

## Memorandum

**To:** ISO Board of Governors  
**From:** Douglas Howe, Chair, EIM Governing Body  
**Date:** September 12, 2017  
**Re:** **EIM Governing Body Chair update**

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***This memorandum does not require Board action.***

Since the last report to the ISO Board of Governors, EIM Governing Body members have continued their outreach program to existing, committed and potential new EIM entities. On September 6, 2017 the Governing Body held its meeting in Seattle, which was followed the next day by the quarterly meeting of the Regional Issues Forum.

### Outreach Activities

Members Fong and Schmidt attended the Western Power Trading Forum Roundtable on August 11, where Member Fong, Mark Rothleder, Vice President – Market Quality and Renewable Integration, and Market Surveillance Committee member Dr. Scott Harvey participated in panel discussions on California over-generation impacts, the integration of renewables, and the workings of the western energy imbalance market. The discussions prompted by panel presentations were robust and insightful.

Member Howe and Stacey Crowley, Vice President – Regional and Federal Affairs, participated in a panel discussion on the EIM at the LSI conference on Energy in the Southwest, in Santa Fe on August 22, 2017. (Member Linvill also presented, though not on an EIM topic). These presentations explained how EIM benefits are quantified and the main differences between the EIM and an RTO. The presentations were well-received.

Members Fong and Linvill met with executives of Pacific Gas & Electric on August 24 to discuss the EIM and to better understand PG&E's perspectives on the market.

On September 5, Members Fong, Linvill and Howe met with representatives of Seattle City Light (SCL) and Puget Sound Energy (PSE) in separate meetings. PSE is an operational entity in the EIM, and SCL is in its implementation phase with a planned implementation date of April 2019. Both companies are very pleased with their EIM experience to-date, the only caveat being a concern as to whether the ISO is adequately staffed for the significant wave of growth that the EIM is experiencing. These concerns have been relayed to ISO Management.

## EIM Governing Body Meeting, Seattle, September 6, 2017

All Governing Body members, several members of the ISO staff and about 40 members of the public attended the meeting. Members voted to approve a primary decisional item and voted to recommend adoption of an advisory item both related to the generator contingency and remedial action scheme modeling initiative, which is before the Board of Governors at its September 19 meeting. The Body's recommendation on the advisory item will be provided as verbal input into the Board's consideration when the item is up for discussion at the Board's meeting.

Commissioner Ann Rendahl, Washington Utilities and Transportation Commission, provided an update from the Body of State Regulators that included recent meetings of both BOSR and the BOSR's State Advisory Committee (commission staff members) and the upcoming in-person BOSR meeting to be held October 16 in Reno, NV. She added that the BOSR will hold an election for a new chair. Cameron Yourkowski (Renewable Northwest) RIF Chair, also provided an update of RIF activities noting that the RIF elected new leadership of himself as chair, Therese Hampton (The Public Generating Pool) as vice chair, and Matt Lecar (PG&E) as secretary. The RIF secretary role was added as part of the RIF self-evaluation.

In presentations on the readiness of Portland General Electric, Maria Pope, Senior Vice President of Power Supply, Operations and Resource Strategy at PGE, gave an overview of the PGE organization and a summary of the impact and preparedness of PGE's implementation on October 1, 2017. Petar Ristanovic, Vice President - Technology, provided a readiness report indicating that both PGE and the ISO are equally prepared for the October 1 implementation.

Powerex, the merchant supply arm of BC Hydro, gave an informative presentation about Powerex/BC Hydro and an overview of Powerex's EIM participation and their cost-benefit analysis results. Powerex, along with Idaho Power, will join the EIM in April 2018. Both entities will provide a readiness assessment to the EIM Governing Body at our November 29, 2017 meeting in Boise, ID.

Mr. Rothleder provided the 2<sup>nd</sup> Quarter 2017 western EIM benefits report noting that the EIM has \$213MM in gross economic benefits since inception.

George Angelidis, Principal – Power Systems Technology Development, gave an overview briefing on the western EIM price formation related to locational marginal prices. Concerns had been raised previously regarding potential greenhouse gas costs being included in the LMPs, and Mr. Angelidis provided a thorough presentation on the price formation that clearly demonstrated this is not the case.

## Regional Issues Forum (RIF), Seattle, September 7, 2017

The RIF held its quarterly meeting immediately following the Governing Body meeting in order to most efficiently optimize participant travel. Several important presentations were made by participants, highlights of which are included here.

Several EIM utilities participated in a panel on resource sufficiency. The ISO requires each EIM participant to have a balanced load and supply portfolio going into each hour. The ISO administers tests to determine resource sufficiency on an ex-ante basis. Some participants have concerns that the tests can diagnose false positives or false negatives too often. This is an ongoing topic of discussion between ISO staff and the affected participants.

A second topic focused on default energy bids and the frequency with which they are being used. Eric Hildebrandt, Director – Market Monitoring, explained that this was largely due to FERC’s denial of market based rate authority to a number of current EIM participants, and this concern should be eliminated once those entities have received market-based rate authority.

The topic generating the most animated discussion concerned the possibility of the Oregon Department of the Environment (ODOE) ruling which would, if enacted, require renewable resources in Oregon selling into California through the EIM to retire their renewable energy credits, in other words, deeming that such a transfer through the EIM is actually a bundled sale of energy and RECs. The California ARB made its position clear that it does not consider the importation of Oregon renewable energy through the EIM as a bundled sale of energy and RECs. The resolution of this issue by the ODOE should be forthcoming by year-end.

## Future Meetings of the EIM Governing Body

The next general session meeting of the EIM Governing Body is scheduled for October 10 at the ISO’s Folsom campus.