

**GENERAL SESSION MINUTES
BOARD OF GOVERNORS MEETING
GENERAL SESSION
January 5, 2015
Teleconference**

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The ISO Board of Governors convened the general session teleconference meeting at approximately 2:00 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
Angelina Galiteva
Dave Olsen

The following members of the executive team were present at the meeting: Steve Berberich, Keith Casey, Petar Ristanovic, Karen Edson, Mark Rothleder, Roger Collanton and Becky Regan

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DECISION ON EIM TRANSITION PERIOD

Don Tretheway, Lead Market Design and Regulatory Policy Specialist, provided an overview of Management's EIM transition period proposal. Mr. Tretheway described why Management was recommending a twelve-month EIM transition period for all new EIM entities. He stated that Management was proposing to apply the EIM transition period to PacifiCorp effective November 1, 2014. He noted that FERC strongly encouraged long-term measures be filed prior to the expiration of the existing waiver on February 14, 2015. Mr. Tretheway provided an overview of the original proposal and then described the modifications Management was proposing based on stakeholder feedback. He stated that only the following element was proposed to be included at this time: when modeled constraints were relaxed, energy would

be priced on the marginal economic bid. He stated the second element, graduated bid caps, would be discussed further as part of the EIM year 1 enhancements stakeholder initiative.

Mr. Tretheway described how the use of a marginal economic bid, for a twelve-month transition period, was appropriate because the market may not incorporate actual system conditions. He further discussed how the EIM year 1 enhancements stakeholder initiative would consider graduated energy bid caps or other measures. He noted that stakeholders generally supported the proposal but some were concerned that the transition period should not apply to all new EIM entities, and that the twelve-month duration was too long. Mr. Tretheway concluded his presentation by reviewing the benefits of the proposal.

Discussion followed and the Board inquired about PacifiCorp's position on the proposal. Mark Rothleder, Vice President – Market Quality and Renewable Integration, stated his understanding that PacifiCorp was comfortable with the duration as part of the original stakeholder process and was also supportive of graduated bid caps being part of the EIM year 1 enhancements initiative. Discussion followed regarding the potential for periodic adjustments and Mr. Tretheway confirmed that the ISO would be preparing quarterly reports. Steve Berberich, President and CEO, confirmed that absent action on the part of FERC or the ISO, the proposal would be in place for one year. Brief discussion followed regarding the use of marginal economic bids.

Public comment

Christine Kirsten, on behalf of PacifiCorp, provided comments in support of Management's proposal for a twelve month transitional period and for the need to gain seasonal experience.

Ellen Wolfe, on behalf of Western Power Trading Forum, provided comments and noted WPTF's overall support of EIM and the ISO's initial 90-day waiver proposal. Ms. Wolfe stated that WPTF did not support continuing the use of the marginal economic bid for the relaxation parameter beyond the expiration of the PacifiCorp tariff waiver and that it may not be appropriate to apply the transition period for all future EIM entities.

Mr. Rothleder noted appreciation for Ms. Wolfe's comments and further emphasized the importance of gaining seasonal experience over a one-year period. Mr. Rothleder stated, that to provide transparency, the ISO would issue quarterly reports.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the EIM transition period proposal, as described in the memorandum dated January 2, 2015; 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 Bhagwat and approved 4-0-0, via roll call.

DECISION ON MODIFICATION TO EIM ADMINISTRATION CHARGE

Don Tretheway, Lead Market Design and Regulatory Policy Specialist, provided an overview of Management's proposal to modify the EIM administrative charge design. He described how the objective of the EIM administrative charge design was to recover ISO operational costs. He further described how the current design of the EIM administrative charge was resulting in a higher payment to the ISO than expected. He stated that Management was proposing to impose only the minimum EIM administrative charge while the long-term redesign is being further discussed with stakeholders. Mr. Tretheway described how the proposed modification to the administrative charge was consistent with the policy intent originally discussed with stakeholders. He noted that while a stakeholder meeting was not held in advance of seeking Board approval, Management did seek out informal feedback from stakeholders that pay the significant portion of the grid management charge. Mr. Tretheway concluded his presentation by discussing the benefits of the proposal.

Discussion followed regarding the graphs on slide 3 of Mr. Tretheway's presentation, which depicted revenues and charges. Mr. Tretheway provided responding remarks and noted that the ISO anticipated matters would even out with the redesign. Discussion followed regarding the amounts collected by the ISO and Mr. Tretheway confirmed that the ISO would not be providing refunds to PacifiCorp. Mr. Tretheway further confirmed that the ISO had extensive consultations with various stakeholders, including PacifiCorp, regarding the proposal.

Public comment

There was no public comment on this item.

Motion

Governor Olsen:

Moved, that the ISO Board of Governors approves the modification to the EIM administrative charge design proposal, as described in the memorandum dated January 2, 2015; 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 4-0-0, via roll call.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 2:45 p.m.