

**GENERAL SESSION MINUTES  
BOARD OF GOVERNORS MEETING  
November 13, 2019  
ISO Headquarters  
Folsom, California**

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**November 13, 2019**

The ISO Board of Governors convened the general session meeting at approximately 2:30 p.m. and the presence of a quorum was established.

**ATTENDANCE**

The following members of the ISO Board of Governors were in attendance:

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

The following members of the executive team were present throughout the meeting: Steve Berberich, Petar Ristanovic, Keith Casey, Mark Rothleder, Eric Schmitt, Stacey Crowley, Ryan Seghesio, Roger Collanton, and Jodi Ziemathis

**GENERAL SESSION**

The following agenda items were discussed in general session:

**PUBLIC COMMENT**

There was no general public comment.

**DECISION ON GENERAL SESSION MINUTES**

Governor Galiteva moved for approval of the Board of Governors general session minutes for the September 18 and October 14, 2019 meetings. The motion was seconded by Governor Bhagwat and approved 5-0.

**CEO REPORT**

Steve Berberich, President and CEO, provided an overview of the following sections of his CEO report: overall system conditions, reliability coordinator services, energy imbalance market benefits, regional day-ahead market, and renewable energy production numbers. Mr. Berberich concluded his report by announcing Dr. Keith Casey's intent to retire as the ISO's Vice President of Market and Infrastructure Development in January 2020 and noted appreciation for his contributions and wished him the best in his future endeavors.

## EIM GOVERNING BODY CHAIR REPORT

This report was deferred to until later in the day.

## BRIEFING ON SYSTEM MARKET POWER MITIGATION

### Management's presentation

Brad Cooper, Senior Manager – Market Design Policy, informed the Board that this was Management's follow-up briefing from the July meeting on its approach for addressing system-level market power. Mr. Cooper stated that the analyses showed system-level market power in the ISO balancing authority area may exist in limited periods. He described how Management subsequently worked with stakeholders and the Market Surveillance Committee to develop its approach and reviewed several factors that were considered in developing the approach. Mr. Cooper described how Management developed a high-level mitigation design that avoids potential adverse impacts. He stated Management would be initiating a stakeholder process to develop a design using a phased planning approach. Mr. Cooper noted the first phase will implement system-level market power mitigation in the real-time market and the second phase will consider more comprehensive measures such as an approach for the day-ahead market and improvements for market power mitigation tests, including for the broader energy imbalance market. He described how stakeholders are divided on the need for system-level market power mitigation. Mr. Cooper stated a straw proposal would post in December with an early 2020 proposal to the Board for decision.

### Public comment

Catherine Hackney, on behalf of Southern California Edison, noted appreciation to the ISO for its willingness to look ahead at these challenging issues and stated SCE looked forward to working with the ISO throughout the stakeholder process.

Raisa Ledesma Rodriguez, on behalf of the CPUC Energy Division Staff, provided comments, and stated the CPUC strongly supports the ISO initiating this stakeholder process and looks forward to working with the ISO; however, she did note some concerns with regards to delaying some of the proposed mitigation measures to phase 2 as well as concerns with the proposed bid cap.

Partha Malvadkar, on behalf of Pacific, Gas and Electric Company, noted appreciation to the ISO and expressed support for the ISO's phase 1 proposal, but expressed some concerns with the proposed day-ahead mitigation processes. Mr. Malvadkar also requested that the timeline for phase 1 be implemented prior to summer 2020. Discussion followed and Dr. Casey provided responsive comments stating that the ISO was targeting summer 2021 to implement elements of phase 1 given the extensive number of software changes involved, and was realistically looking at 2022 to extend the market power mitigation measures to the day-ahead market. Discussion

followed and Mr. Berberich provided additional comments regarding the importance of maintaining a phased approach.

#### Market Surveillance Committee comment

Dr. James Bushnell, member of the Market Surveillance Committee, provided the Board with a highlights overview of the MSC's opinion titled "Opinion on System Market Power Mitigation," and noted the MSC supports the next step of a stakeholder proceeding that would further refine the details of system-level market power mitigation. Discussion ensued regarding system market power mitigation and Dr. Bushnell responded to various inquiries from the Board.

#### Department of Market Monitoring comment

Dr. Eric Hildebrandt, Executive Director – Market Monitoring, provided highlights of DMM's memo and noted DMM supports the ISO's initial proposal to impose system level market power mitigation only in the real-time market as an incremental improvement, but encourages the ISO to continue thinking through the potential for unintended consequences when only mitigating the real-time market and for mitigation in the day-ahead market. Brief discussion followed and Dr. Hildebrandt responded to various inquiries from the Board.

### **DECISION ON MARKET SETTLEMENT TIMELINE PROPOSAL**

Heather Kelley, Director – Market Services, provided the Board an overview of Management's market settlement timeline proposal and described how it would increase the quality and efficiency of the settlement process. Ms. Kelley reviewed a graph that compared the current and proposed timelines and stated that stakeholders were supportive of the proposed timeline changes. She concluded the presentation by discussing the following benefits of the proposal: (1) reduces market participant financial exposure with more accurate settlement statements in an overall shorter time horizon, (2) allows sufficient time to resolve disputes and make data corrections, (3) improves compatibility with third-party settlements, and (4) provides flexibility in publishing invoices. Brief discussion followed regarding the stakeholder process and how the proposal was modified to address stakeholder concerns.

Stacey Crowley, Vice President – External and Customer Affairs, informed the Board that the EIM Governing Body was presented with this proposal at their October 30 meeting and they provided unanimous support in their advisory role at that meeting.

