

**GENERAL SESSION MINUTES
JOINT SESSION - BOARD OF GOVERNORS AND
EIM GOVERNING BODY MEETING
September 18, 2019
ISO Headquarters
Folsom, California**

September 18, 2019

The ISO Board of Governors and the EIM Governing Body convened 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:

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

The following members of the EIM Governing Body were in attendance:

Carl Linvill, Chair
John Prescott, Vice Chair
Anita Decker
Valerie Fong

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

Also present: Greg Fisher

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no general public comment.

BRIEFING ON EXTENDED DAY-AHEAD MARKET INITIATIVE

Mark Rothleder, Vice President – Market Quality & California Regulatory Affairs, provided an overview of the extended day-ahead market (EDAM) initiative and described how it would be an additional market service layered on top of the energy imbalance market. Mr. Rothleder stated that EDAM was not equivalent to becoming a full participating transmission owner (PTO) of the ISO, nor was it intended to result in any changes to state regulatory authority. Mr. Rothleder provided an overview of the Western EIM and noted that as of 2nd Quarter 2019, the EIM has yielded \$736 million in gross benefits since inception in November 2014. He described how EDAM could provide incremental benefits, beyond the existing EIM, and build upon existing market capability.

Next, Mr. Rothleder provided an overview of the EDAM feasibility assessment, which began in January 2019, and noted that fifteen EIM entities participated in the assessment. He stated that Brattle and E3 were contracted to develop a high-level model that assessed potential production cost benefits in order to gauge interest. Mr. Rothleder provided a summary of the feasibility assessment approach and results which included a range of production cost benefits between \$119 - \$227 million annually. Mr. Rothleder explained that the potential incremental production cost benefits above EIM occur due to: 1) efficient day-ahead hourly trading and use of available transmission activity through an organized market, 2) more efficient day-ahead unit commitment and 3) day-ahead base schedule at hourly granularity throughout the footprint prior to real-time. He also explained that the assessment also quantified potential reduced renewable curtailment of 1,000-2,000 gigawatt-hours. He concluded his presentation by discussing next steps, including an upcoming webinar, the commencement of a stakeholder process in October 2019, and work by the Governance Review Committee to consider potential governance structure changes. Mr. Rothleder acknowledged the tremendous efforts by the EIM entities and the ISO throughout the process. In response to an inquiry from the Board as to why the benefits seemed light; Mr. Rothleder responded indicating that these benefits were intended to be indicative based on conservative assumptions only quantifying the incremental production cost benefits above the EIM and not other potential investment cost benefits including the economic benefits of avoided curtailment.

Public comment

Jim Shetler and Sarah Edmonds, on behalf of the EIM entities, provided an overview of the feasibility assessment process and stated that, based on the results of the assessment showing potential benefits, the EIM entities supported the initiation of a stakeholder process by the ISO to develop the extended day-ahead market policies. Mr. Shetler stated that support by the EIM entities to commence a stakeholder process did not equate to full support of EDAM implementation at this time, but rather a commitment to collaborate with the ISO and stakeholders throughout the market design process. Ms. Edmonds provided a

high-level overview of the EDAM principles and elements of the EIM entities as outlined in the September 16 public comment letter submitted.

Discussion ensued regarding the potential benefits and initiative timeline and Mr. Rothleder provided responsive comments. Steve Berberich, President and CEO, provided an overview of next steps. Keith Casey, Vice President – Market and Infrastructure Development, discussed next steps and noted the stakeholder process would commence in October with the posting of an issue paper that will lay out the scope of the initiative. He described how the ISO will coordinate the EDAM and day-ahead market enhancements stakeholder processes and noted these market design processes would likely extend well into 2020. Mr. Berberich provided closing remarks noting the importance of these initiatives and the intent of the ISO to move forward with the support of the Board of Governors and EIM Governing Body. Chair Olsen and Chair Linvill noted full support with commencement of these the initiatives.

Greg Fisher, Senior Counsel, acknowledged receipt of a public comment letter from the EIM entities.

DECISION ON EIM GOVERNANCE REVIEW COMMITTEE

Peter Colussy, Manager – Regional Affairs, stated the Governance Review Committee (GRC) would be a temporary advisory committee to the ISO Board of Governors and the EIM Governing Body. Mr. Colussy described how the GRC would be providing input and advice on the EIM governance review and noted the scope could also include enhancements if a day-ahead market is added to the EIM structure. He stated the GRC would lead an iterative public process that will culminate in a draft final proposal for review by the EIM Governing Body and the Board of Governors. Mr. Colussy reviewed the GRC membership structure noting it would bring together a diverse set of western stakeholders.

Next, Mr. Colussy provided an overview of nominee qualifications that were considered to ensure the GRC will have the expertise to collectively address governance issues within its scope. Mr. Colussy provided an overview of the sector-based nomination and ranking process and stated that 16 nominees had been recommended by the six stakeholder sectors. He stated the EIM Governing Body and Board of Governors reviewed the nominee qualifications and developed a proposed slate in a closed joint executive session meeting. Mr. Colussy stated the GRC meetings would be subject to the ISO's Open Meeting Policy and that the GRC's work was expected to last approximately six to twelve months. Mr. Colussy concluded by listing the names of the proposed slate of GRC members.

There was no public comment offered at this time.

Discussion followed and it was noted that one of the proposed members, Rob Taylor, had recently changed positions moving from Arizona Public Service to Salt River Project. To ensure a balanced sector membership on the GRC, the EIM Governing Body and the Board directed the ISO to consider a further candidate from the investor owned utility sector.

Governor Olsen stated the proposed candidate would go to both bodies at a joint executive session for discussion followed by a subsequent joint general session to vote on Management's recommendation. Brief discussion followed regarding the importance surrounding the review and selection of the GRC members.

EIM Governing Body Motion – Committee membership – proposed slate

Member Prescott:

Moved, that the EIM Governing Body appoints the following individuals to the EIM Governance Review Committee:

***Tony Braun
Andrew Campbell
Suzanne Cooper
Eric Eisenman
Jennifer Gardner
Therese Hampton
Doug Howe
Rob Taylor
Rebecca Wagner
Cameron Yourkowski***

The motion was seconded by Member Fong and approved 4-0.

Board of Governors Motion – Committee membership – proposed slate

Governor Galiteva:

Moved, that the ISO Board of Governors appoints the following individuals to the EIM Governance Review Committee:

***Tony Braun
Andrew Campbell
Suzanne Cooper
Eric Eisenman
Jennifer Gardner
Therese Hampton
Doug Howe
Rob Taylor
Rebecca Wagner
Cameron Yourkowski***

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

Next, Member Linvill nominated Member Fong to serve as the EIM Governing Body representative on the GRC.

Motion – EIM Governing Body representative

Member Prescott:

Moved, that the EIM Governing Body appoints Valerie Fong to serve as its representative on the energy imbalance market governance review committee.

The motion was seconded by Member Linvill and approved 4-0.

Next, Governor Bhagwat nominated Governor Galiteva to serve as the Board of Governors representative on the GRC.

Motion – Board of Governors representative

Governor Bhagwat:

Moved, that the ISO Board of Governors appoints Angelina Galiteva to serve as its representative on the energy imbalance market governance review committee.

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

ADJOURNED

There being no additional joint general session matters to discuss, the joint general session was adjourned at approximately 1:50 p.m.