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## **GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING**

**August 14, 2012, 10:00 a.m.**

**General Session**

**Offices of the ISO**

**250 Outcropping Way**

**Folsom, CA 95630**

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A meeting of the Market Surveillance Committee (MSC) was held at the time and place referenced above, pursuant to the public notice announcing the meeting (final notice released August 10, 2012), posted on the CAISO Web site at:

<http://www.caiso.com/Informed/Pages/BoardCommittees/MarketSurveillanceCommittee/Default.aspx>.

### **ATTENDANCE**

The following members of the Market Surveillance Committee attended:

James Bushnell  
Scott Harvey  
Benjamin Hobbs, Chair  
Shmuel Oren

### **GENERAL SESSION**

The following agenda items were discussed in general session:

#### **PUBLIC COMMENT**

Jeffrey Nelson representing Southern California Edison provided comments regarding FERC Commissioner Moeller's note to the California Air Resource Board regarding some rules with contract shuffling. Moeller raised concerns that under the current rules there was the potential for non-participation for outside entities, due to lack of clarity. Mr. Nelson thought that the MSC should have this issue in their radar.

MSC member, Dr. Bushnell responded and confirmed that the MSC is aware of the issue and was also being considered by the California Air Resource Board.

Receiving no further questions, Chairman Hobbs went to the next item on the agenda.

## DECISION ON MINUTES

### Motion

Committee member Harvey:

*Moved, that the Market Surveillance Committee, Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, approve the draft general session minutes from June 22, 2012*

The motion was seconded by Committee member Bushnell, and approved 4-0-0.

### Discussion on flexible capacity risk of retirement

Dr. Karl Meeusen from Market and Infrastructure Development gave a presentation summarizing the final draft proposal on flexible capacity procurement, risk of retirement. Dr. Meeusen further stated that the ISO was seeking MSC input on three important topics: (1) compensation formula, (2) compensation options, and (3) obligation of resources after designation.

Dr. Bushnell, MSC member, gave a presentation discussing some of the implementation issues for flexible capacity procurement.

### Discussion on flexible ramping product

Dr. Lin Xu of Market and Infrastructure Development summarized various examples that illustrated the mechanics of the proposed flexible ramping products in the real-time market. Dr. Xu explained that the examples served to clarify how ramp capability is reserved for immediate use in the next interval if the change in load differs from what is anticipated, and as well how ramp capability is preserved for later intervals.

Discussion from the MSC followed Dr. Xu's presentation including the mention for the need for a locational dimension for the flexible ramping product.

### DMM briefing on new local market power mitigation performance

Dr. Dan Yang, Senior Market Monitoring Analyst in the Department of Market Monitoring summarized the present local market power mitigation procedures and how successful they have been in identifying what paths would actually be noncompetitive in the day-ahead market. Dr. Yang focused on the accuracy of local market power mitigation enhancements in the day-ahead market, the accuracy of local market power mitigation enhancements in the real-time market and finally a brief discussion of potential future analysis.

Discussion from the MSC followed Dr. Yang's presentation and the extent of bid mitigation experienced under the present system was then reviewed.

### Discussion on price inconsistency market enhancements

Dr. Guillermo Bautista-Alderete, Manager of Market Validation, gave the final presentation of the afternoon. He described the particular circumstances involving inconsistent pricing area that were to be addressed by the proposal. After Dr. Bautista-Alderete's presentation concluded, stakeholders and MSC members discussed the

significance of each and how the ISO proposal would attempt to correct each. Part of the discussion addressed possible unexpected consequences of the proposed changes.

**New Business**

Dr. Jeff McDonald was asked to provide comments on exceptional dispatch mitigation.

**ADJOURNED**

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 4:10 p.m.

The MSC has approved these Minutes of the August 14, 2012, MSC Meeting at the following MSC Meeting:

Date of approval:      October 19, 2012