

**GENERAL SESSION MINUTES
MARKET SURVEILLANCE COMMITTEE MEETING
December 6, 2019
Offices of the ISO
250 Outcropping Way
Folsom, California**

December 6, 2019

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session meeting at approximately 10:05 a.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Market Surveillance Committee were in attendance:

Benjamin Hobbs, Chair
James Bushnell
Scott Harvey

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

Kallie Wells provided comments on behalf of Western Power Trading Forum. Ms. Wells stated that WPTF requests the MSC consider discussing at a future meeting the impact track 1A and track 1B congestion revenue rights market changes have had on market performance, as well as the impact restricting biddable pairs has had on pricing accuracy.

Peter Griffith from Pacific Gas & Electric requested Committee members remember to engage throughout the meeting with stakeholders who are participating remotely.

There was no other public comment.

DECISION ON GENERAL SESSION MINUTES

Motion

Committee member Harvey:

Moved, that the Market Surveillance Committee, advisory committee to the ISO Board of Governors, approve the general session minutes for the October 11, 2019, and November 5, 2019 meetings.

The motion was seconded by Committee member Bushnell and approved 3-0.

FERC 831 – IMPORT BIDDING AND MARKET PARAMETERS DISCUSSION

Brittany Dean, Market Design Policy Developer, provided a presentation regarding alternatives for the verification of supply costs associated with import bids that exceed \$1000/MWh, once the bid cap is raised to \$2000/MWh under the FERC order. Ms. Dean described a procedure the ISO proposes to use to estimate a ceiling for import bids. Ms. Dean then described two alternatives for implementing the maximum import bid price and summarized the advantages and disadvantages of each proposal. Discussion ensued among Committee members, ISO staff, and regarding the competitiveness of markets outside the ISO, the treatment of resource-specific import bids versus system resources by this procedure and by the California resource adequacy rules, treatment of start-up costs, and the desire of suppliers for a predictable “safe harbor” for bids.

Danielle Tavel, Policy Development Data Analyst, provided a summary of alternatives for adjusting parameters that define constraint violation penalties in the market software, after the bid cap is raised under the FERC order. Discussion ensued among Committee members, ISO staff, and regarding the pros and cons of each of these alternatives, as well as the treatment of virtual bids and demand-side bids of the various proposals.

RECESSED

The meeting was recessed at approximately 11:55 a.m. for lunch.

RECONVENED

The MSC reconvened the general session at approximately 1:05 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the MSC were in attendance:

Benjamin Hobbs, Chair

James Bushnell
Scott Harvey

GENERAL SESSION

The following agenda items were discussed in general session:

RESOURCE ADEQUACY ENHANCEMENTS DISCUSSION: FLEXIBLE RA AND RA IMPORTS

Karl Meeusen, Senior Advisor Infrastructure & Regulatory Policy, provided an overview of the principles and elements of the ISO's draft proposal for a flexible resource adequacy product, and its relationship to the proposed imbalance reserves in the day-ahead market enhancements initiative. Discussion ensued among Committee members, ISO staff, and stakeholders regarding the need for a flexible capacity product, as well as what duration of ramps might provide the greatest challenges to the mix of supply available to the ISO in the future.

Chris Devon, Lead Infrastructure and Regulatory Policy Developer, provided a presentation on potential modifications of rules governing resource adequacy imports, which would allow resource adequacy to be specified as non-resource specific, although the source balancing authority would need to be specified. Discussion ensued among Committee members, ISO staff, and stakeholders and some stakeholders expressed their preference for the earlier ISO proposal that imported resource adequacy should be associated with specific physical resources. Discussion followed regarding the rights that the originating balancing authority would have to recall capacity committed as resource adequacy to the ISO.

Mr. Devon next addressed the recent decision by the California Public Utilities Commission to require that all import resource adequacy self-schedule energy into the ISO market during the contract term hours. Discussion ensued among Committee members, ISO staff, and stakeholders regarding the purpose of the CPUC decision and how restrictive it was likely to be in practice. Michele Kito of the CPUC clarified that a goal of the decision was to encourage resource-specific imports of resource adequacy, in an effort to prevent non-specific imported resource adequacy from failing to back up their bids with physical capacity.

FUTURE AGENDA ITEMS

There were no items to discuss.

ADJOURNED

There being no additional general session matters to discuss, the session was adjourned at approximately 4:00 p.m.