

WHEREAS, Dr. Casey also helped develop a new method for assessing the economic benefits of proposed transmission expansion projects that has been and will continue to be critical to the success of the ISO's transmission planning process for many years to come; now, therefore be it

RESOLVED, that the California ISO Board of Governors hereby expresses its utmost gratitude and sincerest appreciation to Dr. Casey for his service to the California ISO and the State of California, and for his sharp wit and dry sense of

humor, and wishes him a fulfilling and adventurous retirement, including ever-favorable wind-surfing conditions, and even more favorable beer selections, and the best in all of his future endeavors.

The resolution was adopted 5-0.

DECISION ON 2020 BUDGET

April Gordon, Director – Financial Planning and Procurement, provided the Board with an overview of the proposed 2020 budget. She noted how diversified revenue streams led to a favorable revenue requirement while still developing a well-rounded budget that serves the ISO's needs. She provided an overview of the budget development timeline and noted it began in July, with the Board decision scheduled to occur at this meeting. She noted the \$187 million proposed revenue requirement was \$6.5 million less than the 2019 revenue requirement. Ms. Gordon stated that Management remains committed to having a stable revenue requirement. She stated the proposed O&M budget increased by \$6 million for a total of \$195 million.

Ms. Gordon next discussed the debt service requirement and stated it remained at \$16.9 million due to the level debt service of the 2013 bonds. She informed the Board that \$28 million will be collected for capital in the proposed revenue requirement (\$22 million targeted for project approvals and \$6 million for capital reserves). She provided an overview of other costs and revenues that would reduce the revenue requirement, including revenue for reliability coordinator services and the energy imbalance market. Ms. Gordon concluded her presentation by providing an overview of the proposed rates for 2020 and noted that a majority of the rates decreased from the 2019 rates. Brief discussion followed.

Motion

Governor Bhagwat:

Moved, that the ISO Board of Governors approves the 2020 GMC revenue requirement, capital/project budget, and resulting rates as set forth in Attachment A to the memorandum dated December 11, 2019.

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

BRIEFING ON 2020 POLICY INITIATIVES ROADMAP AND ANNUAL PLAN

Greg Cook, Executive Director – Market and Infrastructure Policy, provided an overview of the 2020 policy initiatives roadmap and annual plan. Mr. Cook described the policy initiatives roadmap process and explained that the 2020 roadmap reflects new process guidelines. He summarized the primary drivers for the proposed three-year roadmap. He described how the new 2021 initiative enhancing market dispatch capability will improve operability of the fleet. He stated enhancements were needed to the resource adequacy program in order to align procurement with operational needs. He described how the

energy storage and distributed energy resources initiative continues to refine distributed energy resources and storage participation models and lower integration barriers. Mr. Cook noted that stakeholders support the plan but urge the ISO to make continued policy alignment between day-ahead market enhancements and extended day-ahead market to EIM entities. Discussion followed and Mr. Cook concluded his presentation by reviewing the three-year policy roadmap of major initiatives and draft annual plan.

Public comment

Eric Eisenman, on behalf of Pacific, Gas and Electric Company, noted that while PG&E believes the plan is too ambitious, the work of the ISO on the overall plan was greatly appreciated.

BRIEFING ON POST 2020 GRID OPERATIONAL OUTLOOK

Mark Rothleder, Vice President – Market Quality and California Regulatory Affairs, provided a briefing on the post 2020 grid operational outlook. He noted that he previously briefed the Board on challenge 1 (capacity shortfall in 2021 and meeting summer evening peak load) and that this briefing would focus on the following: challenge 2 (increased ramping needs) and challenge 3 (low renewable energy production from multi-day weather events). With regards to challenge 2, he described how gas and imports respond to meet maximum ramp rate after the sun sets and that by 2030, solar is expected to contribute to increasing ramping needs. Mr. Rothleder provided an overview of actions the ISO was currently undertaking to address the increased ramping needs as well additional future actions that will be needed. With regards to challenge 3, he described how multiple days of low solar production hinders the ability of storage to recharge. He reviewed a graph that depicted how low solar production across a multi-day event results in a high reliance on natural gas and imports. He concluded the presentation by reviewing other actions needed to address this challenge. Brief discussion followed.

INFORMATIONAL REPORTS

There were no comments or questions on the following informational reports: business practice manual change management report, Department of Market Monitoring update, market initiatives update, regulatory report, state, regional and federal affairs update, and Market Surveillance Committee report.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 9:45 a.m.