

GENERAL SESSION MINUTES BOARD OF GOVERNORS MEETING July 22, 2020 Teleconference

July 22, 2020

The ISO Board of Governors convened the general session meeting at approximately 1:00 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:

Dave Olsen, Chair
Angelina Galiteva, Vice Chair
Ash Bhagwat
Severin Borenstein
Mary Leslie

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no public comment offered at this time.

DECISION ON THE GENERAL SESSION MINUTES

Governor Leslie moved for approval of the Board of Governors general session minutes for the March 25, 2020 meeting. The motion was seconded by Governor Bhagwat and approved 5-0.

CEO REPORT

Steve Berberich, President and CEO, provided highlights of the following sections of his CEO report: ISO's coronavirus response, overall balancing area system conditions, Reliability Coordinator conditions, day-ahead market enhancements and regional day-ahead market initiative, and renewable energy production. Mr. Berberich also provided congratulatory remarks to John Prescott on his appointment as Chair of the EIM Governing Body and to Anita Decker on her appointment as Vice Chair of the EIM Governing Body.

EIM GOVERNING BODY CHAIR REPORT

John Prescott, Chair of the EIM Governing Body, provided highlights of the EIM Governing Body's June 30 meeting that included routine briefings from the EIM Governance Review Committee, the Body of State Regulators and the Regional Issues Forum. Mr. Prescott stated the EIM Governing Body also voted to provide an advisory opinion in support of Management's hybrid resources proposal. He also noted that Anita Decker, Vice Chair of the EIM Governing Body, was now the Governing Body's representative on the Nominating Committee.

EIM GOVERNANCE REVIEW COMMITTEE CHAIR REPORT

Therese Hampton, Chair of the EIM Governance Review Committee, provided highlights of recent activities of the EIM Governance Review Committee including review of stakeholder comments and development of a proposed set of recommendations. Ms. Hampton noted appreciation to ISO staff in developing the draft proposal, which was on track for a July 31 release date for comments. She stated there was a general session meeting scheduled on September 15, 2020 to address stakeholder comments. Brief discussion followed and the Board commended the work of the EIM Governance Review Committee.

DECISION ON HYBRID CO-LOCATED RESOURCES PROPOSAL

Roger Collanton, Vice President, General Counsel and Corporate Secretary, acknowledged receipt of public comment letters from the following: Wellhead Electric Company, Inc. and Large-scale Solar Association / Solar Energy Industries Association.

Greg Cook, Executive Director – Market & Infrastructure Policy, provided the Board an overview of Management's hybrid co-located resources proposal. Mr. Cook described how Management developed two different models for generation with different technology types at the same location. He stated the co-located proposal falls under the EIM Governing Body's advisory role as the proposed rules apply generally to the entire market.

Mr. Cook described how Management proposes that co-located resources be constrained by limits at the point of interconnection. He stated that while stakeholders supported the new policy for managing co-located resources, there were remaining concerns. He provided an overview of the remaining concerns and brief discussion followed. He informed the Board that Management will consider the request by stakeholders for the authority to allow storage resources to deviate from dispatch in the ongoing hybrid initiative. Mr. Cook concluded his presentation by reviewing the benefits of the proposal and confirmed that Management will consider enhancements for the 2023 interconnections. Discussion followed and Management provided responses to Board inquiries regarding the two-phased approach for this initiative with regard to storage optimization.

EIM Governing Body Advisory Opinion

Chair Prescott informed the Board that the EIM Governing Body met on June 30th and recommended the Board approve the ISO's proposal. He stated the EIM Governing Body also requested that Management report back on implementation as well as explore options to offer testing simulations by market participants.

Department of Market Monitoring comment

Eric Hildebrandt, Executive Director – Market Monitoring, provided an overview of the comments submitted by the Department of Market Monitoring as part of the stakeholder initiative and stated that DMM fully supported Management's proposal.

Public comment

Danielle Mills, on behalf of California Wind Energy Association, provided comments in support of Management's proposal and commended the ISO for moving forward with the co-located and hybrid resource elements. Brief discussion followed regarding the timing of other elements related to the proposal.

Mike Pezone, on behalf of Pacific, Gas and Electric, provided comments in support of Management's proposal.

Eric Little, on behalf of Southern California Edison, provided comments on Management's proposal and commended the ISO for addressing concerns raised in the stakeholder process.

Susan Schneider, on behalf of the Large-Scale Solar Association and the Solar Energy Industries Association, provided highlights of the public comment letter submitted, noting general support overall for the proposal. Ms. Schneider concluded her comments by addressing the remaining concerns as outlined in the letter.

Jim Noh, on behalf of California Energy Storage Alliance, provided comments in support of Management's proposal and stated he looked forward to working with the ISO on the next phase.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the tariff revisions necessary to implement the proposal for the hybrid co-located resources proposal as described in the memorandum dated July 15, 2020; 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 deliverability methodology revisions,

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.

DECISION ON SLOW DEMAND RESPONSE AND PROXY DEMAND RESOURCES PROPOSAL

Roger Collanton, Vice President, General Counsel and Corporate Secretary, acknowledged receipt of a public comment letter from the following: California Efficiency + Demand Management Council.

