

GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING March 5, 2019 Offices of the ISO Teleconference

March 5, 2019

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session meeting via teleconference at approximately 12:00 p.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.

DRAFT OPINION ON LOCAL MARKET POWER MITIGATION ENHANCEMENTS – DISCUSSION AND ADOPTION OF OPINION

Committee Chair Hobbs provided a summary of the Committee's draft opinion on the ISO's proposed local market power mitigation enhancements. Dr. Hobbs described two key sets of concerns the Committee has with the proposed enhancements, namely the proposed addition of limits on transfers among balancing authorities when offers are mitigated and the definition of default energy bids for storage resources, both of which involve conceptual challenges. Dr. Hobbs explained that, with respect to limits on transfers among BAs when offers are mitigated, the Committee accepts the availability of these restrictions as being acceptable for encouraging EIM entities to participate in the EIM with a broader set of resources, as long as these restrictions are not applied as a matter of course but are available as a last resort. He described potential adverse consequences to the limits being

imposed often and he added that since an EIM BA can choose to impose or not impose these limits, it is the Committee's hope that EIM entities will not need to do so often.

Dr. Hobbs next described concerns the Committee has regarding the calculation of hydropower default energy bids (DEB). He stated that despite the Committee's concerns with some of the details of DEB calculation for hydropower plants, the Committee supports the general proposed approach based on gas costs and forward prices for energy but would prefer that forward prices used in the DEB calculations be adjusted, if practical, by opportunity costs for transmission provided by resource owners and checked by the ISO, as described in the draft opinion. He added that if this is not practical, the Committee would support implementation of the proposal in the near term and would recommend that the ISO continue to work to refine this aspect of the proposal. Dr. Hobbs concluded by briefly summarizing additional recommendations made by the Committee in its draft opinion.

Committee member Harvey added that the proposal is an important step forward and there are important improvements made to local market power mitigation in the design, but, as noted in the draft opinion, there are some limitations to some aspects of the design that the ISO and stakeholders will have to monitor over time. Discussion ensued among Committee members and stakeholders regarding the ISO's proposal and the Committee's draft opinion, and there was consensus that the proposal is a positive step forward.

Motion

Committee member Bushnell:

Moved, that the Market Surveillance Committee, an advisory committee to the ISO Board of Governors, adopts the "Opinion on Local Market Power Mitigation Enhancements," as amended to strike the last 6 lines of the first paragraph on page 6.

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

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 12:45 p.m.