#### **Motion:**

#### **Governor Galiteva:**

***Moved, that the ISO Board of Governors approves the market settlement timeline proposal described in the memorandum dated November 6, 2019; 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 initial ruling on the proposed tariff amendment.***

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

## **DECISION ON DELIVERABILITY ASSESSMENT METHODOLOGY REVISIONS PROPOSAL**

Mr. Collanton acknowledged receipt of public comment letters from: First Solar, Golden State Clean Energy, American Wind Energy Association, EDP Renewables, and Western Power Trading Forum.

Neil Millar, Executive Director – Infrastructure Development, provided the Board an overview of Management’s deliverability assessment methodology revisions proposal. Mr. Millar stated deliverability is assessed for resource adequacy purposes and described how the ISO’s resource interconnection study process includes a deliverability assessment. Mr. Millar next provided an overview of the following three changes proposed by Management: (1) changes to the on-peak deliverability assessment, (2) changes to the off-peak deliverability assessment, and (3) one-time change to the transmission planning deliverability allocation process. He stated that while stakeholders generally supported the proposed changes, some concerns remained and he provided an overview of the remaining concerns. Mr. Millar concluded his presentation by reviewing the benefits of the proposal and provided assurance that Management would continue to engage stakeholders and clarify outstanding implementation issues through the development of the draft tariff revisions and supporting documentation.

### Public comment

Cameron Yourkowski, on behalf of EDP Renewables, provided highlights of the public comment letter submitted to the Board in support of Management’s proposal.

Brief discussion followed regarding peak and off-peak deliverability assessments and potential ISO liabilities. Mr. Collanton noted that generally, the tariff immunizes the ISO for liability to market participants for any type of market-related event, absent a finding of gross negligence on the part of the ISO.

Ian Kearney, on behalf of First Solar, provided highlights of the public comment letter submitted to the Board in support of Management's proposal.

Carrie Bentley, on behalf of Western Power Trading Forum, provided highlights of the public comment letter submitted to the Board in support of the intent of Management's proposal, but requested that the Board amend the motion to remove approval of the off-peak deliverability status, asserting that this aspect of the proposal is discriminatory and against open-access market participants. Dr. Casey provided responsive comments and described for the Board why the ISO fundamentally disagrees with WPTF's remarks. Discussion followed regarding the proposal, including self-scheduling options.

Eric Eisenman, on behalf of Pacific, Gas and Electric Company, provided comments supporting the direction the ISO was heading, but requested that the ISO report back to stakeholders on the new methodology. Dr. Casey provided responsive comments and confirmed that Management would report on the new methodology.

Sandeep Arora, on behalf of LS Power, provided comments in support of Management's proposal.

Daniel Kim, on behalf of Golden State Clean Energy, provided highlights of the public comment letter submitted to the Board in support of Management's proposal.

Discussion ensued and Governor Borenstein noted concerns about the issues raised by WPTF and inquired as to whether the decision on the proposal could be deferred to the following meeting. Dr. Casey provided responsive comments and noted that in order for these changes to take effect prior to next year's assessment, approval was needed at this meeting to allow for the necessary FERC approvals. Mr. Berberich provided further comments regarding the importance of this proposal, including how it will help to facilitate the state's policy regarding capacity. Discussion followed.

## Motion

### Governor Olsen:

***Moved, that the ISO Board of Governors approves the proposed deliverability methodology revisions, as described in the memorandum dated November 6, 2019; 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 Bhagwat and approved 5-0.**

## DECISION ON LOCAL CAPACITY TECHNICAL STUDY CRITERIA PROPOSAL

Neil Millar, Executive Director – Infrastructure Development, provided the Board an overview of Management’s local capacity technical study criteria proposal and described how the criteria needs to be updated to align with current mandatory standards. Mr. Millar also informed the Board that updates to category definitions were needed to align with current NERC standards. He stated Management was also proposing to update the bulk electric system voltage definition and align application on non-bulk electric system criteria accordingly. He described the benefits with fully aligning the local capacity technical study criteria for the bulk electric system with more stringent NERC mandatory standards. Lastly, Mr. Millar described why Management was proposing to partially relax an existing requirement regarding mitigation of contingencies. Mr. Millar informed the Board that all elements of the proposal had either broad support by stakeholders and concluded by reviewing the benefits of the proposal.

### Motion

#### Governor Galiteva:

***Moved, that the ISO Board of Governors approves the proposed updates to the local capacity technical study criteria as described in the memorandum dated November 6, 2019; 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 initial ruling on the proposed tariff amendment.***

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

## DECISION ON PROPOSED CYBER SECURITY TARIFF AMENDMENT

John Spomer, Senior Counsel, provided the Board an overview of Management’s proposed cyber security tariff amendment. Mr. Spomer described how increased cyber security threats have required the ISO to act immediately in the event of an attack on its systems. He described how the proposal expands the ISO’s ability to share confidential information with certain federal agencies without having to provide notice to affected market participants, in the event of a cyberattack on the ISO’s systems. He noted the ISO will be under no obligation to provide information to these federal agencies and that if the confidential market participant information is provided, the agencies must protect the confidentiality of that information. Mr. Spomer concluded by reviewing the benefits of the proposal and noted it was supported by stakeholders. Brief discussion followed.

**Motion****Governor Olsen:**

***Moved, that the ISO Board of Governors approves the cybersecurity tariff amendment proposal described in the memorandum dated November 6, 2019; 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 initial ruling on the proposed tariff amendment.***

**The motion was seconded by Governor Bhagwat and approved 5-0.**

**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 performance report, market initiatives release plan, regulatory report, state, regional and federal affairs update, Market Surveillance Committee report, Western energy imbalance market and benefits update, quarterly financial report, and the update on results of reliability must-run contract extensions for 2020.

**ADJOURNED**

There being no additional general session matters to discuss, the general session was adjourned at approximately 5:00 p.m.