

GENERAL SESSION MINUTES BOARD OF GOVERNORS MEETING November 13, 2014 ISO Headquarters Folsom, California

November 13, 2014

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:

Richard Maullin, Chair
Ash Bhagwat
Angelina Galiteva
Dave Olsen

The following members of the executive team were present at the meeting: Steve Berberich, Keith Casey, Karen Edson, and Roger Collanton

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

Governor Bhagwat moved for approval of the ISO Board of Governors general session minutes for the September 18-19, 2014 and the September 26, 2014 meeting. The motion was seconded by Governor Galiteva and approved 4-0-0.

CEO REPORT

Steve Berberich, President and CEO, provided an overview of overall conditions and noted that the ISO has continued to gain experience with the unique operating conditions of the renewable fleet. He next discussed the successful deployment of the energy imbalance market and informed the Board that, while the market and software were functioning well,

price spikes had become too frequent. He informed the Board that the ISO would be requesting from FERC a 90-day tariff waiver to enable the ISO to settle EIM transactions, in certain circumstances, based on market clearing prices instead of penalty prices pegged to \$1000 bid caps. He discussed lessons learned going forward and stated that a similar filing will be made in advance of when NV Energy joins the energy imbalance market. He commended the efforts of PacifiCorp, Bonneville Power Administration and ISO staff. Mr. Berberich next discussed the ISO symposium and noted his appreciation to the panel and keynote speakers. Mr. Berberich welcomed Governor Maullin as Chair to the Board and noted that the process had commenced to fill Governor Foster's vacant seat. He concluded his report by reviewing renewable generation peaks.

EIM TRANSITIONAL COMMITTEE CHAIR REPORT

Rebecca Wagner, EIM Transitional Committee Chair, provided the Board with an overview of recent activities of the EIM Transitional Committee. Ms. Wagner stated that the committee met October 23, 2014 and received several briefings from the ISO on EIM implementation, the role of the Department of Market Monitoring as well as the ISO tariff framework. She stated that the two working groups, one for "Scope" and the other for "Structure" had met several times, and continue to gather information to gain a deeper understanding of ISO/RTO governance models. She stated the committee was working towards providing an issue paper in the coming months for stakeholder review and input.

DECISION ON PAY FOR PERFORMANCE REGULATION PROPOSAL

Greg Cook, Director – Market and Infrastructure Policy, provided an overview of Management's proposal regarding pay for performance regulation design changes. Mr. Cook provided a background overview and noted that the ISO originally implemented pay for performance regulation in June 2013 as required by FERC Order No. 755. He described how pay for performance regulation design pays resources for mileage with an adjustment for accuracy and includes a minimum performance threshold. He stated that as part of the original stakeholder process, the ISO committed to a one-year review of the pay for performance regulation design. He also described how a large portion of the current regulation fleet was unable to meet minimum performance threshold.

Mr. Cook informed the Board that FERC had approved a waiver of minimum performance threshold until December 31, 2014. Mr. Cook further discussed the two proposed changes to the minimum performance threshold and noted that a 25% monthly performance threshold would result in a manageable number of resources subject to recertification. He provided an overview of the stakeholder process and noted that stakeholders supported making only the minor changes proposed at this time. Discussion followed regarding the types of issues associated with hydro resources providing regulation and the types of resources that would be relied upon for regulation services in the future. Brief discussion followed regarding accuracy measurements in relation to reliability, the recertification process and how storage technologies will be of benefit in the future. Discussion followed regarding the procurement of storage technologies.

There was no public comment.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the pay for performance regulation market design proposal, as described in the memorandum dated November 6, 2014; 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 4-0-0.

AUDIT COMMITTEE UPDATE

Governor Bhagwat, Audit Committee Chair, provided an overview of an Audit Committee presentation by Laura Coletti, with PricewaterhouseCoopers, earlier in the day regarding the scope of the audit for the ISO's 2014 financial statements.

INFORMATIONAL REPORTS

Governor Bhagwat requested further information pertaining to FERC's order on rehearing and compliance for the EIM tariff filing related to whether the ISO takes title to energy associated with EIM transfers.

There were no questions on the remaining informational reports: State, Regional and Federal Affairs update, business practice manual change management report, Market Surveillance Committee update, Department of Market Monitoring update, master stakeholder engagement and release plans, financial report, update on results of the reliability must-run contract extensions for 2015, and update on renewables in the generator interconnection queue.

ADJOURNED

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