

GENERAL SESSION MINUTES BOARD OF GOVERNORS MEETING October 1, 2020 Teleconference

October 1, 2020

The ISO Board of Governors convened the general session meeting at approximately 10:10 a.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

Greg Fisher, Lead Counsel, acknowledged receipt of a public comment letter from B2U.

Carrie Bentley, on behalf of the Western Power Trading Forum, provided comments pertaining to system market power mitigation.

Alex Morrison, California Energy Storage Alliance, provided comments in support of the public comment letter submitted by B2U.

Freeman Hall, on behalf of B2U provided highlights of the public comment letter provided to the Board pertaining to a battery storage project. Neil Millar, Vice President – Transmission Planning and Infrastructure Development, provided responsive comments and committed to meet to further discuss the issues raised.

DECISION ON THE GENERAL SESSION MINUTES

Governor Galiteva moved for approval of the Board of Governors general session minutes for the July 22 and August 17, 2020 meetings. The motion was seconded by Governor Borenstein and approved 5-0.

CEO REPORT

Steve Berberich, former 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, EIM Governance Review Committee, and renewable energy production. Mr. Berberich also noted September 29 was his last day as the President and CEO and provided congratulatory remarks to his successor, Elliot Mainzer. The Board then provided welcoming remarks to Mr. Mainzer as well as remarks in appreciation to Mr. Berberich for his years of leadership and dedication at the ISO. Chair Olsen next read the following resolution:

Governor Olsen:

WHEREAS, Steve Berberich is retiring from the California Independent System Operator Corporation, after having served for over fifteen years as Vice President of Technology, Chief Financial Officer, Chief Operating Officer, and nine years as President and Chief Executive Officer; and

WHEREAS, Mr. Berberich greatly expanded CAISO's capabilities, including industry-leading energy management systems, development and construction of state of the art control centers in Folsom and Lincoln, and was instrumental in integrating record amounts of renewable resources, reducing reliance on fossil fuels and welcoming new resources into CAISO's wholesale markets; and

WHEREAS, Mr. Berberich led creation of the Western Energy Imbalance Market to increase regional collaboration and reduce costs and emissions across the western United States; laid the groundwork for a regional Extended Day-Ahead Market to expand that collaboration; and led the organization to assume Reliability Coordinator responsibilities for most of the Western Interconnection; and

WHEREAS, Mr. Berberich created partnerships with grid operators around the world, served as president of GO 15, an organization of the CEOs of the largest grid operators, and was responsible for having CAISO recognized internationally as a leader in the transition to clean energy; and

WHEREAS, Mr. Berberich created a culture to challenge and support everyone in the organization to deepen skills, learn more, care more; broadened the diversity of its staffing; expanded career development opportunities; and transformed CAISO into an organization respected for operational excellence by customers, regulators and stakeholders across the energy industry; and

WHEREAS, Mr. Berberich provided exemplary leadership, decisive direction, mentoring and friendship, all with an engaging wit and sense of

humor; and with humility, grace and tireless devotion, inspired the loyalty of all who worked with him; now therefore be it

RESOLVED, that the California ISO Board of Governors hereby expresses its gratitude and sincere appreciation to Mr. Berberich for his service and dedication to the ISO, the State of California, and the West, and wishes him the best in all of his endeavors.

The resolution was seconded by Governor Galiteva and approved 5-0.

EIM GOVERNING BODY CHAIR REPORT

John Prescott, Chair of the EIM Governing Body, provided highlights of the EIM Governing Body's September 16 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 advisory opinions in support of following three proposals by ISO Management: energy storage and distributed energy resources phase 4 proposal, flexible ramping product refinements proposal, and FERC Order 831 – import bidding and market parameters proposal.

EIM GOVERNANCE REVIEW COMMITTEE CHAIR REPORT

Rebecca Wagner, Vice Chair of the EIM Governance Review Committee, provided highlights of recent activities of the EIM Governance Review Committee including issuance of a draft straw proposal on July 31, 2020. She provided an overview of the September 15, 2020 general session meeting that addressed stakeholder comments. She noted the stakeholder comments fell into six broad issue categories and were generally supportive. Brief discussion followed and the Board commended the work of the Committee.

DECISION ON ENERGY STORAGE AND DISTRIBUTED ENERGY RESOURCES PHASE 4 PROPOSAL

John Goodin, Senior Manager – Infrastructure & Regulatory Policy, provided the Board an overview of Management's energy storage and distributed energy resources phase 4 proposal. Mr. Goodin described how this initiative would provide enhancements for efficiently dispatching storage resources. He provided an overview of the following three elements before the Board for decision: (1) optional end-of-hour state-of-charge parameter for storage resources, (2) parameters to better reflect demand response resource operational characteristics, and (3) streamline market participation agreements for non-generator resource participants.

He next discussed the demand response capacity valuation study that would inform demand response's contribution to system reliability and system resource adequacy needs. Mr. Goodin provided an overview of the stakeholder process noting stakeholders were overall supportive but some concerns remained. He concluded by reviewing the benefits of the proposal. Brief discussion followed.

