## CHARTER OF THE MARKET SURVEILLANCE COMMITTEE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

Revised June 14, 2006



Market Surveillance Committee Charter

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**Style Definition:** Body Text: Font: (Default) Arial, 10 pt, Not Bold, No underline, Condensed by 0.25 pt, Justified, Space After: 11 pt, Line spacing: At least 9 pt, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers

Style Definition: Body Text Indent: Font: (Default) Arial, 10 pt, Condensed by 0.25 pt, Indent: Left: 0", First line: 0.5", Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers This charter prescribes the membership, duties and procedures of the Market Surveillance Committee (<u>"Committee")(MSC)</u> of the California Independent System Operator Corporation-(<u>". The provisions included in this charter are in addition to any applicable provisions of the</u> ISO<u>")</u>, tariff,

#### I. Establishment

The Market Surveillance Committee has been established by the ISO to provide independent external expertise on the ISO market monitoring process (as described in <u>Appendix P of the ISO Tarifftariff</u>), and independent expert advice and recommendations to the ISO Chief Executive Officer (<u>CEO</u>), and <u>GoverningISO</u> Board- of <u>Governors</u>. In addition, <u>Appendix P</u> indicates thatunder the <u>Committee shalltariff the MSC is required to review and comment on the Department of Market Monitoring (DMM) analysisanalyses and reports</u>. The <u>Committee MSC</u> is separate and independent from <u>DMM</u>. In addition to serving on the <u>DMM-MSC</u>, members are expected to provide independent advice to ISO Management, the <u>Director of DMM</u>, and the Board on market issues.

In addition to serving on the Committee, members will be expected to provide independentadvice, individually or collectively (provided the number of members is less than a quorum), to-ISO Management, the Director of DMM, or the Governing Board on market issues.

## II. Membership

#### A. Qualifications

The members of the Committee<u>MSC</u> shall consist of three or more independent and recognized experts whose combined professional expertise and experience meets the requirements of <u>P2.2.2.1 of Appendix P.the tariff.</u>

#### B. Appointment

Members shall be nominated by the ISO CEO and confirmed by the Governing Board. Members shall be appointed to staggered <u>three-year</u> terms, three years in length.

C. Chair

The members of the Committee<u>MSC</u> shall elect a Chair, subject to confirmation by the-Governing Board, who shall have the following duties:

(1) preside over meetings;

(2) manage and facilitate the Committee's MSC's work load;

(3) ensure the quality and timely completion of any deliverables required of the Committee<u>MSC</u>;

(4) serve as the Committee's MSC's primary contact to the ISO; and

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	(5) whenenlist the necessary, enlisting the assistance of other CommitteeMSC	Formatted	C
	members in accomplishing any of these and any other assigned responsibilities.		
D.	Compensation, Reimbursement <del>, and</del> Liability	Formatted: Font: Arial, 11	L pt
	(1) Members of the CommitteeMSC shall be compensated on such basis as	Formatted	(
	the ISO CEOCEO, in consultation with the Board, shall from time to time-	Formatted: Indent: Left:	
	determine. Members of the Committee shall receive prompt reimbursement for all expenses reasonably incurred in the execution of their responsibilities under Appendix P2the tariff and this Chartercharter.		Lyriong. J
	(2) As provided in Section 14.3.1 and 14.3.2 of the ISO Tarifftariff, the	Formatted: Indent: Left:	1", Hanging: (
	Committee MSC and its members are not liable to any Market	Formatted	
	Participantmarket participant under any circumstances whatsoever for any		(
	matter described in those sections the tariff, including but not limited to any		
	financial loss or loss of economic advantage resulting from the performance		
	Or		
	non-performance by such ISO entities the MSC of their its functions under		
	Appendix P2the tariff and this Chartercharter.		
	member of the CommitteeMSC must meet the following criteria for independence et forth in order to be appointed the tariff:	Formatted	(
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involving the ISO markets (except that the <u>CommitteeMSC</u> may consult with and make recommendations concerning the functioning of the markets to ISO Management or to the <u>Governing</u> Board in connection with legal or regulatory proceedings).

