

**GENERAL SESSION MINUTES
EIM TRANSITIONAL COMMITTEE MEETING
August 25, 2015
CALIFORNIA ISO, FOLSOM, CA**

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The Energy Imbalance Market Transitional Committee, an advisory committee to the ISO Board of Governors, convened the general session meeting at approximately 1:40 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the EIM Transitional Committee were in attendance:

Rebecca Wagner, Chair
Brad Albert
Steve Beuning
Tony Braun
Dede Hapner
Natalie Hocken
Kevin Lynch
David Mills
Mark Smith
Walter Spansel
Robert Weisenmiller, via teleconference
Carl Zichella

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DECISION ON MINUTES

Committee member Hapner moved for approval of the EIM Transitional Committee's general session minutes for the June 25, 2015 meeting. The motion was seconded by Committee member Spansel and approved 11-0-0.

CHAIR REPORT

Chair Wagner provided opening remarks and provided an overview of the general session meeting agenda.

Committee member Weisenmiller joined the meeting via teleconference.

BRIEFING ON ENERGY IMBALANCE MARKET

Mark Rothleder, Vice President – Market Quality and Renewable Integration, provided an energy imbalance market operations update. Mr. Rothleder described how gross energy imbalance market benefits had increased during the 2nd quarter of 2015. He then reviewed several graphs that depicted how pricing performance continued to improve and how hourly average transfers between PACE and PACW were performing. He noted that the frequency of 5' and 15' intervals with megawatt undersupply infeasibilities had dropped below 1%.

John Anders, Lead Counsel, provided a status overview of regulatory matters related to the energy imbalance market. He informed the committee that the ISO filed proposed tariff changes to implement available capacity on August 19 and filed a response to a request for more information by FERC on the year-one enhancements proposal on August 21. Mr. Anders described the timeline that will lead to the ISO's August 28 filing of energy imbalance market readiness criteria. Finally, he informed the committee that the ISO would be filing a request for a six-month transition period by the end of August that would apply the price discovery feature currently implemented pursuant to a waiver request. Brief discussion followed.

Next, committee members' Spansel, Mills and Albert provided an update on the status of implementation efforts for NV Energy, Puget Sound Energy and Arizona Public Service, all noting that implementation tasks were going well and schedules were on track.

BRIEFING ISO-PACIFICORP MEMORANDUM OF UNDERSTANDING

Committee member Hocken provided an update on the status of the ISO-PacifiCorp memorandum of understanding with the intent to explore the benefits of full participation in the ISO market. She noted that the upcoming release of the benefits study would be

one step towards a final decision as the decision will be based on a number of factors including governance changes, stakeholder processes and state commission approvals.

BRIEFING ON GOVERNANCE PROPOSAL

Chair Wagner provided introductory remarks and noted that in person and telephonic public comment was available for this agenda item at the conclusion of the presentation. She provided an overview of the stakeholder engagement process that led to the final governance proposal before the committee today. She provided an overview of several key conclusions that drove the committee's development of the proposal and described how the proposal delegates authority an EIM governing body. Ms. Wagner also described how the proposal establishes a body of state regulatory and a regional issues forum. She described how the committee had refined several sections of the proposal in response to stakeholder feedback.

Committee member Hapner provided an overview of the operation elements of the EIM governing body, including defining its fundamental mission. She noted the governing body would follow the same procedures and policies as the ISO Board. Ms. Hapner stated the proposal added points pertaining to term limits, protection of market participants and legal duties in response to stakeholder feedback.

Committee member Smith provided an overview of the nominating committee section of the proposal, and noted that it would identify and nominate members of the EIM governing body. He stated the committee would consist of five voting members representing stakeholder sectors, including a vote by the state regulatory body, and four advisory members. He reviewed the proposed qualification requirements of the candidates and described how the first slate of nominees would be subject to approval by the ISO Board in an open meeting and that subsequent nominees would be subject to approval by the EIM governing body. He described how the proposal added additional detail about the nominating process for the selection of the EIM governing body.

Committee member Lynch provided an overview of the delegated authority section of the proposal and noted the ISO would need to file rule changes approved by both the EIM governing body and the ISO Board of Governors. He described how the proposal added hybrid initiatives to further explain the roles of the ISO Board and the EIM governance body and noted the role of the EIM governing body would depend on the primary driver for the initiative. He stated that the proposal also recognizes that EIM-specific components of an initiative might not be identified until late in a stakeholder process.

Committee member Zichella, provided an overview of the documentation section of the proposal, stated that EIM governance would be reflected in the ISO bylaws and the

creation of a charter, and noted the proposal provided information about the process for bylaw changes. He stated the bylaw changes would be decided on by ISO Board in an open meeting. He described how the proposal clarified the committee's vision about which corporate documents would contain the various provisions.

Chair Wagner provided an overview of the Committee of State Regulators noting it was a forum to educate regulators on market developments and to allow regulators to express common positions on issue of interest. Ms. Wagner noted that membership would consist of one representative from each state public utilities commission in which load-serving utilities participate in EIM. She noted that in response to stakeholder feedback, the proposal added additional detail about the role of the body and noted the first order of business was to select a member to serve on the nominating committee.

Committee member Braun provided an overview of the regional issues forum section of the proposal and noted its purpose was to improve dialogue on EIM issues and provide a needed vehicle to discuss regional implications of the EIM development with broad participation. He described the five stakeholder sectors that would be represented and that the committee would be responsible for its own procedures and methods of operation. He stated the name was changed in the proposal from regional advisory committee to regional issues forum and that the proposal was modified to clarify its purpose.

Committee member Hocken continued the presentation and noted that it was important that EIM governance be re-evaluated in the future based on accumulated experience and changing conditions. Ms. Hocken discussed timing options as to when the re-evaluation should occur and stated the proposal allowed for a set time-period to re-evaluate in five years, or sooner in the discretion of the EIM governing body.

Chair Wagner concluded the presentation by recapping next steps including the ISO Board of Governors decision on the proposal at its September 17 meeting. She stated the next two meetings of the EIM Transitional Committee were October 21 (Sacramento) and November 19 (teleconference).

Discussion ensued and committee members provided remarks commending the process and efforts of their fellow committee members, the stakeholders and ISO staff.

Public comment

Andrew Meditz, on behalf of the Sacramento Municipal Utility District, providing comments in support of the proposal and noted the importance of the regional issues forum.

Motion

Committee member Hapner:

Moved, that the EIM Transitional Committee adopts the Final Proposal, dated August 19, 2015, as its proposal for the long-term EIM governance structure to be presented to the ISO Board of Governors for decision.

The motion was seconded by committee member Spansel and approved 12-0-0.

FUTURE AGENDA ITEMS

There were no future items discussed.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 3:20 p.m.