



GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING

May 7, 2013, 10:00 a.m.

General Session Teleconference Meeting

Offices of the ISO

250 Outcropping Way

Folsom, CA 95630

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 May 2, 2013), 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, via teleconference

Scott Harvey, via teleconference

Benjamin Hobbs, Chair, via teleconference

Shmuel Oren, via teleconference

The following ISO staff members were present: Brad Cooper, Jeff McDonald, Greg Cook, Don Tretheway, Ryan Kurlinski and Kimberli Perez. Other members of the public joined in on the conference call; those parties are listed on a conference participant list compiled by the telephone service provider.

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

Receiving no public comment the MSC moved on to the next agenda item.

DECISION ON GENERAL SESSION MINUTES

Motion

Committee member Dr. 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 January 17, 2013.

The motion was seconded by Committee member Dr. Bushnell, and approved 4-0-0, via roll call.

DRAFT OPINION ON FERC ORDER NO. 764

Chairman Hobbs summarized the three main elements of the draft opinion on the ISO's proposal for complying with FERC Order No. 764 and the related market design changes. The first element involves the 15-minute energy scheduling of interchange transactions. The second element consists of changes to the way the ISO prices interchange transactions. Chairman Hobbs went on to say that the MSC agrees with the ISO's proposal to not provide bid cost recovery four hourly transactions that turn out not to be economic at real-time pre-dispatch prices. Furthermore, the MSC also supports reinstatement of virtual bidding at the interties subject to the 5% position limits. The third element involves the participant intermittent resource program (PIRP), which would be retained but modified in several ways.

At the conclusion of draft opinion summary, Chairman Hobbs turned to the other committee members for further elaboration.

Receiving no input from the committee members, Chairman Hobbs turned to the phone lines for questions.

PUBLIC COMMENT ON DRAFT OPINION

Susan Schneider, on behalf of Large-scale Solar Association, commended the ISO on its work involving participant intermittent resource program; including allowing scheduling closer to real-time, allowing changes to be made inter-hour in real-time. However, Ms. Schneider expressed concerns regarding the ISO's proposal for limited mitigation for generation projects that may be harmed by the elimination of the participating intermittent resources program monthly netting of imbalances under the new framework.

Ellen Wolfe, on behalf of Western Power Trading Forum, asked two clarifying questions regarding hourly block schedules and the necessity to comply with FERC Order No. 764, as well bid cost recovery and risk premiums.

Mark Smith, on behalf of Calpine, provided comments regarding the 15-minute scheduling option and whether the MSC had discussed the possibility of decreased liquidity from those entities who will not allow schedule changes within 15-minutes and how that will be rectified for those entities.

Motion

Chairman Hobbs:

Moved that the Market Surveillance Committee, an Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, amend the draft opinion by adding the following two additional sentences to the end of section three of the opinion: "We note that there is not a consensus among stakeholders that this proposal adequately satisfies all concerns with the transition from the previous PIRP design. If any grandfathering exceptions are made for existing contracts, we strongly recommend that any such exceptions not affect market efficiency and be strictly limited in time and scope."

The motion to add additional text to the draft opinion was seconded by Committee member Dr. Oren, and approved 4-0-0, via roll call.

Motion

Committee member Dr. Bushnell:

Moved that the Market Surveillance Committee, an Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, adopt the amended draft opinion titled "Opinion on Order 764 Compliance and Related Market Design Changes."

The motion to adopt the amended draft opinion was seconded by Committee member Dr. Harvey, and approved 4-0-0, via roll call.

FUTURE AGENDA ITEMS

Chairman Hobbs indicated that the final version of the opinion would be posted to the ISO website by the following business day.

Chairman Hobbs pointed out the next general session meeting will be held on July 2, 2013.

ADJOURNED

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 11:08 a.m.

The MSC has approved these Minutes of the May 7, 2013, MSC Meeting at the following MSC Meeting:

Date of approval: July 2, 2013