EIM Governing Body Advisory Opinion

Governor Olsen noted that Chair Prescott previously stated the EIM Governing Body voted to provide an advisory opinion in support of this proposal at its September 16, 2020 meeting.

Market Surveillance Committee comment

Ben Hobbs, Chair of the Market Surveillance Committee, provided highlights of the September 9, 2020 MSC Opinion on the energy storage and distributed energy resources phase 4 proposal.

Department of Market Monitoring comment

Ryan Kurlinski, Manager - Analysis and Mitigation, provided an overview of the comments submitted by the Department of Market Monitoring as part of the stakeholder initiative.

Public comment

The following members of the public provided comments on Management's proposal:

Alex Morris, on behalf of Storage Alliance
Jennifer Chamberlain, on behalf of Power Energy Management
Mike Pezone, on behalf of Pacific, Gas and Electric
Eric Little, on behalf of Southern California Edison

Brief discussion followed and Management provided responsive comments.

Motion

Governor Leslie:

Moved, that the ISO Board of Governors approves the tariff revisions necessary to implement the energy storage and distributed energy resources phase 4 proposal as described in the memorandum dated September 23, 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 initial ruling on the proposed tariff amendment.

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

DECISION ON FLEXIBLE RAMPING PRODUCT REFINEMENTS PROPOSAL

Don Tretheway, Principal – Market Design Policy, provided the Board an overview of Management’s flexible ramping product refinements proposal. Mr. Tretheway described how flexible ramping products position resources to meet a range of future net loads. He reviewed two slides that depicted the impact of flexible ramping up and flexible ramping down and described how the flexible ramping product is procured using a demand curve. He provided an overview of an additional tariff clarification for proxy demand response resources that was in the proposal. Mr. Tretheway stated stakeholders were generally supportive of the proposal. He concluded by reviewing the benefits of the proposal. Brief discussion followed.

EIM Governing Body Advisory Opinion

Governor Olsen noted that Chair Prescott previously stated the EIM Governing Body voted to provide an advisory opinion in support of this proposal at its September 16, 2020 meeting.

Market Surveillance Committee comment

Scott Harvey, member of the Market Surveillance Committee, provided highlights of the September 9, 2020 MSC Opinion on the flexible ramping product refinements proposal.

Department of Market Monitoring comment

Ryan Kurlinski, Manager - Analysis and Mitigation, provided an overview of the comments submitted by the Department of Market Monitoring as part of the stakeholder initiative.

Public comment

There was no public comment on this item.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves flexible ramping product refinements proposal described in the memorandum dated September 23, 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 initial ruling on the proposed tariff amendment.

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

RECESSED

There being additional general session matters to discuss, the general session was recessed for lunch at approximately 12:00 p.m.

October 1, 2020

The ISO Board of Governors reconvened 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:

DECISION ON FERC ORDER NO. 831 – IMPORT BIDDING AND MARKET PARAMETERS PROPOSAL

Greg Cook, Executive Director – Market and Infrastructure Policy, provided the Board an overview of Management’s FERC Order No. 831 – import bidding and market parameters proposal. Mr. Cook stated FERC Order No. 831 required ISO/RTOs to make a compliance filing to raise energy offer caps to \$2,000/MWh. Mr. Cook described how this initiative addressed the following two topics related to the ISO’s compliance with FERC Order No. 831: (1) adjusting market constraint relaxation parameter prices to align with the increased energy bid cap, and (2) price screening methodology for import bids greater than \$1,000/MWh. He stated the proposal defines specific conditions for setting power balance relaxation parameter prices. He provided an overview of the stakeholder process and noted that while stakeholders were generally supportive of the proposal, some concerns remained. Mr. Cook concluded by reviewing the benefits of the proposal. Brief discussion followed.

EIM Governing Body Advisory Opinion

Governor Olsen noted that Chair Prescott previously stated the EIM Governing Body voted to provide an advisory opinion in support of this proposal at its September 16, 2020 meeting.

Market Surveillance Committee comment

Jim Bushnell, member of the Market Surveillance Committee, provided highlights of the September 9, 2020 MSC Opinion on the FERC Order No. 831 – import bidding and market parameters proposal.

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.

Public comment

The following members of the public provided comments on Management’s proposal:

David Rubin, on behalf of NV Energy
Eric Little, on behalf of Southern California Edison
Scott Ranzal, on behalf of Pacific, Gas and Electric

Discussion followed and Management provided responsive comments to the Board and stakeholders.

Motion

Governor Olsen:

Moved, that the ISO Board of Governors approves the FERC Order No. 831 - Import Bidding and Market Parameters proposal described in the memorandum dated September 23, 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 initial ruling on the proposed tariff amendment.

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

DECISION ON MAXIMUM IMPORT CAPABILITY MULTI-YEAR ALLOCATION PROPOSAL

Greg Fisher, Lead Counsel, acknowledged receipt of a public comment letter from the California Municipal Utilities Association.

