

GENERAL SESSION MINUTES EIM TRANSITIONAL COMMITTEE MEETING June 25, 2015 Atlantis Hotel, Reno NV

June 25, 2015

The Energy Imbalance Market Transitional Committee, an advisory committee to the ISO Board of Governors, convened the general session meeting at approximately 9:30 a.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the EIM Transitional Committee were in attendance:

Rebecca Wagner, Chair
Brad Albert
Steve Beuning
Tony Braun
Dede Hapner
Natalie Hocken
Travis Kavulla
Kevin Lynch
Mark Smith
Walter Spansel
Robert Weisenmiller
Carl Zichella

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DECISION ON MINUTES

Committee member Lynch moved for approval of the EIM Transitional Committee's general session minutes for the April 30, 2015 meeting. The motion was seconded by

Committee member Kavulla and approved 11-0-1, with committee member Albert abstaining.

CHAIR REPORT

Chair Wagner provided welcoming remarks to newly appointed committee member Albert. Ms. Wagner next provided a brief overview of committee activities, including a recap of her briefing with the ISO Board of Governors on May 14, 2015. Ms. Wagner noted she informed the Board that the committee was planning to continue to stay its course to develop an EIM governance proposal, regardless of the announcement of the ISO-PacifiCorp memorandum of understanding regarding full integration. She stated the Board supported the committee's plan. Ms. Wagner stated the draft governance proposal would be presented at this meeting and noted her appreciation to ISO staff and committee member Hapner, lead of the straw proposal working group. Ms. Wagner announced the following upcoming activities: comments on the proposal due July 9, 2015, EIM Transitional Committee teleconference meeting on July 20, 2015, and an in-person EIM Transitional Committee meeting on August 25, 2015 at the California ISO's Folsom headquarters.

BRIEFING ON GOVERNANCE PROPOSAL

Kristina Osborne, Stakeholder Engagement and Policy Specialist, provided introductory remarks and noted that in person and telephonic public comment were welcome for this agenda. Ms. Osborne provided an overview of the stakeholder engagement schedule for the draft final governance proposal.

Committee member Hapner provided an overview of the governance presentation and noted each section would identify what has been clarified or changed since the straw proposal. Ms. Hapner provided an overview of the operation elements of the EIM governing body, including defining its fundamental mission. She noted the governing body would follow the same procedures and policies as the ISO Board and would likewise rely on the ISO stakeholder process. Ms. Hapner discussed three areas that were clarified related to compensation of members. Ms. Wagner noted there would be an opportunity for public comment at the end of each section. There was no public comment on the phone line or in person.

Ms. Wagner provided an overview of the nominating committee section of the proposal, and noted that it would identify and nominate members of the EIM governing body. She stated the committee would consist of five voting members representing stakeholder sectors, including a vote by the state regulatory body, and four advisory members. She reviewed the proposed qualification requirements of the candidates, and noted that the CEO of the ISO was no longer part of the nominating committee. Ms. Wagner described how the first slate of nominees would be subject to approval by the ISO Board in an open meeting and that subsequent nominees would be subject to approval by the EIM governing body. Brief discussion followed regarding whether an additional

trigger to address potential impasses was needed concerning the approval of the slate by the EIM governing body. Ms. Wagner suggested the nomination process itself should be re-evaluated if the EIM governing body denied three slates of nominees in a row. Brief discussion followed. There was no public comment on the phone line or in person.

Committee member Lynch provided an overview of the delegated authority section of the proposal and noted the EIM governing body would have defined authority over market rules. He described the process for developing guidelines about the scope of primary authority. He stated the proposal included a process for resolving disagreements about which body would have authority over a proposed rule change. Mr. Lynch described how the proposal also clarified the process for ISO Board approval of certain rule changes on a consent agenda and noted the ISO Board must vote yes or no on consent agenda proposals. There was no public comment on the phone line or in person.

Committee member Zichella, provided an overview of the documentation section of the proposal, stated that EIM governance would be reflected in the ISO bylaws, and noted the proposal provided information about the process for bylaw changes. He stated the bylaw changes would be decided on by ISO Board in an open meeting. Mr. Lynch described how the proposal provides for a specific rule for rescinding the delegation of authority. There was no public comment on the phone line or in person.

Committee member Kavulla provided an overview of the Committee of State Regulators noting it was a forum to educate regulators on market developments and to allow regulators to express common positions on issue of interest. Mr. Kavulla noted that membership would consist of one representative from each state public utilities commission in which load-serving utilities participate in EIM. He noted that in response to stakeholder feedback, the proposal no longer included membership by two comparable representatives of participating publicly owned utilities located within the EIM footprint. Mr. Kavulla noted the proposal clarified that the regulators themselves would decide how to seat and operate their forum.

Candice Moury, on behalf of the California Public Utilities Commission, provided comments on the consent agenda process. She noted the importance of the Board having a transparent discussion when needed, and recommended that the Board vote also be required to vote in the affirmative if approving the consent agenda. Ms. Wagner and Roger Collanton, Vice President, General Counsel and Corporate Secretary, provided clarifying remarks and noted the details were still underway but that it could be handled either way. Ms. Wagner noted an item could be pulled from the consent agenda for discussion at any time. Brief discussion followed. There was no additional public comment on the phone line or in person.

