



# Memorandum

**To:** ISO Board of Governors

**From:** Steve Berberich, President and Chief Executive Officer

**Date:** March 21, 2019

**Re:** **Decision on Market Surveillance Committee member reappointment**

---

*This memorandum requires Board action*

## EXECUTIVE SUMMARY

Dr. Benjamin Hobbs has served as a member of the ISO Market Surveillance Committee (MSC) since 2002. His term as a committee member expires on March 31, 2019. During his tenure on the MSC, Dr. Hobbs has provided invaluable expertise and advice to the Board of Governors, EIM Governing Body, ISO Management and staff on numerous market issues relating to the operation of the ISO market.

The tariff requires that the ISO CEO, subject to approval by the Board of Governors, make appointments to the MSC. Therefore, as outlined in the Board memo, I request that the ISO Board of Governors approve the re-appointment of Dr. Hobbs as a member of the MSC and authorize execution of a contract for a three-year term.

## BACKGROUND

The tariff (appendix O, section 4) requires that the Market Surveillance Committee be comprised of three or more experts whose combined professional experience encompasses the following:

- Economics, with an emphasis on antitrust, competition, and market power issues in the electricity industry;
- Operational aspects of generation and transmission in electricity markets;
- Antitrust or competition law in regulated industries; and
- Financial expertise relevant to energy or other commodity trading.

The tariff (appendix O, section 9) also outlines strict criteria for independence that forbid a member of the MSC from, among other things, having a material financial interest in a market participant, engaging in market transactions, and receiving outside

compensation for providing commercial services in any legal or regulatory proceeding relating to the ISO. The MSC has a specific tariff-assigned role to provide independent external expertise in monitoring the ISO market and to provide independent expert advice and recommendations to ISO Management, Board of Governors, EIM Governing Body and the FERC on market performance and design. The MSC is currently comprised of three members:

- Benjamin Hobbs (Chair), term expires on March 31, 2019
- Scott Harvey (Member), term expires on March 31, 2020
- James Bushnell (Member), term expires on March 31, 2021

The tariff authorizes MSC members to develop and publish opinions and reports at the request of ISO Management, or independently, when deemed appropriate by the Committee. While MSC processes do not constitute a stakeholder process, Committee members have shown a keen interest in listening to stakeholder concerns. Historically, the MSC has served as an impartial source of information on market issues, primarily for the ISO, but also for state policymakers, the FERC and the news media. ISO Management and the FERC have adopted a number of Committee recommendations since its inception.

Formal reviews and recommendations by the MSC are provided in written opinions to the ISO Officers, Board of Governors, and EIM Governing Body, and, when appropriate, filed with the FERC. MSC opinions are also available to the public through the ISO website. The MSC has been consistently recognized by the industry and the public as being useful and effective due in large part to the stature of its members as nationally recognized experts as well as their perceived independence. Both characteristics have led to the MSC being shown considerable deference by state and federal regulators.

Dr. Hobbs has been a member of the MSC since 2002. He has served as a Professor in the Department of Environmental Health & Engineering in the School of Engineering of the Johns Hopkins University since 1996, and was appointed as the inaugural Schad Chair of Environmental Management in 2008. He also holds a joint appointment in the Department of Applied Mathematics & Statistics and directs the Johns Hopkins Environment, Energy, Sustainability & Health Institute. Previously, he was at Brookhaven and Oak Ridge National Laboratories and a member of the Systems Engineering and Civil Engineering faculty at Case Western Reserve University. Dr. Hobbs has held visiting appointments at the Helsinki University of Technology, University of Washington, the Netherlands Energy Research Center, the Electricity Policy Research Group at Cambridge University, CalTech, and Comillas Pontifical University.

During his tenure on the MSC, Dr. Hobbs has become a highly respected expert on the various market design and policy challenges confronting the ISO and California. Additionally, Dr. Hobbs' diverse and exceptional expertise in engineering, power systems, and economics makes him a highly valued member of the MSC and an excellent complement to the other MSC members.

For these reasons, I request that the ISO Board of Governors approve the re-appointment of Dr. Hobbs as a member of the MSC and authorize execution of a contract for a three-year term.

**Motion:**

***Moved, that the ISO Board of Governors approves the reappointment of Dr. Benjamin Hobbs to the ISO Market Surveillance Committee for a three-year term to end March 31, 2022; and***

***Moved, that the Chief Executive Officer is authorized and directed to enter into an appropriate consulting agreement with Dr. Benjamin Hobbs to compensate him for his participation on the ISO Market Surveillance Committee.***