

**GENERAL SESSION MINUTES
BOARD OF GOVERNORS MEETING
GENERAL SESSION
May 4, 2016
Teleconference**

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The ISO Board of Governors convened the general session teleconference meeting at approximately 4:30 p.m. and the presence of a quorum was established via roll call.

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 in attendance: Steve Berberich, Keith Casey, Mark Rothleder 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 ALISO CANYON GAS-ELECTRIC COORDINATION PROPOSAL

Greg Cook, Director – Market & Infrastructure Policy, provided an overview of Management’s proposal to address operational impacts on gas fired generators in southern California associated with the loss of the Aliso Canyon gas storage facility. He noted the proposal was a result of an expedited stakeholder process necessary to mitigate summer reliability concerns as a result of the unavailability of Aliso Canyon. Mr. Cook stated that Management was requesting approval of temporary operational tools and market mechanisms to mitigate the risk to natural gas and electric operations. He described how the tools would provide ISO operators with flexibility to address gas system issues through limiting electric dispatches in the affected area. Mr. Cook described how the proposal also included adjustments to market cost

estimates to align market dispatches with gas system conditions in southern California. Mr. Cook discussed several other proposed market mechanisms that would ensure the markets aligned with gas system limitations, including enabling rebidding of commitment costs in the real-time market. He stated the proposal also included additional provisions to mitigate against inefficient market outcomes.

Mr. Cook next discussed the stakeholder process and noted that while stakeholders supported Management's objective to quickly implement new provisions to address the constrained supply conditions this summer, concerns remained. He concluded his presentation by reviewing remaining concerns and providing an overview of the benefits of the proposal. Discussion followed regarding the revenue impact on the impacted area and limits associated with the flexibility of the proposed operational tools.

Public comment

Brian Theaker, on behalf of NRG, provided comments on Management's proposal and requested clarification of the two-stage implementation dates. Mr. Theaker also requested that Management commit to initiating a stakeholder process to develop a longer-term market based solution. Management provided responsive comments and committed to commencing a stakeholder initiative to develop a longer-term solution as soon as possible.

Department of Market Monitoring comment

Eric Hildebrandt, Director of Market Monitoring, provided comments in support of Management's proposal and emphasized the importance of having flexibility. Mr. Hildebrandt committed to working with the ISO to ensure transparency in the operational tools as implementation occurs.

Public comment continued

Ellen Wolfe, on behalf of Western Power Trading Forum, provided comments on Management's proposal and requested that the ISO commence a stakeholder process to develop a more permanent solution.

Dean Burke, on behalf of California Department of Water Resources, provided comments on Management's proposal and requested clarification as to which generators would be impacted by the proposal. Management provided responsive comments and noted that primarily gas generators would be impacted, however there could be some instances where non-gas generators would be impacted.

Motion

Governor Bhagwat:

Moved, that the ISO Board of Governors approves the Aliso Canyon gas-electric coordination proposal, as described in the memorandum dated May 2, 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, via roll call.

Brief discussion followed and Management committed to commencing a stakeholder process as soon as possible to address the longer-term solution.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 5:20 p.m.