




# California ISO

## Market Surveillance Committee Charter

Effective **June 7, 2019**



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 <b>California ISO</b>	<b>General Counsel &amp; Administration</b>	<b>ISO Version:</b>	<b>6.2</b>
<b>Market Surveillance Committee Charter</b>		<b>Effective Date:</b>	<b>6/07/2019</b>


**REVISION HISTORY**

<b>VERSION NO.</b>	<b>DATE</b>	<b>SUGGESTED REVIEW DATE</b>	<b>REVISED BY</b>	<b>DESCRIPTION</b>
1.0	1998		Board of Governors	Adopted by Board of Governors
2.0	2/24/2000		Board of Governors	Amended by Board of Governors
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6.2	6/7/2019	9/8/2020	Greg Fisher	2019 Annual review; nonsubstantive typographical edits

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This charter prescribes the membership, duties, and procedures of the Market Surveillance Committee (MSC) of the California Independent System Operator Corporation. The provisions included in this charter are in addition to any applicable provisions of the ISO tariff.

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## **1. ESTABLISHMENT**

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The Market Surveillance Committee has been established by the ISO to provide independent external expertise on the ISO market monitoring process (as described in the tariff), and independent expert advice and recommendations to the ISO Chief Executive Officer and ISO Board of Governors. In addition, under the tariff the MSC may review and comment on Department of Market Monitoring (DMM) analyses and reports. The MSC is separate and independent from DMM. In addition to serving on the MSC, members are expected to provide independent advice to ISO Management, the Director of DMM, and the Board on market issues.

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## **2. MEMBERSHIP**

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### **A. Qualifications**

The members of the MSC shall consist of three or more independent and recognized experts whose combined professional expertise and experience meets the requirements of the tariff.

### **B. Appointment**

Members shall be nominated by the CEO and appointed by the Board. Members shall be appointed to staggered three-year terms.

### **C. Chair**

The members of the MSC shall elect a Chair, subject to confirmation by the Board, who shall have the following duties:

- 1) Preside over meetings;
- 2) Manage and facilitate the MSC's work load;
- 3) Ensure the quality and timely completion of any deliverables required of the MSC;
- 4) Serve as the MSC's primary contact to the ISO; and
- 5) Enlist the necessary assistance of other MSC members in accomplishing any of these and any other assigned responsibilities.


### **D. Compensation, Reimbursement, and Liability**

- 1) Members of the MSC shall be compensated on such basis as the CEO, in consultation with the Board, shall determine. Members shall receive prompt reimbursement for all expenses reasonably incurred in the execution of their responsibilities under the tariff and this charter.

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- 2) As provided in the tariff, the MSC and its members are not liable to any market participant under any circumstances whatsoever for any matter described in the tariff, including but not limited to any financial loss or loss of economic advantage resulting from the performance or non-performance by the MSC of its functions under the tariff and this charter.

## **E. Independence of Members**

Each member of the MSC must meet the following criteria for independence as set forth in the tariff:

- 1) Members shall have no professional or commercial affiliation with a market participant where such affiliation would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties;
- 2) Members shall not serve as officers, employees, or partners of a market participant;
- 3) Members shall have no material financial interest in any market participant or affiliate, with the exception of mutual funds and non-directed investments;
- 4) Members shall not engage in any market transactions other than in the performance of their duties under the tariff; and
- 5) Members shall not be compensated, other than by the ISO, for any expert witness testimony or other commercial services in connection with any legal or regulatory proceeding or commercial transaction relating to the ISO (except that the MSC may consult with and make recommendations concerning the functioning of the markets to ISO Management or to the Board in connection with legal or regulatory proceedings).

Each member of the MSC must additionally comply with the ethics provisions outlined in the tariff.

## **F. Potential Conflicts**

If any matter before the MSC could potentially affect the personal financial interests of a member or the interest of an entity with which the member is affiliated, the member shall, at the earliest opportunity, disclose such interest to the MSC and the legal department of the ISO. Where necessary to avoid a conflict of interest, the member shall not participate in any manner, including any discussion, in the matter. Any such disclosure and recusal shall be recorded in the minutes of the meeting.

## **G. Confidentiality**

Non-public information received or developed by the MSC (or its members in their capacity as members) may not be disclosed outside of the MSC and the ISO without authorization of the MSC. The MSC shall not authorize disclosure of information which has been received subject to a specific disclosure restriction except after consultation with the ISO General Counsel and in accordance with applicable law.


## **H. Compliance with ISO Code of Conduct and Core Values**

Members of the MSC must comply with the ISO's Code of Conduct and Ethical Principles (as it may be amended from time to time) and support the ISO's core values of integrity, teamwork, excellence, people-focus, and open communication.

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## I. Removal of Members Prior to Expiration of Term

The Board may remove, by a two-thirds vote, a member of the MSC prior to the expiration of that member's appointed term for failure to perform his or her duties or comply with the applicable provisions of the tariff or this charter.

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## 3. MEETINGS OF THE MARKET SURVEILLANCE COMMITTEE

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### A. Time and Place

The MSC shall meet to vote on any opinion or report to be issued by the MSC. In addition, the MSC shall meet at least once during each quarter in accordance with a calendar established by the members in conjunction with the CEO or his or her designee, and shall also meet at the call of the Chair. While in-person participation is strongly encouraged, members may participate in a meeting telephonically if circumstances are such that they cannot attend in person.

### B. Secretary

Unless otherwise directed by the MSC, the Corporate Secretary or his or her designee shall serve as secretary to the MSC.

### C. Voting

A quorum shall be two-thirds of the members then in office and an affirmative vote of a majority of the members then in office shall be necessary for any action.

### D. Meeting Procedures

All meetings shall be held pursuant to the ISO bylaws and open meeting policy as then in effect with regard to notice and waiver thereof and public access to the meetings. Materials submitted to the MSC, and written minutes of each meeting, shall be duly filed in ISO records.

### E. Public Comment

With the exception of meetings held in closed executive session, opportunities for public comment will be provided at each meeting.

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## 4. FUNCTIONS OF THE MARKET SURVEILLANCE COMMITTEE

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### A. Evaluation of Information

The MSC may, upon request of the DMM, the CEO or the Board, or of its own volition, evaluate such information or data as may be collected by the DMM on the basis of the evaluation criteria developed by the DMM and such further articulated evaluation criteria developed by the MSC.

### B. Reports and Recommendations


#### 1) Required Reports

The MSC shall provide all evaluations carried out pursuant to the tariff, and any recommendations emanating from such evaluations, in written reports to the CEO and the Board. The written reports

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shall be made publicly available subject to restrictions on dissemination of confidential or commercially sensitive information.

2) Additional Reports

The MSC may make such additional reports and recommendations as it sees fit, or in response to requests by the CEO, the Board, or FERC, relating to the monitoring program referred to in the tariff, the analysis of information, the evaluation criteria, or any corrective or enforcement actions proposed by the ISO or posed of its own volition.

**C. Publication of Reports and Recommendations**

Upon request of the MSC, the CEO shall publish reports and recommendations of the MSC or incorporate them into ISO reports or recommendations.

**D. ISO Staff Support to the MSC**

At the request of the MSC, but only to the extent practicable, the ISO shall provide administrative support, data, and other information needed by the MSC, assistance in analyzing such data, and assistance to the Chair in managing the ongoing workload of the MSC.