

**MEETING MINUTES OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR (CAISO) MARKET SURVEILLANCE COMMITTEE**

Meeting Date: October 15, 2009, 10:00 a.m.

Held at: California ISO
101 Blue Ravine Road
Folsom, CA 95630

**With Simultaneous Meeting Web Cast (Web conference via Internet (visual
and telephone (audio))**

A meeting of the Market Surveillance Committee (MSC) was held at the time and place referenced above, pursuant to the Public Notice (final released October 13, 2009), posted on the CAISO Web site at <http://www.caiso.com/23c2/23c2c4412f6c0.html> . This meeting was also a joint CAISO stakeholder with regard to topics contained within the Public Notice.

COMMITTEE MEMBERS ATTENDING

Frank Wolak	Committee Chairman
James Bushnell	Committee Member
Benjamin Hobbs	Committee Member
Absences:	None

GENERAL SESSION

The interim Director Market Monitoring, Dr. Eric Hildebrandt, officially started the meeting shortly after 10:00 a.m., beginning with a quick run-down of the agenda.

The meeting was then turned over to Chairman Wolak whereby he thanked everyone for attending and introduced the two other committee members.

Public Comment

Dr. Wolak asked if any member of the public wished to make a general comment before the committee addressed the items on the agenda. As no party came forward to make public comment, the committee then moved on to the agenda items.

1. Discussion on Scarcity Pricing

Kallie Wells, Market Monitoring Analyst with the Department of Market Monitoring, provided an overview of the Ancillary Service Market, its performance and functionality since the start of the new market design.

Dr. Shucheng Liu, Principal Market Developer, then provided a briefing of the ISO's revised reserve scarcity pricing proposal.

Throughout both presentations, stakeholders and MSC members asked various clarifying questions.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

2. Discussion on Convergence Bidding

Chairman Wolak gave a presentation summarizing the direction of the MSC's thinking on the California ISO's proposal on Convergence Bidding, and noted that the MSC would be providing a formal opinion on the ISO's convergence bidding proposal at the October Board meeting. During Chairman Wolak's presentation he pointed out several features of the ISO's proposal on which he was seeking stakeholder comments. This presentation was followed by discussion among MSC members and stakeholders.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

3. Discussion on Competitive Path Assessment Study

The final presentation giving was from Dr. Dan Yang of the Department of Market Monitoring. Dr. Yang's presentation focused on the preliminary results analysis that the Department of Market Monitoring had prepared to assess the competitiveness of paths under actual market conditions using an alternative approach similar to that used by numerous other Independent System Operators.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

Executive Session

There was no executive session.

There being no further business, the Market Surveillance Committee meeting was adjourned at approximately 4:00 p.m.

The MSC has approved these Minutes of the October 15, 2009 MSC Meeting at the following MSC Meeting:

Date of approval: January 22, 2010