

**GENERAL SESSION MINUTES  
BOARD OF GOVERNORS MEETING  
August 31 – September 1, 2016  
ISO Headquarters  
Folsom, California**

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**August 31, 2016**

The ISO Board of Governors convened the general session meeting at approximately 3:30 p.m. and the presence of a quorum was established.

**ATTENDANCE**

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

Richard Maullin, Chair  
Ash Bhagwat  
Mark Ferron  
Angelina Galiteva  
Dave Olsen

The following members of the executive team were also present at times throughout the meeting: Steve Berberich, Mark Rothleder, Keith Casey, Roger Collanton, Eric Schmitt, Tom Doughty, Stacey Crowley, Ryan Seghesio and Becky Regan

**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 Olsen moved for approval of the Board of Governors general session minutes for the June 28, 2016 meeting. The motion was seconded by Governor Bhagwat and approved 5-0.

## **CEO REPORT**

Steve Berberich, President and CEO, provided an overview of the following sections of his report: Overall system conditions, reactive power requirements, EIM Governing Body activity, energy imbalance market, regionalizing the grid and renewable generation. Mr. Berberich also congratulated Governor Olsen on his recent confirmation by the Senate.

## **EIM GOVERNING BODY UPDATE**

Kristine Schmidt, Chair of the EIM Governing Body, provided the Board an update on recent Governing Body activities. Ms. Schmidt noted appreciation on behalf of the Governing Body to the EIM Transitional Committee, the EIM Governing Body Nominating Committee including the executive search firm, Regional issues forum, Body of State Regulators, ISO Board and numerous members of ISO Management and staff.

## **BRIEFING ON WESTERN ENERGY IMBALANCE MARKET**

Mark Rothleder, Vice President, Market Quality and Renewable Integration, provided the Board an update on the western energy imbalance market. He stated that Arizona Public Service Company and Puget Sound Energy have completed integration and entered parallel operations. He stated that Portland General Electric's full network model was ready for integration into the energy imbalance market on October 1, 2017. Mr. Rothleder also stated that Idaho Power Company's implementation agreement was approved by FERC and that they were on track to enter the energy imbalance market on April 1, 2018. He informed the Board that gross economic benefits since the start of the energy imbalance market were \$88.2 million. He stated 15-minute prices continued to be stable and that prices for Nevada Energy were reflective of system conditions. He provided an overview of graphs that depicted preliminary 2016 counterfactual import and export displacements. He stated that energy imbalance market dispatch has reduced greenhouse gas emissions by 291,998 metric tons for the period of January – June 2016. Brief discussion followed regarding the upward trend of the benefits.

## **BRIEFING ON CALIFORNIA SENATE BILL 350 FOLLOW-UP**

Mr. Berberich noted that in light of the Governor's recent announcement to defer action on regionalizing the grid, there was nothing to report at this time.

## **DECISION ON CONDITIONAL APPROVAL TO EXTEND EXISTING RELIABILITY MUST-RUN CONTRACTS FOR 2017**

Neil Millar, Executive Director of Infrastructure Development, informed the Board that Management was requesting conditional Board approval to extend reliability must-run contracts for 2017. Mr. Millar further described why the extensions were conditional. He stated that CPUC jurisdictional load serving entities made preliminary resource adequacy showings on September 15. 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 would be sent to resource owners on October 1, 2016. Mr. Millar stated that Management would report the results of the reliability must-run contract extensions at the October 26-27 Board meeting. Brief discussion followed regarding the tariff requirement to extend the contracts on an annual basis.

There was no public comment on this item.

