

**GENERAL SESSION MINUTES
CAISO MARKET SURVEILLANCE COMMITTEE MEETING
October 6, 2006
Via Teleconference
Folsom, California**

Keith Casey, Director of the CAISO's Department of Market Monitoring provided a brief introduction at the outset of the conference call and introduced CAISO staff in attendance, Farrokh Rahimi, Greg Cook, Kim Perez and Sidney Davies and turned the call over the Chairman Wolak.

Chairman Frank Wolak officially called the meeting to order at approximately 1:15 pm PST with all members in attendance by telephone. Chairman Wolak explained the purpose of the call: discussion and possible adoption of the draft "Opinion on 'Alternative Treatment of New Transmission for Interconnection of Renewable Generation.'"

ATTENDANCE

Frank Wolak
Jim Bushnell
Ben Hobbs

DISCUSSION OF DRAFT OPINION ON "ALTERNATIVE TREATMENT OF NEW TRANSMISSION FOR INTERCONNECTION OF RENEWABLE GENERATION"

Chairman Wolak summarized the draft opinion, indicated that the MSC had received no written comments from stakeholders and then asked for public comment.

Jeff Diamond from the Electricity Oversight Board raised concerns that proposal would create incentive for project sponsors to delay projects in order to avoid paying higher percentage of fixed costs and raised concerns that ratepayers bore the risk of stranded costs responsibility in the event a project is not fully subscribed.

LS Power representative noted that the MSC opinion different in some respects from the CAISO whitepaper proposal insofar as MSC opinion is not limited to the financing of transmission for renewable generation.

Phil Mueller on behalf of Mirant expressed concern that proposal could create incentive to delay to avoid paying share of fixed costs and noted that merchant financing should be favored whenever possible.

Representative from CPUC commented generally on the proposal and the need for renewables.

Each of these topics was the subject of a lively debate among MSC members with members noting that both the CAISO whitepaper and MSC opinion were at a conceptually high level and that the concerns raised were legitimate but should be discussed in further stakeholder proceedings to develop the programmatic details. Members stated that many of the concerns could be adequately addressed or ameliorated through this process.

ADOPTION OF OPINION

Jim Bushnell moved that the MSC adopt the opinion as drafted. The motion carried by a vote of 3-0.