Jeff Billinton, Director – Transmission Infrastructure Planning, provided an overview of Management’s maximum import capability (MIC) multi-year allocation proposal. Mr. Billinton described how the proposal will create opportunities for load serving entities to lock MIC for multiple years at the import path (branch group) level. He described how applicable contracts used to lock MIC allocation should be associated with specific resources using a phased implementation approach. He provided an overview of the stakeholder process and noted that while stakeholders were generally supportive, a few concerns remained. Mr. Billinton concluded by reviewing the benefits of the proposal.

Public comment

The following members of the public provided comments on Management’s proposal:

Tony Braun, on behalf of the California Municipal Utilities Association

Brief discussion followed and Management provided responsive comments.

Motion

Governor Galiteva:

Moved, that the ISO Board of Governors approves the tariff revisions necessary to implement the proposal for the maximum import capability multi-year allocation proposal as described in the memorandum dated September 23, 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 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 CONDITIONAL APPROVAL TO EXTEND RELIABILITY MUST-RUN CONTRACTS

Jeff Billinton, Director – Transmission Infrastructure Planning, provided an overview of Management’s request for conditional Board approval to extend existing reliability must-run contracts for 2021 for the Dynegy Oakland, LLC (Oakland 1 & 3), Starwood Energy Group, and CSU Channel Islands Site Authority generating units. Mr. Billinton further described why the extensions were conditional. He stated the following generating units would be released from existing reliability must-run contracts: Dynegy Oakland, LLC (Oakland 2) and Atlantic Power. He stated that the CPUC jurisdictional load serving entities made preliminary resource adequacy showings. He provided an overview of the pre-determined

timeline of the resource adequacy process and noted that letters for reliability must-run extensions or terminations will be sent to resource owners on October 1, 2020. Mr. Billinton stated that Management would provide the results of the reliability must-run contract extensions at the November Board meeting. Brief discussion followed.

Public comment

There was no public comment on this item.

Motion

Governor Bhagwat:

Moved, that the ISO Board of Governors authorizes Management to extend reliability must-run contracts for the Dynegy Oakland, LLC, Starwood Energy Group and CSU Channel Islands Site Authority generating units listed on Attachment 1 of the memorandum dated September 23, 2020, and consistent with the criteria described therein.

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

DECISION ON 2021 ISO RATES AND FEES CHANGES

April Gordon, Director – Financial Planning and Procurement, provided an overview of Management’s 2021 ISO rates and fees changes proposal. Ms. Gordon provided an overview of the triennial cost of services study that was conducted in 2019 noting the study was a tariff requirement as part of the current rate structure.

Next, Ms. Gordon provided an overview of the impact to rates and fees in the following areas: grid management charge percentages, energy imbalance market percentages, Reliability Coordinator percentages, and the impact to supplemental fees. Ms. Gordon described how Board approval was required for the following: (1) scheduling coordinator application fee, (2) congestion revenue rights application fee, and (3) tariff language added to allow the ISO to maintain a health care reserve account for its self-funded program. Ms. Gordon concluded by reviewing next steps, which included presenting the 2021 draft revenue requirement to the Board for decision at its December meeting. Brief discussion followed and Ms. Gordon provided responsive comments to inquiries from the Board.

Public comment

There was no public comment on this item.

Motion**Governor Olsen:**

Moved, that the ISO Board of Governors approves the clarifying tariff language related to the self-insured healthcare reserve, as outlined in the memorandum dated September 23, 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 initial ruling on the proposed tariff amendment.

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

ELECTION OF BOARD OF GOVERNORS CHAIR AND VICE CHAIR

After discussion, the Board agreed that it is a best practice to rotate Chair and Vice Chair positions, and that it will operate with the expectation that those responsibilities will be rotated among Board members periodically. Governor Leslie subsequently nominated Governor Galiteva as Chair, and Governor Borenstein nominated Governor Bhagwat as Vice Chair.

Governor Borenstein:

Moved, that the ISO Board of Governors elects Angelina Galiteva to serve as Chair of the ISO Board of Governors, pursuant to Article III, section 4.3 of the ISO's bylaws, effective October 2, 2020 to December 31, 2021, or until a successor is elected, which shall be as soon as practical thereafter; and

Moved, that the ISO Board of Governors elects Ash Bhagwat to serve as Vice Chair of the ISO Board of Governors, whose role will include substituting for the Chair when the Chair is unable to fulfill his or her duties, for example, due to conflicts, absence, or unforeseen reasons, effective October 2, 2020 to December 31, 2021, or until a successor is elected, which shall be as soon as practical thereafter.

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

DECISION ON AUDIT COMMITTEE MEMBERSHIP

Governor Olsen informed the Board of his intent to resign from the Audit Committee. Discussion followed and Governor Olsen nominated Governor Bhagwat to serve as a member of the Audit Committee.

Governor Olsen:

Moved that the ISO Board of Governors elects Ash Bhagwat to serve as a member of the Audit Committee effective October 2, 2020, which will now consist of Mary Leslie and Ash Bhagwat; and

Moved that the ISO Board of Governors appoints Mary Leslie to serve as chair of the Audit Committee, effective October 2, 2020.

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

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, market performance update, Transmission Maintenance Coordination Committee update, and Western Energy Imbalance Market benefits update.

ADJOURNED

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