

GENERAL SESSION MINUTES

BOARD OF GOVERNORS MEETING

March 25, 2020

Teleconference

March 25, 2020

The ISO Board of Governors convened the general session meeting at approximately 2:05 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 general public comment offered at this time. Governor Olsen noted that general public comment will be requested again later in the meeting. Governor Olsen also announced that there will be a two-minute speaking limit for all public commenters.

DECISION ON GENERAL SESSION MINUTES

Governor Galiteva moved for approval of the Board of Governors general session minutes for the December 19, 2019 meeting. The motion was seconded by Governor Borenstein and approved 5-0.

CEO REPORT

Steve Berberich, President and CEO, provided an overview of the following sections of his CEO report: ISO's coronavirus response, overall system conditions, reliability coordinator conditions, energy imbalance market implementation, regional day-ahead market, EIM Governing Body appointments, and renewable energy production numbers. Mr. Berberich also provided congratulatory comments to Governor Galiteva and Governor Bhagwat on their recent reappointments to the Board.

Next, Mr. Berberich stated that Market Surveillance Committee member Dr. Scott Harvey's three-year term would be expiring at the end of the month and that he requested that the Board reappoint Dr. Harvey for another three-year term. Discussion followed and the Board provided comments in support of the re-appointment.

Motion

Governor Leslie:

Moved, that the ISO Board of Governors approves the reappointment of Dr. Scott Harvey to the ISO Market Surveillance Committee for a three-year term to end March 31, 2023; and

Moved, that the Chief Executive Officer is authorized and directed to enter into an appropriate consulting agreement with Dr. Scott Harvey to compensate him for his participation on the ISO Market Surveillance Committee.

The motion was seconded by Governor Galiteva and approved 5-0 via roll call.

EIM GOVERNING BODY CHAIR REPORT

Carl Linvill, Chair of the EIM Governing Body, stated that the last EIM Governing Body meeting was held on March 12th and noted it was originally scheduled to take place in Phoenix, AZ, adjacent to EIM Governance Review Committee and Regional Issues Forum meetings, however all three meetings were converted to teleconference meetings under the current circumstances. He stated that all three meetings went well and noted the importance of ensuring stakeholders have continued access to the EIM Governing Body throughout this remote situation. Dr. Linvill welcomed new member Robert Kondziolka and stated that Anita Decker's term was extended at the last meeting. He concluded by commending the work of the EIM Governance Review Committee and noted appreciation to ISO staff for keeping the regional policy initiatives moving along.

PUBLIC COMMENT

Governor Olsen inquired as to whether there was any public comment on the EIM Governing Body Chair report. No comments were offered.

EIM GOVERNANCE REVIEW COMMITTEE CHAIR REPORT

Therese Hampton, Chair of the EIM Governance Review Committee, provided an overview of the EIM governance review process to date. She stated the Committee issued a scoping paper on January 29, 2020 that requested stakeholder comments by February 21 and held a public meeting on February 5 to discuss the paper. Ms. Hampton stated the Committee then held a public meeting on March 11 to discuss stakeholder feedback and noted the Committee would next begin work on the development of a straw proposal that would

address comments received. Brief discussion followed and the Board commended the work of the EIM GRC.

PUBLIC COMMENT

Governor Olsen inquired as to whether there was any general public comment. No general public comment was offered.

DECISION ON RELIABILITY MUST-RUN DESIGNATIONS

Neil Millar, Vice President – Transmission Planning and Infrastructure Development, provided an overview of Management’s request for the Board’s approval of reliability must-run designations for Greenleaf II Cogen, Channel Islands Power and E.F. Oxnard Incorporated for 2020. Mr. Millar stated that no reliability must-run contracts will be executed if resources secure a resource adequacy contract in the interim. Mr. Millar provided an overview of each of the units’ characteristics.

Next, Mr. Millar provided an overview of the stakeholder process and stated the technical study results were presented to stakeholders on March 14 and April 10, 2019. He noted the results have been included in the final 2020 Local Capacity Technical Report. Mr. Millar stated that stakeholders acknowledge the local reliability need for these resources. He noted that Management will report back the results of the reliability must-run contracts at the next general session meeting. Discussion followed regarding contract expiration dates and potential extensions. Mr. Berberich and Mr. Millar also addressed a Board inquiry regarding an increase from one reliability must-run unit last year to three this year and Mr. Berberich stated the ISO would continue to be very diligent in this regard.

Public comment

There was no public comment.

Motion

Governor Bhagwat:

Moved, that the ISO Board of Governors authorize Management to designate the Greenleaf II Cogen, Channel Islands Power and E.F. Oxnard Incorporated units for reliability must-run service contingent upon execution of a reliability must-run contract with rates, terms and conditions acceptable to Management, as described in the memorandum dated March 18, 2020.

The motion was seconded by Governor Olsen and approved 5-0 via roll call.