Greg Cook, Executive Director – Market & Infrastructure Policy, provided the Board an overview of Management’s slow demand response and proxy demand resources proposal. Mr. Cook described how tariff revisions were necessary to operationalize slow demand response resources for local needs. He stated that Management developed a methodology to pre-contingency dispatch slow demand response resources and reviewed a graph that depicted how it leverages a minimum online commitment tool. He described how Management proposes a new methodology for energy settlement of exceptional dispatch of slow demand response prior to the operating day. He stated the pre-contingency dispatch solution will apply starting with the 2021 resource adequacy compliance year and that stakeholder support was dependent on the impact this solution has on the CPUC’s demand response resource adequacy crediting practice. Mr. Cook concluded his presentation by providing highlights of the benefits of the proposal. Brief discussion followed and Management responded to inquiries from the Board.

Department of Market Monitoring comment

Eric Hildebrandt, Executive Director – Market Monitoring, provided highlights of the comments submitted by DMM in the stakeholder process and in the Board report submitted at this meeting in support of Management’s proposal.

Public comment

Greg Wikler, on behalf of California Efficiency + Demand Management Council, provided highlights of his public comment letter submitted to the Board and requested that the Board decline to adopt Management’s proposal. Brief discussion followed and Management provided responsive comments.

Eric Little, on behalf of Southern California Edison, provided comments on Management’s proposal and requested that the Board direct Management to continue to work with stakeholders on remaining concerns. Brief discussion followed and Management provided responsive comments.

Jomo Thorne, on behalf of Pacific, Gas and Electric Company, provided comments on Management's proposal noting concern regarding the implementation elements of the proposal.

Nora Sheriff, on behalf of California Large Energy Consumers Association, provided comments on Management's proposal noting concern with two elements of the proposal and requested the Board defer approval. Brief discussion followed, Management provided responsive comments and the Board requested a report out on the results (capacity procurement mechanism, reliability must-run, etc.) at its November or December meeting.

Discussion ensued and Management responded to various inquiries from the Board and Eric Little, on behalf of Southern California Edison, provided additional responsive comments to the Board and committed to following up in writing.

Motion

Governor Bhagwat:

Moved, that the ISO Board of Governors approves the tariff revisions necessary to implement the slow demand response and proxy demand resources proposal as described in the memorandum dated July 15, 2020; 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 deliverability methodology revisions, 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 Galiteva and approved 5-0.

DECISION ON BOARD SELECTION POLICY

Greg Fisher, Lead Counsel, provided the Board an overview of Management's proposed revisions to the Board Selection Policy in the following areas: amended introduction to update the ISO's current corporate structure and purpose, updated candidate qualifications within the electric industry expertise category, updated stakeholder sector definitions, and updates to address if an incumbent is seeking reelection. Mr. Fisher stated the revised policy incorporates feedback received by stakeholders. There was no public comment on this item. Discussion followed and the Board requested that decision on this item be deferred to allow for additional review of the proposed revisions.

BRIEFING ON CONGESTION REVENUE RIGHTS PERFORMANCE

Guillermo Bautista Alderete, Director – Market Analysis and Forecasting, provided the Board a briefing on congestion revenue rights performance. He provided an overview of the ISO's

efforts to enhance congestion revenue rights performance. Mr. Alderete stated the CRR auction efficiency improved from 47% to 87% in 2019 and was trending towards 83% in 2020. He described how changes implemented in 2019 have reversed revenue inadequacy by about \$155 million in 2019 and 2020. He described how load serving entities continued to actively use the CRR auctions to rebalance their portfolio risks. Mr. Alderete concluded his presentation by reviewing conclusions and next steps. Discussion followed.

BRIEFING ON 2020 SUMMER LOADS AND RESOURCES ASSESSMENT RESULTS

Bob Emmert, Senior Manager – Interconnection Resources, provided the Board an overview of the 2020 Summer Loads and Resources Assessment results and described how the process uses a production simulation model that runs 2,000 simulations of varying levels of weather driven load and renewable generation. Mr. Emmert provided highlights of the assessment's general conclusions and then provided an overview of the impacts to loads due to COVID-19. He next reviewed several graphs that depicted various load impact scenarios. Mr. Emmert concluded his presentation by providing a summary of the results noting that compared to projections in 2019, the summer posed somewhat increased risk of conditions that could result in operating reserve shortfalls. Discussion followed.

BRIEFING ON RENEWABLES AND ENERGY STORAGE IN THE GENERATOR INTERCONNECTION QUEUE

Bob Emmert, Senior Manager – Interconnection Resources, provided the Board an overview of renewables and energy storage in the generator interconnection queue. Mr. Emmert reviewed graphs that depicted the current and projected renewable capacity and energy storage in the ISO queue. Mr. Emmert discussed the current and projected renewable generation capacity in operation within the ISO. Brief discussion followed regarding the queue map.

INFORMATIONAL REPORTS

There were no comments on the following informational reports: regulatory report, state, regional and federal affairs update, business practice manual change management report, Department of Market Monitoring update, Market Surveillance Committee update, market initiatives update, quarterly financial report, and market performance update.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:15 p.m.