

# GENERAL SESSION MINUTES

## MARKET SURVEILLANCE COMMITTEE MEETING

### March 13, 2020

### Teleconference

---

#### March 13, 2020

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session teleconference 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

There was no 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 December 6, 2019 meetings.***

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

#### DAY-AHEAD MARKET ENHANCEMENTS DISCUSSION

James Friedrich, Market Design Policy Specialist, provided an overview of two new products being proposed as part of the day-ahead market enhancements, namely the reliability

capacity product and the imbalance reserve product. Mr. Friedrich's presentation focused on the relationship of the clearing of energy and reliability energy in the proposed enhanced day-ahead market. He explained that energy prices and schedules are the outcome of clearing of supply offers and bid-in demand, including virtual supply and demand, and that reliability energy prices and schedules are the result of clearing of physical capacity offers only against the ISO forecast energy demand. Mr. Friedrich described a series of examples that showed different possible interactions of energy and capacity schedules, and the resulting prices. Discussion ensued among Committee members, stakeholders, and ISO staff addressing several issues, including the separate pricing of energy and reliability energy, and the settlement of virtual bids against prices for energy only, versus the settlement of physical resources and demand forecasts against both energy and reliability energy, as well as the goal of shifting fuel scheduling costs from longer-term resource adequacy contracts to the day-ahead reliability capacity bids.

## **RECESSED**

The meeting was recessed at approximately 12:00 p.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:

### **SYSTEM MARKET POWER MITIGATION DISCUSSION**

Perry Servedio, Lead Market Design Policy Developer, presented a two-part overview of the proposed system market power mitigation design. Mr. Servedio first reviewed the proposed mechanics of how system level market power would be identified and mitigated within the ISO balancing authority footprint, as well as groupings of areas including the ISO and neighboring areas when there is not congestion into the ISO. Second, Mr. Servedio discussed a possible expansion of the system market power mitigation to groupings of any two or more balancing authorities within the energy imbalance market, not just groupings involving the ISO. Discussion ensued among Committee members, stakeholders and ISO

staff regarding several questions, including the concern that consideration of non-ISO balancing areas would magnify the uncertainties involved in applying the test, and the concern that the effect of extending system market power mitigation to consideration of groups of balancing authorities would discourage needed imports rather than lower costs for consumers. Mr. Servedio concluded by describing several questions that remain to be addressed if the general converged grouping approach was to be adopted, examples of which include whether mitigation should be applied only to pivotal supply offers or all offers, and which if any import offers should be subject to mitigation.

## **CONGESTION REVENUE RIGHTS DISCUSSION**

Guillermo Bautista-Alderete, Director – Market Analysis and Forecasting, presented an update on the performance of the congestion revenue rights auctions. Dr. Bautista-Alderete summarized the three sets of changes to the ISO congestion revenue rights systems that were implemented in 2018 and 2019. He described the types of congestion revenue rights that were most affected by the changes, and discussed the role of loop flows and model differences in constraint-by-constraint deficits. Dr. Bautista-Alderete discussed the efficiency of the auctions and noted that the apparent efficiency would be greater if the efficiency metric was based on the ratio of (a) the auction value of just the rights bought in the auction (without netting out the auction value of rights sold back into the auction) to (b) the congestion revenue payouts to those rights. He explained that calculations of auction efficiency for January 2019 and subsequent months confirmed that the revised metric showed less inefficiency and that future analyses by the ISO will quantify the revised efficiency metric for periods prior to 2019.

## **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 4:30 p.m.