### **Motion**

**Governor Galiteva:**

***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, consistent with the criteria described in the memorandum dated August 24, 2016.***

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

### **DECISION ON REACTIVE POWER REQUIREMENTS FOR NON-SYNCHRONOUS GENERATORS**

Roger Collanton, Vice President, General Counsel and Chief Compliance Officer, acknowledged receipt of the following public comment letter: Southern California Edison

Keith Johnson, Manager – Infrastructure Policy, provided an overview of Management's proposal for new reactive power requirements for non-synchronous generators. Mr. Johnson stated that Management was seeking additional requirements for generators to install automatic voltage control equipment so generators could more easily maintain voltage schedules. He also noted that Management considered whether the ISO's current reactive power compensation provisions needed to be revised as a result of the new technical requirements, but determined that the current compensation method was appropriate. He provided an overview of the new reactive power requirements, as set forth in FERC Order No. 827, for non-synchronous generators. He provided an overview of the stakeholder process and noted that stakeholders supported the proposed voltage control capability requirements but were split on the financial compensation determination. Mr. Johnson concluded his presentation by providing an overview of the benefits of the proposal.

### **Public comment**

Brian Theaker, on behalf of NRG, provided comments and noted various concerns with Management's proposal concerning the proposed financial compensation determination and stated it was problematic for planning purposes to contract one year at a time.

Carrie Bentley, on behalf of Western Power Trading Forum, provided comments and noted various concerns with Management's proposal concerning the proposed financial compensation determination and requested that the Board direct staff to revisit the compensation issue.

Roy Kuga, on behalf of Pacific, Gas and Electric Company, provided comments in support of Management's proposal and noted appreciation to ISO staff for all the work on this initiative.

Mr. Johnson provided responsive comments regarding the financial compensation issue and noted that the California ISO also looked at what other ISOs across the region were doing as part of the proposal development process. Brief discussion followed.

### **Motion**

#### **Governor Ferron:**

***Moved, that the ISO Board of Governors approves the proposed revisions for reactive power requirements for non-synchronous generators, as described in the memorandum dated August 24 2016; 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 proposed tariff change.***

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

### **DECISION ON SETTLEMENT AND DISPUTE TIMELINE CHANGE**

Dan Shonkwiler, Lead Counsel, provided an overview of Management's proposal to change the settlement and dispute timeline. Mr. Shonkwiler provided an overview of the settlement and billing cycle process. He described how currently, the 35-month recalculation statement was issued only one month before settlements are effectively final at 36 months, and how the tariff allows market participants only five business days to submit any disputes. He stated this dispute period was significantly shorter than the dispute period for other settlement recalculations. He described how the proposal would provide market participants additional time to review and dispute this penultimate statement as Management was proposing to accelerate it by two months, from 35 months after the trading day to 33 months after the trading day. He stated that this change would allow the dispute period to be expanded from 5 business days to 22 business days, which would be consistent with the dispute period for other statements. Brief discussion followed.

There was no public comment on this item.

**Motion****Governor Ferron:**

***Moved, that the ISO Board of Governors approves the change to the timeline for settlement statements and disputes, as described in the memorandum dated August 24, 2016; 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 proposed tariff change.***

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

**AUDIT COMMITTEE UPDATE**

Governor Bhagwat, Chair of the Audit Committee, provided an overview of Moss Adam's audit report for the ISO's Retirement Savings Benefits Plan that went before the Audit Committee during its general session held earlier in the day. Governor Bhagwat recommended that the Board accept the audit as recommended by the Audit Committee.

**Motion****Governor Galiteva:**

***Moved, that the ISO Board of Governors, as recommended by the Audit Committee, accepts the audit report of financial statements with supplementary information of the California ISO Retirement Savings Benefits Plan for the years ended December 31, 2015 and 2014, as audited by Moss Adams LLP Certified Public Accountants, and as attached to the memorandum dated August 24, 2016.***

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

**INFORMATIONAL REPORTS**

There were no comments or questions on the following informational reports: regulatory report, state, regional and federal affairs update, business practice manual change management report, Department of Market Monitoring update, Market Surveillance Committee update, master stakeholder engagement and release plans, market performance update, quarterly financial report, and the update on renewables in the generator interconnection queue.

**ADJOURNED**

There being no additional general session matters to discuss, the session was adjourned at approximately 5:00 p.m.