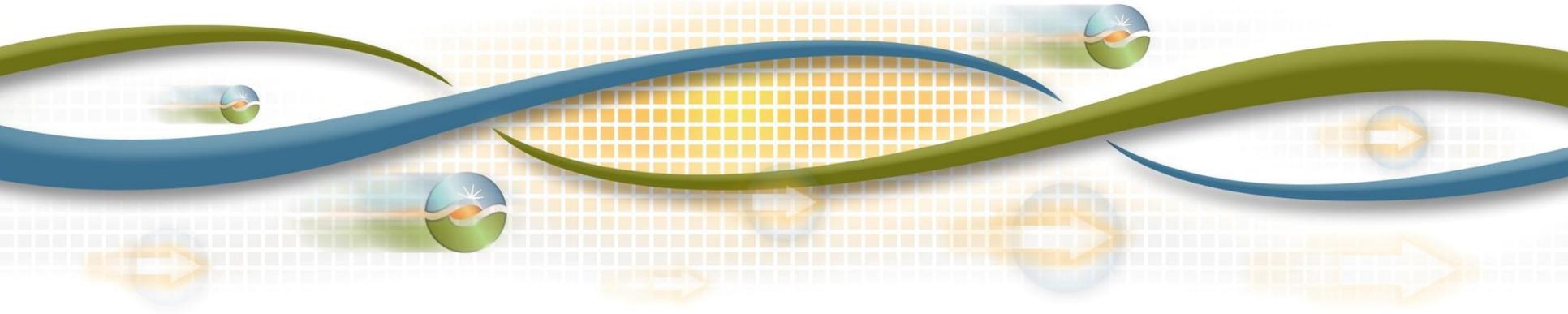


2013 Stakeholder Initiatives Catalog

Stakeholder Conference Call

Carrie Bentley

February 5, 2014



Stakeholder Initiatives Catalog – Agenda 02/05/14

| Time | Topic | Presenter |
|-------------|----------------------------------|------------------|
| 1:00 – 1:05 | Introduction & Meeting Objective | Kristina Osborne |
| 1:05 – 1:45 | Catalog Overview | Carrie Bentley |
| 1:45 – 2:15 | Roadmap Overview | Carrie Bentley |
| 2:15 – 2:25 | Stakeholder Comments Request | Carrie Bentley |
| 2:25 – 2:30 | Next steps | Kristina Osborne |

Introduction

- Catalog description:
 - Documents current and proposed policy changes and enhancements, which require a stakeholder process
 - Tracks market participant rankings of initiatives
 - Reference guide: Tracking, planning, perspective
- New this year: Update on previous catalog's top ranked initiatives
- New this year: Market and infrastructure policy draft roadmap
 - Maps out known priority initiatives based on FERC deadlines, implementation timing, ISO staff workload, and market participant feedback

Catalog Overview

Catalog description

- 2013 catalog contains both market design and infrastructure and planning initiatives.
- Initiatives can fall into four different categories:
 - In progress (I), Non-discretionary (N), FERC-mandated (F), Discretionary (D)
- Includes rankings from market participants on 2013 catalog on discretionary initiatives
- Includes review of top ranked items from stakeholders

Updates to November 5th draft catalog (1/3)

- Description of Marginal Loss Surplus Allocation Alternative Approaches updated
- Initiatives added:
 - Integrated Optimal Outage Coordination
 - EIM Enhancements
 - Active Power Control Interconnection Requirements for VERs
- Real-Time Congestion Uplift Cost Allocation and Review of Convergence Bidding Uplift Allocation merged under the latter's name

Updates to November 5th draft catalog (2/3)

- Deleted initiatives:
 - Allowing Convergence Bidding at CRR Sub-LAPs
 - Insufficient CRR Hedging
 - Multiple Scheduling Coordinators at a Single Meter
 - Ramp Rate Enhancements
 - Seasonal Local RA Requirements
- Voltage Support will not be re-classified as FERC mandated

Updates to November 5th draft catalog (3/3)

- Minor edits to initiative names
 - Voluntary Demand Response Auction renamed to *Voluntary Preferred Resource Auction*
 - Use-limited Resource Adequacy Criteria and Must Offer Obligations renamed to *Use-limited Resource Must Offer Obligations*
 - Joint Reliability Framework renamed to *Reliability Services*

Stakeholder's Highly Ranked Initiatives

1. Review of convergence bidding uplift allocation
2. Mitigating transient price spikes, real-time imbalance energy offset/real-time congestion offset
3. Standard capacity product enhancements
4. Modify resource adequacy replacement rules
5. Extended pricing mechanism
6. Eliminate un-priced constraints

Roadmap Overview

Market and Infrastructure Policy Roadmap

- Maps out known priority initiatives based on FERC deadlines, implementation timing, ISO staff workload, and market participant feedback
- Initiatives listed by quarter the initiative is expected to begin

Several initiatives are already in progress. Many address stakeholder's highly ranked issues.

- Flexible resource adequacy criteria and must offer obligations
- Full network model expansion
- Contingency modeling enhancements
- Expanding of metering and telemetry options
- Outage management system replacement
- Interconnection process enhancements (remaining topics)

New policy initiatives planned to begin in Q1 2014

- Reliability services (I, N)
- Voluntary preferred resource auction (I,N)
- Flexible ramping product – includes integrated IFM/RUC (I, N)
- Administrative pricing rules (I, F)
- GIDAP reassessment (started December 2013)
- Revisions to ISO Planning Standards (transmission planning process)
- Competitive solicitation process improvements (transmission planning process)

New policy initiatives planned to begin in Q2 2014

- EIM enhancements (N)
- Greenhouse gas rules (N)
- Regulation pay for performance modifications (D)
- Frequency/Inertia procurement (F)
- Removed since January 28th Catalog:
 - Stepped transmission constraint

New policy initiatives planned to begin in Q3 2014

- Bidding rules (D)
- Active power control interconnection requirements for variable energy resources (D)
- Stakeholder initiative catalog process (N)
- Interconnection process enhancements 2014 - Collect list of issues for possible 2015 resolution

New policy initiatives planned to begin in Q4 2014

- Marginal loss surplus allocation alternative approaches (D)

Initiatives that the ISO will begin if time permits

- Blackstart and system restoration (D)
- Voltage support (D)
- Stepped transmission constraint (D)
- Affected systems
- Transmission Interconnection Process

New policy initiative on storage interconnection

- This is in response to the recent CPUC decision to require LSEs to procure storage capacity
- Scope would be to clarify and/or develop interconnection policies for these specific resources
- Timing of initiative is as yet undetermined

Stakeholder Comments Request

Stakeholder comments request – Due 2/12/14

- The catalog process
- Changes since the Nov 5th draft
- The Market and Infrastructure Policy roadmap
 - Initiatives
 - Timing

Next Steps

| Item | Date |
|--|---------------------|
| Stakeholder comments due for items (1) and (2) feedback | 10/23/13 |
| Post updated draft 2013 Stakeholder Initiatives Catalog and ranking template | 11/05/13 |
| Stakeholder comments due for item (3) | 11/22/13 |
| Post revised draft 2013 Stakeholder Initiatives Catalog | 01/28/14 |
| Stakeholder web conference on revised 2013 Catalog | 02/05/14 |
| Comments due on revised 2013 Catalog | 02/12/14 |
| Post final 2013 Stakeholder Initiatives Catalog | 02/26/14 |
| Board of Governors briefing | 03/19/14 - 03/20/14 |

Please submit comments to SHCatalog@caiso.com