

**GENERAL SESSION MINUTES
MARKET SURVEILLANCE COMMITTEE MEETING
May 19, 2014
ISO Headquarters
Folsom, CA 95630**

May 19, 2014

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session at approximately 10:00 a.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Market Surveillance Committee were in attendance:

James Bushnell
Scott Harvey
Benjamin Hobbs, Chair
Shmuel Oren

GENERAL SESSION

The following agenda items were discussed in general session.

PUBLIC COMMENT

Ellen Wolfe, on behalf of Western Power Trading Forum, offered comments regarding the 15 minute market. The MSC Committee, Don Tretheway, Lead Market Design and Regulatory Policy Specialist, and Keith Collins, Manager, Monitoring and Reporting, responded with clarifying statements.

DISCUSSION ON EIM MARKET POWER MITIGATION

Eric Hildebrandt, Director - Market Monitoring, gave a presentation regarding energy imbalance market power mitigation. In his presentations he reviewed and updated the MSC on the market power analysis related to the energy imbalance market.

Dr. Bushnell asked a clarifying question regarding the baseline availability and Dr. Hildebrandt offered responsive comments.

Jeff Nelson, on behalf of Southern California Edison, asked a clarifying question regarding hourly imbalance energy demand as presented on slide four of Dr. Hildebrandt's presentation. Dr. Hildebrandt provided clarifying statements regarding the manner in which the information was obtained. A discussion regarding hourly imbalance energy demand ensued between the MSC, Dr. Hildebrandt and Mr. Tretheway.

Partha Malvadkar, on behalf of Pacific Gas & Electric, offered comments regarding competitive supply for a downward ramp. Dr. Hildebrandt provided clarifying comments.

Dr. Hildebrandt continued with the presentation regarding the market power analysis. A discussion ensued amongst the MSC, Mr. Hildebrandt and Mr. Tretheway regarding default energy bids.

Mr. Nelson offered clarifying statements regarding the long-term transmissions issue. Dr. Hildebrandt and Dr. Bushnell provided response comments.

Dr. Hobbs confirmed there was no additional public comment at this time.

Ryan Kurlinski, Manager - Analysis and Mitigation, gave a presentation regarding energy imbalance market transfer scheduling rights.

A discussion between the MSC and Mr. Kurlinski ensued.

Lin Xu, Lead Market Development Engineer, asked a clarifying question regarding transfer constraints. A discussion between the MSC, Mr. Xu, Mr. Tretheway and Mr. Kurlinski ensued.

Mr. Nelson asked a clarifying question regarding PacifiCorp East inbound constraint. Mr. Kurlinski offered responsive statements.

Dr. Hobbs confirmed there was no additional public comment at this time.

DISCUSSION ON ISO MARKET PRICING

Dr. Harvey gave a presentation regarding the ISO market pricing. He stated that ISO market participants had articulated concern related to price formation, price signals and uplift during the April 22, 2014 pricing forum.

Mark Smith, on behalf of Calpine, offered comments regarding uplift costs. Discussion between Mr. Smith and the MSC ensued.

Mr. Collins provided statements regarding gas constraint and counter balance dispatch. Mr. Smith provided responsive comments regarding gas balance issues.

Ms. Wolfe asked a follow up question regarding flexi ramp constraint in the market. Dr. Harvey offered clarifying statements.

Dr. Hobbs provided a clarifying statement regarding short-term unity commitment and real-time pre-dispatch. Mr. Tretheway and Mr. Kurlinski offered responsive statements.

Dr. Hobbs confirmed there was no additional public comment at this time.

RECESSED

There being additional general session matters to discuss, the general session was recessed at approximately 12:15 p.m.

RECONVENED

The Market Surveillance Committee reconvened the general session at approximately 1:00 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Market Surveillance Committee were in attendance:

James Bushnell
Scott Harvey
Benjamin Hobbs, Chair
Shmuel Oren

GENERAL SESSION

DISCUSSION ON RESOURCE ADEQUACY AVAILABILITY INCENTIVE MECHANISM

Carrie Bentley, Senior Market Design and Policy Specialist, gave a presentation about the availability incentive mechanism. She explained how the design summary was moving from a forced outage metric to a bid-based metric. Ms. Bentley elaborated that this would create a single price for flexible and system availability but still assess flexible and system availability separately.

Dr. Bushnell asked a clarifying question regarding the charge tied to the capacity procurement mechanism rate. Ms. Bentley explained the capacity procurement mechanism rate was an annual rate. Dr. Bushnell asked a question about planned outage and planned maintenance schedules. Ms. Bentley provided clarifying statements.

A discussion between Dr. Oren, Dr. Bushnell, Ms. Bentley and Brad Cooper, Manager, Market Design and Regulatory Policy, ensued about availability when offering an economic bid.

Alex Morris, on behalf of Pacific Gas & Electric, asked clarifying questions regarding the capacity procurement mechanism price for availability. Brian Theaker, on behalf of NRG, offered clarifying statements. Discussion between Dr. Bushnell and Mr. Theaker and Ms. Bentley ensued.

Ms. Wolfe provided comments regarding real time availability. Dr. Bushnell responded with clarifying comments. Discussion between Ms. Wolfe and Dr. Bushnell ensued.

Dr. Bushnell provided statements about incentive mechanisms. A discussion between Dr. Oren, Dr. Bushnell and Ms. Bentley ensued. Karl Meeusen, Market Design and Regulatory Policy Lead, provided clarifying comments regarding flexible capacity.

Mr. Morris asked questions regarding use limited resources and flex resource adequacy. Ms. Bentley and Dr. Bushnell responded with clarifying statements.

Dr. Hobbs confirmed there was no additional public comment at this time.

DISCUSSION ON POTENTIAL CHANGES TO COMMITMENT COST PRICING TO ADDRESS NATURAL GAS ISSUE

Dr. Harvey provided a presentation regarding gas prices and offer price flexibility at ISO New England, PJM, and Midwest ISO.

Mr. Malvadkar asked a question regarding PJM's startup costs and market monitoring. Dr. Harvey offered clarifying statements.

Ms. Wolfe offered statements regarding intra-day proxy gas prices. A discussion ensued between Dr. Harvey and Ms. Wolfe.

Mr. Cooper asked a question regarding calculation of reference prices in relation to gas balance charges. Dr. Harvey offered clarifying statements.

Mr. Hildebrandt provided statements regarding cost verification. A discussion between Ms. Wolfe and Mr. Hildebrandt ensued.

Delphine Hou, Senior Market Design and Policy Specialist, offered supportive comments in regards to Dr. Harvey's presentation.

Dr. Hobbs confirmed there was no additional public comment at this time.

FUTURE AGENDA ITEMS

Dr. Hobbs confirmed there was no comment on future items and announced the next in person Market Surveillance Committee meeting to be August 22, 2014 at the ISO.

Dr. Hobbs announced there will be MSC members in attendance at the 2014 IEEE Power & Energy Society General Meeting in Washington, DC on July 29, 2014. They will be part of a nine member panel to speak on the topic of “Complexity versus Simplification in Electricity Markets.”

ADJOURNED

There being no additional general session matters to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 4:00 p.m.