DECISION ON COMMITMENT COST ENHANCEMENTS

Mark Rothleder, Vice President – Market Policy and Performance, informed the Board that Management is proposing the following tariff changes: (1) clarify tariff language that resources can be both use-limited and conditionally available; (2) clarify that conditionally available resources are subject to availability charges when unavailable during availability assessment hours; (3) exempt run-of-river resources from availability incentive mechanism; and (4) Allow hydro resources with limited storage to be exempt from the availability incentive mechanism if an alternative counting methodology is adopted at the CPUC and used in load serving entities' showings. Mr. Rothleder stated that Management is working with Southern California Edison and Pacific Gas & Electric Company to establish an alternative counting methodology for hydro resources with limited storage. He provided an overview of the stakeholder process and noted the support was mixed for the proposed changes regarding the proposed application of availability incentive mechanism to conditionally available resource, but stated that most stakeholders supported treating run-of-river resources similar to variable energy resources. Mr. Rothleder concluded his presentation by providing an overview of the proposed tariff changes. Brief discussion ensued regarding the availability incentive mechanism and applicable assessment hours, and Mr. Rothleder confirmed they are as well defined as possible.

Public comment

Governor Olsen stated that as there were no general public commenters, the time limit for public comment for the remaining decisional items would be extended to four minutes per commenter.

Partha Malvadkar, on behalf of Pacific Gas and Electric Company, provided comments on Management's proposal and noted PG&E supported exempting run-of-river resources from availability incentive mechanism and agreed clear and consistent rules for hydro were important. Ms. Malvadkar noted PG&E opposed the element that would allow hydro resources with limited storage to be exempt from the availability incentive mechanism if an alternative counting methodology is adopted at the CPUC and requested the ISO defer this until after the CPUC proceeding concludes.

Mr. Rothleder provided responsive comments and noted the importance of getting the clarifications in the tariff now, and acknowledged the concerns of hydro with limited storage. He stated that the ISO will be able to address these concerns for the remainder of this year and potentially exempt those resources for the balance of the year if the 2020 hydro showings recognized the actual hydro condition for 2020.

Motion**Governor Galiteva**

Moved, that the ISO Board of Governors approves the commitment cost enhancements proposal described in the memorandum dated March 18, 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 proposal described in the memorandum, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any ruling on the proposed tariff amendment.

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

DECISION ON TRANSMISSION PLAN

Neil Millar, Vice President – Transmission Planning and Infrastructure Development, provided an overview of the proposed 2019-20 transmission plan. Mr. Millar explained that Board approval of the plan meant Board approval of the plan's determinations and recommendations. He next provided an overview of the transmission planning process. Mr. Millar stated that nine reliability projects were identified as needed and recommended for approval in the 2019-20 transmission plan. He also informed the Board that three previously-approved projects are on hold and require further evaluation in future planning cycles. He informed the Board that no policy-driven or economic-driven projects were being recommended. Mr. Millar provided an overview of phase 2 of the transmission planning process (sequential technical studies), emphasizing the following studies: (1) reliability analysis, (2) renewable (policy-driven) analysis, and (3) economic analysis. He next provided an overview of other key findings of the transmission planning process.

Mr. Millar reviewed graphs that depicted the generic resources included in the CPUC base portfolio and the queue map. Mr. Millar provided an overview of the characteristics of the new projects recommended for approval. He noted the ISO conducted the following additional informational studies: (1) frequency response and dynamic system modeling; (2) reliance on gas-fired generation in local capacity areas; and (3) flexible capacity deliverability requirements. Mr. Millar reviewed a graph that depicted the regional high voltage transmission access charge projection trending from January 1, 2020 values.

Next, Mr. Millar provided an overview of the feedback received during the stakeholder process and he noted there was general support for much of the transmission plan, but noted there were some concerns with the CPUC portfolios used for transmission planning, potential renewable generation curtailment, and with participating transmission owner capital maintenance projects. Mr. Millar stated the ISO responded to stakeholder concerns raised. Brief discussion followed and Mr. Millar requested the Board to approve the transmission

plan is it continued to pursue low emission strategies in addressing reliability needs of the ISO-controlled grid, sets a foundation for higher renewable energy goals, and provides for prudent and economic development of the transmission system.

Discussion followed regarding the projected increase in renewable projections, the impact of the Integrated Resource Plan conclusions, Management versus Board approval, and the graph depicting regional high-voltage transmission access charge projections. The Board commended the work of ISO transmission planning staff in finalizing the transmission plan, commended the change to go from special studies to other studies, and noted the importance of moving away from pre-contingency dispatching of slow demand response in the 2020-21 planning process.

Public Comment

Deborah Powell, on behalf of Pacific Gas & Electric Company, provided comments and commended ISO's transmission planning team on their work for their coordination and collaboration throughout the planning process. Ms. Powell noted appreciation for the ISO's careful consideration and review of the North Oakland reinforcement project. She noted the plan supports PG&E wildlife fire safety improvement efforts and that PG&E appreciates that the ISO is continuing to look at non-wires solutions.

Jim Caldwell, on behalf of the Center for Energy Efficiency & Renewable Technologies (CEERT), provided comments and commended the ISO's transmission planning team. Mr. Caldwell provided an overview of several concerns with the transmission planning process in the following areas: stale assumptions for loads and resources resulting in outdated load forecast, the need to plan beyond the 10-year planning horizon, and the need for more coordination with other non-ISO California balancing areas in the planning process.

Mr. Millar provided responsive comments and noted the importance of getting proper input at the time of the study analysis. He described various challenges with the project approval processes and noted approvals take time, even with a very strong case for need. Mr. Millar also addressed looking beyond the 10-year planning horizon and discussed the challenges inherent in seeking approval for projects projected to be needed beyond 10 years.

Motion

Governor Borenstein:

Moved, that the ISO Board of Governors approves the ISO 2019-2020 transmission plan attached to the memorandum dated March 18, 2020.

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

INFORMATIONAL REPORTS

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

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:05 p.m.