Committee member Braun provided an overview of the Regional Advisory Committee section of the proposal and noted it was a new element in the proposal. He described

how the committee would meet publicly and consist of a body of stakeholder representatives that would review high-level EIM issues, though generally not at the level of detailed market design initiatives. He described the five stakeholder sectors that would be represented and that the committee would be responsible for its own procedures and methods of operation. There was no public comment on the phone line or in person.

Committee member Hocken continued the presentation and noted that it was important that EIM governance be re-evaluated in the future based on accumulated experience and changing conditions. Ms. Hocken discussed timing options as to when the re-evaluation should occur and provided an overview of various proposed triggers. She stated the proposal allowed for a set time-period to re-evaluate in five years, or sooner in the discretion of the EIM governing body. There was no public comment on the phone line or in person.

Ms. Osborne concluded the presentation by recapping next steps and noting that comments on the proposal were due July 9. Ms. Wagner confirmed that the August 25 EIM Transitional Committee meeting would be held at the California ISO's Folsom headquarters.

WORKING GROUP UPDATES

Committee member Smith, lead of the market design working group, noted that there would be a presentation by ISO staff at this meeting regarding year 1 enhancements phase two. He noted the working group would be following this initiative and report back to the committee.

Committee member Zichella, lead of the stakeholder working group, provided an overview of recent activities of the working group, including review of additional stakeholder comments that had been received. He stated they had been working closely with the straw proposal working group.

Committee member Hapner, lead of the straw proposal working group, noted that there was nothing further to add to the governance presentation and that she was looking forward to developing the final proposal.

BRIEFING ON ENERGY IMBALANCE MARKET

John Anders, Lead Counsel, provided an energy imbalance market update pertaining to operations, year 1 enhancements and implementation efforts. Mr. Anders stated the benefits assessment for Q2 2015 was completed July 30. He then reviewed several graphs that depicted how pricing performance continued to improve in May and how hourly average transfers between PACE and PACW increased in May. He noted that frequency of 5' and 15' intervals with megawatt undersupply infeasibilities continued to show improvement in May. Mr. Anders next provided a status overview of FERC

matters including the Section 206 proceeding pertaining to the rejection of the one-year transition period, EIM year 1 enhancements phase 1 tariff filing and the updated transition period. He stated that year 1 enhancement phase 2 items would be informed by one year of operational experience and then provided an overview of the proposed schedule for the initiative. Mr. Anders concluded his presentation by providing high-level updates regarding the implementation of NV Energy, Puget Sound Energy and Arizona Public Service Company.

John Berdrow, on behalf of NV Energy, provided an update on EIM implementation activities and provided an overview of various regulatory approvals that had been received since November 2013. He next provided an overview of operational readiness activities and noted that operations personnel were hired recently and are in the process of completing training. He noted that training and knowledge testing was similar to NERC certified operations. Mr. Berdrow discussed the status of integration testing and noted that NV Energy was now 100 percent connected to the California ISO system. He stated that all participating resources were owned by NV Energy and consisted of 6,250 megawatts of capacity. He stated that non-participating resources consisted of 3,818 megawatts of maximum capacity. Mr. Berdrow provided an overview of meter, telecommunications and generation upgrades. He concluded his presentation by providing an overview of upgrades underway to existing NV Energy software applications. Brief discussion followed regarding NV Energy's generator performance testing process.

Committee member Albert, on behalf of Arizona Public Service Company (APS), stated he was glad to be part of the EIM Transitional Committee and provided an update on EIM implementation activities. He stated that APS was targeting implementation for October 2016. He stated that work has been underway to develop internal and external teams as well as additional staffing to cover operations and settlements. He stated that next steps included technology and vendor selections.

Josh Jacobs, on behalf of Puget Sound Energy, provided an update on EIM implementation activities and noted he was filling in for committee member Mills. He described how they were on a parallel path with APS with implementation on track for October 2016. Mr. Jacobs noted his appreciation to ISO staff throughout the process. He described how the teams have been focused on project management, network model tuning, business process redesign, metering requirements and overall integration touch points.

BRIEFING ON ISO-PACIFICORP MEMORANDUM OF UNDERSTANDING

Committee member Hocken provided an update on ISO-PacifiCorp's signing of a memorandum of understanding with the intent to explore the benefits of full participation in the ISO market. Ms. Hocken said they were exploring what a regional ISO would look like and how it would operate with regard to overall governance, and market and policy design. She stated that PacifiCorp was working with the ISO on an

implementation timeline and noted that it would likely not be in 2017, as previously mentioned, in order to allow for adequate time for the various pre-implementation activities. Ms. Hocken stated the benefits study was underway and potentially on track for a late-summer release. She noted that an analysis of costs would also be included based on stakeholder feedback. Ms. Hocken noted that research and studies were still underway and that a final determination of whether to join the ISO balancing authority would be made further down the road. Discussion followed regarding stakeholder feedback from within the NV Energy system and next steps on stakeholder process activities. Committee member Zichella noted his appreciation to PacifiCorp for working with folks in the environmental community to educate them on system matters.

FUTURE AGENDA ITEMS

Chair Wagner announced the next meeting was an executive session teleconference on July 20, 2015. The committee requested to be further briefed on the year 1 enhancements phase 2 initiative and the transmission access charge initiative. Committee member Beuning noted that Public Service Company of Colorado and Xcel Energy had made prior comments pertaining to market evolution and that a joint dispatch agreement had recently been rejected by FERC. Brief discussion followed regarding the basis for FERC's rejection, including the lack of a monitoring unit.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 11:45 a.m.