

**GENERAL SESSION MINUTES  
MARKET SURVEILLANCE COMMITTEE MEETING  
October 15, 2014  
ISO Headquarters  
Folsom, CA 95630**

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**October 15, 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**

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

Dr. Hobbs inquired if anyone had any comments regarding the 15 Minute market. Keith Collins, Manager, Monitoring and Reporting, offered comments regarding the pricing divergence between 15 minute prices and energy prices in the other ISO markets.

**DECISION ON THE MINUTES**

**Motion**

Committee member Hobbs:

***Moved, that the Market Surveillance Committee, Advisory Committee to the ISO Board of Governors, approve the general session minutes from the August 22, 2014, and September 8, 2014.***

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

## **BRIEFING ON FLEXIBLE RAMPING**

Don Tretheway, Lead Market Design and Regulatory Policy Specialist, gave a presentation regarding flexible ramping product requirements.

Dr. Oren asked a clarifying question regarding the flexible ramping product to meet real ramping need. Mr. Tretheway responded to his comments.

A discussion among the MSC and Mr. Tretheway ensued regarding the methods presented.

Dr. Hobbs asked a clarifying question regarding penalty prices. Mr. Tretheway responded to his comments.

Ellen Wolfe, on behalf of Western Power Trading Forum, asked a question regarding forcing the bids to zero in the day ahead market. Dr. Oren responded to her comments.

Mark Smith, on behalf of Calpine, also offered comments regarding non contingent spin. Brad Cooper, Manager, Market Design and Regulatory Policy, offered responsive comments. A discussion between the MSC and Mr. Cooper ensued.

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

## **BRIEFING ON CAPACITY PROCUREMENT MECHANISM AND AVAILABILITY INCENTIVE MECHANISM**

Dr. Oren gave a presentation about pay as bid vs. uniform price auctions and performance incentives compatibility.

A discussion between Mr. Smith and Dr. Oren ensued.

Dr. Bushnell offered comments to Mr. Smith regarding resource adequacy and capacity procurement.

Ms. Bentley offered comments regarding the resources adequacy price.

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 11:30 a.m.

## **RECONVENED**

The Market Surveillance Committee reconvened the general session at approximately 12:45 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**

### **BRIEFING ON PRICING ENHANCEMENTS**

Dr. Guillermo Bautista-Alderete, Manager, Market Validation and Quality, gave a presentation on pricing enhancements including the scope set forth in initial administrative pricing initiative, priority for schedules protected with existing transmission rights, compounded pricing of multiple contingencies and multiplicity of prices.

Ms. Wolfe asked a question regarding bid cost recovery. Dr. Bautista-Alderete responded to her question. A discussion between the MSC and Dr. Bautista-Alderete ensued.

John Anderson, on behalf of Pacific Gas & Electric, offered comments regarding real time market used in the instance of a day-ahead market. Dr. Bautista-Alderete and Dr. Bushnell responded to his comments.

Dr. Harvey asked clarifying question regarding penalties Dr. Bautista-Alderete responded to his comments and a discussion between the MSC and Dr. Bautista-Alderete ensued.

Dr. Hobbs made a presentation on finding unique prices under degeneracy.

Dr. Bushnell asked a clarifying question regarding transmission capability. Dr. Hobbs responded to his comments.

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

## **BRIEFING ON CONGESTION REVENUE RIGHTS INADEQUACY ALLOCATION**

Dr. Harvey made a presentation on sources of congestion rent shortfalls in the day-ahead market.

Ms. Wolfe asked a clarifying question regarding modeling revenue. Dr. Harvey responded to her comment.

Ryan Kurlinski, Manager, Analysis and Mitigation made a presentation on allocating congestion revenue rights revenue inadequacy by constraint to congestion revenue rights holders.

Dr. Bushnell asked a clarifying question regarding the duration of a transmission outage. Mr. Kurlinski responded to his question.

Mr. Smith offered a clarifying statement regarding the list of modeled outages. Mr. Kurlinski responded to his statement.

Ms. Wolfe asked a clarifying question regarding the nomenclature in the presentation. A discussion between Ms. Wolfe and Mr. Kurlinski ensued.

Ed Charkowicz, on behalf of CPUC asked a clarifying statement regarding congestion costs. A discussion between Mr. Charkowicz and Mr. Kurlinski ensued.

Dr. Oren made a presentation on allocation of congestion revenue rights revenue.

Mr. Smith asked a question regarding prorating allocations. Dr. Oren responded to his question.

A discussion between the MSC ensued.

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

## **FUTURE AGENDA ITEMS**

Dr. Hobbs confirmed there were no future items to discuss. He announced the next in-person Market Surveillance Committee meeting would be scheduled for December 16, 2014 at the ISO.

## **ADJOURNED**

There being no additional general session matters to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 3:30 p.m.