Each member of the MSC must additionally comply with the ethics provisions outlined in the tariff.

F. Potential Conflicts

If any matter before the CommitteeMSC could potentially affect the personal financial interests of a member or the interest of an entity with which the member is affiliated, the member shall, at the earliest opportunity, disclose such interest to the Committee.MSC and the legal department of the ISO. Where necessary to avoid a conflict of interest, the member shall not participate in any manner, including any discussion, in the matter. Any such disclosure and recusal shall be recorded in the minutes of the meeting.

- G. Confidentiality
- G. Confidentiality

Non-public information received or developed by the <u>CommitteeMSC</u> (or its members in their capacity as members) may not be disclosed outside of the <u>CommitteeMSC</u> and the ISO without authorization of the <u>CommitteeMSC</u>. The <u>Committee willMSC shall</u> not authorize disclosure of information which has been received subject to a specific <u>disclosure</u> restriction <u>on non disclosure</u> except after consultation with the ISO General Counsel and in accordance with applicable law.

H. Removal of Members Prior to Expiration of Term

The Governing Board may remove, subject toby a two-thirds vote, a member of the Committee MSC prior to the expiration of that member's appointed term for failure to perform his or her duties or comply with the applicable provisions of Appendix P2the tariff or this Chartercharter.

#### III. Meetings of the Market Surveillance Committee

A. Time and Place

The <u>CommitteeMSC</u> shall meet to vote on any opinion or report to be issued by the <u>CommitteeMSC</u>. In addition, the <u>CommitteeMSC</u> shall meet <del>up to eight times peryearat least once during each quarter</del> in accordance with a calendar established by the members in conjunction with the <u>ISO\_CEO or his or her designee</u>, and shall also meet at the call of the Chair.<u>Members</u>. <u>While in-person participation is strongly</u> <u>encouraged, members</u> may participate in a meeting telephonically.<u>Except when</u>

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#### otherwise designated by the Committee, the ISO DMM staff may if circumstances are such that they cannot attend any meeting.in person. Formatted: Font: Arial, 11 pt Formatted: Font: Arial, 11 pt Β. Secretary Formatted: Font: Arial, 11 pt Unless otherwise directed by the CommitteeMSC, the Corporate Secretary or his or Formatted: Font: Arial, 11 pt her designee shall serve as secretary to the Committee to ensure accurate records of Formatted: Font: Arial, 11 pt their meetingsMSC. Formatted: Font: Arial, 8 pt Formatted: Font: Arial, 11 pt C. Votina Formatted: Font: Arial, 11 pt Three members constitute a quorum and an affirmative vote of at least two a majority of Formatted: Font: Arial, 11 pt the members of the Committee is then in office shall be necessary for any Committee Formatted: Font: Arial, 11 pt action. Provided, however, that two members will constitute a quorum if the Formatted: Font: Arial, 11 pt Committee has only two members as the result of removal, incapacity or resignation of Formatted: Font: Arial, 11 pt other members. Formatted: Font: Arial, 8 pt Formatted: Font: Arial, 11 pt Formatted: Font: Arial, 11 pt Formatted: Font: Arial, 11 pt D. Meeting Procedures Formatted: Font: Arial, 11 pt All meetings shall be held pursuant to the ISO's Bylaws ISO bylaws and Open Meeting. Formatted: Font: Arial, 11 pt Policyopen meeting policy as then in effect with regard to notice and waiver thereof Formatted: Font: Arial, 11 pt and public access to the meetings. Materials, other than those covered by-Formatted: Font: Arial, 11 pt, Not Bold, Font confidentiality concerns, submitted to the CommitteeMSC, and written minutes of each color: Auto meeting, shall be duly filed in the ISO's ISO records. Formatted: Heading 1, Indent: Left: 0" Formatted: Font: Arial, 11 pt, Not Bold, Font color: Auto Ε. Public Comment Formatted: Font: Arial, 11 pt With the exception of meetings held in closed / executive session, opportunities for public Formatted: Indent: Left: 0' comment will be provided at each meeting. Formatted: Font: Arial, 11 pt, Bold Formatted: Font: Arial, 11 pt Formatted: Font: Arial, 11 pt Functions of the Market Surveillance Committee IV. Formatted: Font: Arial, 11 pt, Not Bold Information Gathering and Evaluation Criteria. of Information Formatted: Indent: Left: 0.5" -A. Formatted: Font: Arial, 11 pt The Committee shall review the initial catalogs of information and data and the Formatted: Font: Arial, 11 pt evaluation criteria developed by the DMM pursuant to Appendix P and shall propose-Formatted: Font: Arial, 11 pt such changes, additions or deletions to such catalogs or items therein as it sees fit. In so Formatted: Font: Arial, 11 pt doing, the Committee shall have full discretion to specify database items or evaluation-Formatted: Indent: Left: 0.72", First line: criteria for inclusion in the pertinent catalog. 4.78", Tab stops: 5.28", Left, Position: Horizontal: Left, Relative to: Column, Vertical: In line, Relative to: Margin -Evaluation of Information Formatted: Default Paragraph Font, Font: Arial, 8 pt The Committee may, upon request of the DMM, the ISO CEO or the ISO-**Field Code Changed** Governing The MSC may, upon request of the DMM, the CEO or the Board, or on its Formatted: Default Paragraph Font, Font: own volition, evaluate such information or data as may be collected by the DMM on the Arial, 8 pt Formatted: Right: 0" Page 5 of 6

