

GENERAL SESSION MINUTES

ISO BOARD OF GOVERNORS MEETING

May 12, 2022

Teleconference

May 12, 2022

The ISO Board of Governors convened the general session meeting at approximately 1:30 p.m. and the presence of a quorum was established.

ATTENDANCE

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

Ash Bhagwat, Chair
Mary Leslie, Vice Chair
Severin Borenstein
Angelina Galiteva
Jan Schori

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

The following provided comments on the interconnection process enhancements phase 1 agenda item:

Arash Ghodsian on behalf of EDF Renewables

DECISION ON THE GENERAL SESSION MINUTES

Governor Galiteva moved for approval of the ISO Board of Governors general session minutes for the March 17, 2022, meeting. The motion was seconded by Chair Bhagwat and approved 5-0.

CEO REPORT

Elliot Mainzer, President and CEO, provided highlights of sections of his CEO report, including: the extended day-ahead market (EDAM) straw proposal and other active policy initiatives that are complementary to EDAM, the final 5-year strategic plan, the Western Energy Imbalance Market's (WEIM) \$2 billion benefits milestone and the addition of two new participants, the ISO's new renewables record, summer 2022 readiness activities, progress on the interconnection queue reform, the release of the 20-Year Transmission Outlook, and the ISO's decision on workplace flexibility. Discussion followed.

DECISION ON THE 5-YEAR STRATEGIC PLAN

Elliot Mainzer, President and CEO, provided highlights from the 2022-2026 Strategic Plan including a review of the corporate values identified in the President and CEO message and overview of the ISO's vision. Mr. Mainzer summarized the five critical strategic and tactical objectives outlined in the plan, which include: (1) reliably and efficiently integrate new resources by proactively upgrading operational capabilities; (2) strengthen resource adequacy and meeting California's SB100 goals through long-term transmission planning and effective coordination within state agencies; (3) build on the foundation of the WEIM to further expand western market opportunities; (4) provide highly responsive and inclusive stakeholder engagement and customer service; and (5) create a flexible and adaptive work environment that retains and attracts a highly skilled and engaged workforce. Discussion followed.

Public comment

Anita Decker, Chair of the WEIM Governing Body, provided comments in support of the plan on behalf of the WEIM Governing Body.

Motion:

Governor Borenstein

Moved, that the ISO Board of Governors approves the ISO's 2022-2026 strategic plan attached to the memorandum dated May 9, 2022.

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

WEIM GOVERNING BODY CHAIR REPORT

Anita Decker, Chair of the WEIM Governing Body, provided highlights of the WEIM Governing Body's May 10, 2022, general session meeting that included briefings from the Body of State Regulators and the Regional Issues Forum, and updates on the WEIM implementations and Q1 2022 benefits report. Ms. Decker reported that representatives from the Bonneville Power Administration (BPA) and Tucson Electric Power Company (TEPC) provided comments related to the success of their recent implementations into the WEIM. She also noted in her update the first integration of Joint Owned Unit protocols developed by the ISO as part of TEPC's implementation.

DECISION ON INTERCONNECTION PROCESS ENHANCEMENTS PHASE 1

Roger Collanton, Vice President, General Counsel and Chief Compliance Officer, acknowledged receipt of the following public comment letters and noted they had been provided to the Board: Large-Scale Solar Association, California Wind Energy Association, EDF Renewables North America and Amazon Energy LLC.

Bob Emmert, Senior Manager – Interconnection Resources, provided the Board an overview of the goals of the initiative, which include: (1) to help projects move through the queue more efficiently and effectively; (2) to help the ISO manage the queue; (3) to better align the ISO’s interconnection process with resource procurement activities, and; (4) to address other outstanding process improvement needs since the implementation of the last enhancements as part of the IPE 2018 process. He noted that the initiative was split into two phases, the first to address immediate concerns, which is being presented today, and the second to allow time to discuss longer-term needs and broader reforms. Mr. Emmert provided an overview of the proposed enhancements to the transmission plan deliverability allocation process for generation in the queue, and changes to the site exclusivity requirements to enter and move through the queue.

