

**GENERAL SESSION MINUTES  
BOARD OF GOVERNORS MEETING  
September 19 - 20, 2017  
ISO Headquarters  
Folsom, California**

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**September 19, 2017**

The ISO Board of Governors convened the general session meeting at approximately 2:00 p.m. and the presence of a quorum was established.

**ATTENDANCE**

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

Richard Maullin, Chair  
Ash Bhagwat  
Mark Ferron  
Angelina Galiteva  
Dave Olsen

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

**GENERAL SESSION**

The following agenda items were discussed in general session:

**PUBLIC COMMENT**

There was no public comment offered at this time.

**DECISION ON GENERAL SESSION MINUTES**

Governor Galiteva moved for approval of the Board of Governors general session minutes for the July 26-27, 2017 meeting. The motion was seconded by Governor Olsen and approved 4-0. Governor Maullin joined the meeting.

## **CEO REPORT**

Steve Berberich, President and CEO, provided an overview of the following sections of his report: overall system conditions, solar eclipse, Corporate Rotation Trainee program, and renewable energy production. Mr. Berberich also provided congratulatory remarks to Governors Galiteva and Bhagwat on their recent confirmation by the California Senate.

## **EIM GOVERNING BODY CHAIR UPDATE**

Doug Howe, Chair of the EIM Governing Body, provided an update to the Board on the EIM Governing Body's activities. Chair Howe noted the written report had been posted in advance of the meeting. He provided further comments on the Oregon Department of the Environment ruling section of his report.

## **DECISION ON GENERATOR CONTINGENCY AND REMEDIAL ACTION SCHEME MODELING PROPOSAL**

Greg Cook, Director – Market & Infrastructure Policy, provided the Board with an overview of Management's generator contingency and remedial action scheme modeling proposal. He described how the current market ensures electrical flows do not overload lines only when a transmission line is lost, and that this proposal would enhance the ISO market's modeling. Mr. Cook stated the proposal contained one decisional element for the Board (model generator contingencies and remedial action schemes in day-ahead and real-time markets and congestion revenue right allocation processes and auction) as well as one consent agenda element (allow EIM entities to have the option to have the ISO model generator contingencies and remedial action schemes in their respective balancing areas) that was approved by the EIM Governing Body at its September 6, 2017 meeting. Mr. Cook described how the enhancements will improve market efficiency and transparency by reducing out-of-market actions. He reviewed two graphs that illustrated the generator contingency and remedial action scheme proposals.

Mr. Cook concluded his presentation by providing an overview of the stakeholder process and noted that stakeholders, along with the Market Surveillance Committee and the Department of Market Monitoring, were generally supportive of the proposal.

### EIM Governing Body advisory input

Doug Howe, Chair of the EIM Governing Body, informed the Board that at its last meeting, the EIM Governing Body voted in support of Board approval of Management's proposal. Chair Howe discussed the benefits of the proposal and noted the importance of continued monitoring upon implementation to avoid potential market abuse or other adverse impacts.

### Public comment

Catherine Hackney, on behalf of Southern California Edison, provided comments in general support of Management's proposal. Ms. Hackney noted SCE's objection to locational marginal prices resulting from remedial action schemes and recommended Management look at alternative solutions.

### Market Surveillance Committee comment

James Bushnell, member of the Market Surveillance Committee, provided comments in support of Management's proposal and provided highlights of the Market Surveillance Committee's August 28, 2017 opinion titled "Opinion on Modeling of Generator Contingencies and Remedial Action Schemes in the California ISO Markets."

Keith Casey, Vice President of Market and Infrastructure Development, provided responsive comments to concerns raised regarding remedial action scheme pricing. Discussion followed.

### **Motion**

#### **Governor Olsen:**

***Moved, that the ISO Board of Governors approves the proposal to implement the generator contingency and remedial action scheme modeling described in the memorandum dated September 12, 2017; 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 tariff change, as described in the memorandum dated September 12, 2017.***

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

### **DECISION ON CONSENT AGENDA**

Roger Collanton, Vice President, General Counsel and Chief Compliance Officer, provided an overview of the consent agenda process as set forth in the EIM Governing Body governance documents.

