

**GENERAL SESSION MINUTES
BOARD OF GOVERNORS MEETING
GENERAL SESSION
October 3, 2016
Teleconference**

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The ISO Board of Governors convened the general session teleconference meeting at approximately 4:00 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, Petar Ristanovic 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 PHASE 2

Greg Cook, Director – Market & Infrastructure Policy, provided an overview of Management’s proposal to extend many of the temporary measures and market mechanisms approved by the Board last May to address operational impacts on gas-fired generators in southern California associated with the loss of the Aliso Canyon gas storage facility. He provided an overview of the key findings of the winter reliability assessment. Mr. Cook described why Management was proposing to retire the mitigation measures that provided the ability to reserve internal transfer capability into Southern California. He provided an overview of why Management was proposing to extend and refine the mitigation measure that provides the ability to enforce gas constraints for either capacity or imbalance limitations as well as extending the proposal for

temporary market changes to improve suppliers' ability to manage assets. He noted that after Board approval of these measures last May, the ISO had filed its bidding rules enhancements tariff language on August 19 and that the language was still pending FERC decision. He explained that Management is proposing to extend the provisions on a temporary basis until the later of the dates on which FERC approves the provisions on a permanent basis, or November 30, 2017.

Mr. Cook provided an overview of the expedited stakeholder process and noted that stakeholders support Management's proposal to extend the operational tools and market measures to address reliability risks. He stated the ISO will continue to work with stakeholders on the few remaining issues related to providing more transparency on how the measures are used. Mr. Cook concluded his presentation by providing an overview of the proposal's benefits.

Discussion followed regarding DMM's recommendation to make use of the same-day gas prices permanent, and Mr. Cook stated that issue would be addressed in an upcoming stakeholder process. Discussion ensued regarding whether the ability to reserve internal transfer capability into Southern California should be extended to allow for additional system condition flexibility. Mr. Cook and Mr. Rothleder described why Management is proposing to retire the measure. Discussion followed regarding the mitigation measure to publish 2 day-ahead advisory market results available to scheduling coordinators. Mr. Cook confirmed that the results remained confidential and that scheduling coordinators would only be able to see their own market results.

Public comment

Kristine Schmidt, EIM Governing Body Chair, described how this initiative fell into the advisory category responsibilities of the EIM Governing Body per its Charter. Ms. Schmidt stated that she was briefed by ISO staff on the status of the initiative and its associated expedited timeline. Ms. Schmidt stated that given the urgencies associated with the initiative, she decided that it was not necessary for the EIM Governing Body to hold a special meeting to develop a formal position. She noted that ISO staff committed to keep the EIM Governing Body updated on this initiative.

Department of Market Monitoring comment

Eric Hildebrandt, Director of Market Monitoring, provided comments in support of Management's proposal. He provided an overview of the following areas as further addressed in his memorandum provided to the Board: gas cost scalers, updating day-ahead gas price index, cost recovery for energy bids, and exceptional dispatch mitigation. Mr. Cook provided responsive clarifying remarks in response to Mr. Hildebrandt's comments related to default energy bids.

Public comment continued

Simi Rose George, on behalf of Environmental Defense Fund, provided comments on Management's proposal. Ms. George provided comments in the following two areas: (1) the need for the ISO to promptly consider longer-term measures to address market design issues that are underlying the reliability risks, and (2) the need for the ISO to explore deploying demand-side alternatives consistent with FERC's June 1 order.

Motion

Governor Ferron:

Moved, that the ISO Board of Governors approves the Aliso Canyon gas electric coordination phase 2 proposal, as described in the memorandum dated September 29, 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.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:45 p.m.