

**GENERAL SESSION MINUTES
MARKET SURVEILLANCE COMMITTEE MEETING
October 30, 2013
ISO Headquarters
Folsom, CA 95630**

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The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session at approximately 1:00 p.m. via teleconference and the presence of a quorum was established.

ATTENDANCE

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

James Bushnell, Acting Chair via teleconference
Scott Harvey, via teleconference
Shmuel Oren, via teleconference

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DECISION ON GENERAL SESSION 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 general session minutes from the September 6, 2013 meeting.

The motion was seconded by Committee member Oren and approved 3-0-0.

DRAFT OPINION ON ENERGY IMBALANCE MARKET

Acting Chairman Bushnell summarized the four main elements of the draft opinion on the ISO's proposal Energy Imbalance Market. The first element includes the rules for managing schedules. The second element includes rules for accounting for Greenhouse Gas emissions. The third element includes options for phasing in the implementation of EIM. The fourth element includes market power mitigation.

Committee member Harvey discussed in greater detail the schedule management rules and phase-in options. Acting Chairman Bushnell discussed in greater detail the Greenhouse Gas emissions and market power mitigation.

Acting Chairman Bushnell explained that if successful, the EIM could represent the first step toward much more efficient use of the western grid, allowing customers throughout the west to benefit from the vast potential of a diverse resource mix. The MSC strongly supports the goals of this initiative, and recommend that the Board of Governors approve the proposed EIM design.

Acting Chairman Bushnell turned to the phone lines for questions.

PUBLIC COMMENT ON DRAFT OPINION

Kurt Hanson, on behalf of PG&E, provided comments regarding additional functionality and flexibility that the CAISO will take if certain issues arise within EIM. Mr. Hanson requested that these possible procedures be outlined in a paper. Don Tretheway, Lead Market Design and Regulatory Policy Specialist, confirmed that a Final Proposal would be posted by the CAISO that would document the additional functionality and flexibility in more detail.

Jeff Nelson, on behalf of Southern California Edison, provided clarifying comments about market power mitigation on the interties into PacifiCorp when the EIM goes live. Acting Chairman Bushnell explained there will be software installed but not active without FERC approval.

Ellen Wolfe, on behalf of Western Power Trading Forum, provided comments on limited participation generators. Acting Chairman Bushnell explained that this is the starting point of Energy Imbalance Market and using limited participating generators was not considered at this time but may be deliberated in the future.

Alan Meck on behalf of the California Public Utilities Commission asked a similar question as Mr. Nelson. Acting Chairman Bushnell provided clarifying comments on the details of the functionalities.

Motion

Acting Chairman Bushnell:

Moved, that the Market Surveillance Committee, an Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, adopt the draft opinion titled “Opinion on Energy Imbalance Market”.

The motion to adopt the amended draft opinion was seconded by Committee member Harvey, and approved 3-0-0, via roll call.

FUTURE AGENDA ITEMS

Acting Chairman Bushnell confirmed the next MSC meeting was scheduled for November 15, 2013.

ADJOURNED

There being no additional general session matters to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 2:00 p.m.