There was no public comment on this item.

## Motion

Governor Bhagwat:

***Moved, that the Board of Governors approves the September 19, 2017 consent agenda comprised of the following proposal approved by the EIM Governing Body:***

- ***Extending the option to EIM entities to have the ISO model generator contingencies and remedial action schemes in their balancing areas (element of the generator contingency and remedial action scheme modeling initiative); and***

***Moved, that the Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.***

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

## BRIEFING ON PROPOSED LOAD SHIFT PRODUCT (ESDER 3 INITIATIVE)

John Goodin, Manager – Infrastructure and Regulatory Policy, provided the Board an overview of Management’s proposed load shift product. Mr. Goodin described why Management was recommending re-branding as load shift vs. load consumption. He stated that the policy should incentivize the productive use of clean, green energy and avoid increasing the economy’s energy intensity. He described how a load consumption product could incentivize wasting energy when a wholesale payment offsets the retail rate payment while a load shift product means excess clean energy can be absorbed, stored and used productively at a different time to the benefit of the economy and environment.

Mr. Goodin stated that ISO staff have been meeting with stakeholders from the storage community to consider a potential “load shift” product and its specifications. He stated that one of the objectives was to develop product specifications with a focus on load shift from behind the meter storage to ensure the efficient and productive use of energy. Mr. Goodin concluded his presentation by discussing next steps, including engaging in broader stakeholder engagement and development of a proposal within the ESDER 3 initiative. Brief discussion followed and Mr. Goodin confirmed that the storage community has been fully engaged throughout the process.

Public comment

Alexander Morris, on behalf of California Energy Storage Alliance, provided comments in support of Management's proposed load shift product proposal and commended the stakeholder process.

Discussion followed regarding the collaboration efforts underway between the ISO and the CPUC on the ESDER 3 initiative.

**DECISION ON CONDITIONAL APPROVAL TO EXTEND EXISTING RELIABILITY MUST-RUN CONTRACTS FOR 2018**

Neil Millar, Executive Director of Infrastructure Development, informed the Board that Management was requesting conditional Board approval to extend reliability must-run contracts for 2018. Mr. Millar further described why the extensions were conditional. He stated that 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 would be sent to resource owners on October 1, 2017. Mr. Millar stated that Management would report the results of the reliability must-run contract extensions at the November Board meeting. Brief discussion followed.

Public comment

Eric Eisenman, on behalf of Pacific, Gas and Electric Company, provided comments and informed the Board that PG&E has been working with the ISO to come up with a plan as part of the transmission planning process to shut down the Oakland facility in the relatively near future. Mr. Eisenman provided further comments on the reliability must-run process. Discussion ensued regarding the resource adequacy process.

Tony Braun, on behalf of California Municipal Utilities Association, provided comments regarding the process and noted the importance of having stability in the procurement of resources.

**Motion****Governor Ferron:**

***Moved, that the ISO Board of Governors authorizes Management to extend reliability must-run contracts for any of the reliability must-run units listed on Attachment 1 of the memorandum dated September 12, 2017, and consistent with the criteria described therein.***

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

## AUDIT COMMITTEE UPDATE

Governor Ferron, Chair of the Audit Committee, provided highlights of the Audit Committee meeting held earlier in the day and stated that the Committee had accepted the audit report of the ISO retirement savings benefits plan audit and requested that the Board accept the audit report as recommended by the Committee.

### Motion

**Governor Galiteva:**

***Moved, that the ISO Board of Governors, as recommended by the Audit Committee, accepts the audit report of financial statements with supplementary information of the California ISO Retirement Savings Benefits Plan for the years ended December 31, 2016 and 2015, as audited by Moss Adams LLP Certified Public Accountants, and as attached to the memorandum dated September 12, 2017.***

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

## INFORMATIONAL REPORTS

There were no comments or questions 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, master stakeholder engagement and release plans, market performance update, Western energy imbalance market update, and the Transmission Maintenance Coordination Committee update.

## ADJOURNED

There being no additional general session matters to discuss, the session was adjourned at approximately 3:15 p.m.