Next, Mr. Emmert discussed a new process that is being proposed for interconnection of new generation under emergency conditions. Finally, Mr. Emmert reviewed additional clarifications, enhancements and process improvements as part of phase 1 of this initiative. Discussion ensued and Mr. Emmert responded to comments from the Board. Mr. Emmert committed to deferring the power purchase agreement requirements as part of the transmission plan deliverability allocation process to phase 2 of the IPE initiative. Management committed to providing a briefing on the flexibility of resource adequacy as it pertains to this initiative at a future general session meeting.

Public Comment

The following attendees provided public comment:

Craig Sundstrom and Bill Kissinger on behalf of Amazon Energy LLC.
Susan Schneider on behalf of Large Scale Solar Association
Eric Eisenman on behalf of Pacific Gas and Electric

Motion:

Governor Galiteva

Moved, that the ISO Board of Governors approve interconnection process enhancements - phase 1, as described in the memorandum dated May 4, 2022, and as modified to defer until phase 2 the extent to which corporate power purchase agreements qualify for the first deliverability allocation group and whether the ISO should specify a minimum term for qualifying power purchase agreements at the May 12, 2022 general session meeting of the Board of Governors; and

Moved, that the ISO Board of Governors authorize Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal as described, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.

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

BRIEFING ON SUMMER LOADS AND RESOURCES ASSESSMENT

Bob Emmert, Senior Manager – Interconnection Resources, provided the Board with highlights of the ISO’s 2022 Summer Loads and Resources Assessment, which provides the ISO’s view of anticipated summer conditions. Mr. Emmert reviewed results of the stack analysis based on a September forecast of resource adequacy capacity and the most recent California Energy Commission load forecast, which showed a slight improvement in supply conditions compared to 2021. Mr. Emmert then reviewed results of the stochastic analysis, which is based on the ISO developed forecast of 2022 load based on 20 years of historical weather data versus 26 years of history used in 2021 to more accurately reflect climate change impacts. He then stated that the stochastic analysis also includes projected hydro conditions and a breakdown of added generation since 2021, largely battery energy storage. Mr. Emmert continued to present the stochastic analysis in more detail and noted the analysis does not fully reflect more extreme climate induced load and supply uncertainties as well as procurement delay risks. Mr. Emmert concluded his presentation by saying while overall capacity conditions are better compared to last summer, additional resources are needed to achieve long-term reliability. He also indicated that conventional planning methods do not take into account more extreme events stemming from climate change, supply chain disruptions and other unforeseen factors. Discussion followed.

Public comment

There was no public comment.

DECISION ON RETIREE MEDICAL INVESTMENT POLICY EXCEPTION

Ryan Seghesio, Vice President, Chief Financial Officer and Treasurer, provided a brief overview of the temporary exception to the retiree medical plan investment policy. Mr. Seghesio provided an overview of the 5-year summary of retiree medical plan liabilities from 2017 - 2021, which shows the liabilities going down from \$24.9 million in 2017 to \$21.1 million in 2021. He explained that this is primarily due to plan changes, assumptions that go into the actuary report, and above average investments dating back to 2013. He then stated that the trust assets have gone up from \$11.1 in 2017 to \$21.2 million, which is due to investment returns and the ISO’s contribution to the account. Mr. Seghesio pointed out that if you subtract the trust from the liabilities, nothing would remain in the custody account. Mr. Seghesio concluded by asking the Board to approve a temporary exception to the portfolio sizing language in the policy. The exception will allow the ISO to hold the investments in the custody account (\$3.5 million as of December 31, 2021) versus a complete liquidation in 2022 and potential repurchase in a future year. Mr. Seghesio committed to providing an update on the status of the exception annually in the Annual Investment Report which is submitted to the Board in March of each year.

Public comment

There was no public comment.

Motion:

Chair Bhagwat

Moved, that the ISO Board of Governors approve retiree medical investment policy exception, as described in the memorandum dated May 4, 2022.

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

INFORMATIONAL REPORTS

There were no comments on the informational reports.

FUTURE AGENDA ITEMS

There were no future agenda items.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:30 p.m.