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basis	of the evaluation criteria developed by the DMM and such further articulated	
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<u>B</u> .	Reports and Recommendations	Formatted: Font: Arial, 11 pt
	(1) Required Reports	
	All The MSC shall provide all evaluations carried out by the Committee	Formatted: Font: Arial, 11 pt
	pursuant to P2.2.6.2the tariff, and any recommendations emanating from such	Formatted: Font: Arial, 11 pt
	evaluations, shall be embodied by the Committee in written reports to the ISO-	Formatted: Font: Arial, 11 pt
	CEO and ISO Governing the Board and. The written reports shall be made	Formatted: Font: Arial, 11 pt
	publicly available subject to due restrictions on dissemination of confidential or	Formatted: Font: Arial, 11 pt
	commercially sensitive information.	Formatted: Font: Arial, 11 pt
	(2) Additional Reports	Formatted: Font: Arial, 11 pt
	The Committee MSC may make such additional reports and recommandations	Formatted: Font: Arial, 11 pt
	The <u>CommitteeMSC</u> may make such additional reports and recommendations	Formatted: Font: Arial, 11 pt
	as it sees fit, or in response to requests by the ISO CEO, Governingthe Board, or FERC, relating to the monitoring program referred to in Appendix Pthe tariff,	Formatted: Font: Arial, 11 pt
	the analysis of information, the evaluation criteria or any corrective or	Formatted: Font: Arial, 11 pt
	enforcement actions proposed by the ISO or posed of its own volition.	Formatted: Font: Arial, 11 pt
	To focus the Committee's efforts on specific policy issues, the Committee, in conjunction with the ISO CEO, will develop an annual Policy Calendar at the	
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# **REVISION HISTORY**

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	<u>1.0</u>	<u>1998</u>	Adopted by Board of Governors
	<u>2.0</u>	<u>2/24/00</u>	Amended by Board of Governors
	<u>3.0</u>	<u>3/9/06</u>	Amended by the Board of Governors
	<u>4.0</u>	<u>6/14/06</u>	Amended by the Board of Governors
	<u>5.0</u>	<u>TBD</u>	Amended by the Board of Governors
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