

GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING

December 11, 2015, 10:00 a.m.

General Session
Offices of the ISO
250 Outcropping Way
Folsom, CA 95630

December 11, 2015

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session at approximately 10:10 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

GENERAL SESSION

The following items were discussed in general session.

PUBLIC COMMENT

Mark Smith, on behalf of Calpine, offered support on the Outage Transparency discussion for later in the day, Mr. Smith expressed desire for the ISO to communicate transmission outages further in advance than seven days. Mr. Smith further acknowledged that Calpine concurs with the views that Western Power Trading Forum will be presenting later in the day.

BRIEFING ON CONTINGENCY MODELING ENHANCEMENTS

Perry Servedio, Senior Market Design & Regulatory Policy Developer, summarized the mechanics of how corrective capacity constraints would work in the ISO markets and how they could serve to increase system transmission capability while concurrently lowering costs by selecting the most efficient means of meeting the contingency constraints.

Discussion ensued between the MSC and stakeholders.

BRIEFING ON FLEXIBLE RAMPING PRODUCT

Don Tretheway, Senior Advisor in Market and Regulatory Policy, briefly highlighted the minor changes to be included in their draft final proposal: 1) modify the capacity constraints to allow netting of FRU and FRD to allow for a more flexible dispatch, 2) correct the intertie movement and the settlement table, and 3) some minor clarifications that stakeholders brought up.

Receiving no questions from the phone or in the room, Dr. Scott Harvey of the MSC, then briefed stakeholders on his analysis of concerns that virtual bidding together with implementation of the product only in the real-time market could result in price distortions in the day-ahead market.

Discussion ensued between the MSC and stakeholders.

RECESSED

The meeting was recessed at approximately 12:00 p.m. for lunch. Chairman Hobbs stated the meeting would reconvene at approximately 1:00 p.m.

RECONVENED

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

DISCUSSION ON BIDDING RULES

Cathleen Colbert, with the Market and Infrastructure Policy group, summarized three points highlighted in the Bidding Rules proposal. The first point involved the ISO exploring the impact trigger in market mitigation methods for commitment costs and compared those potential designs to the current big cap methods. Ms. Colbert noted that the ISO found that resources that would benefit from increased flexibility would be mitigated to their proxy costs forgoing 25% headroom currently available. The second point involved dynamic impact based mitigation that would not be feasible. An after the fact process would allow market power to influence the market solution. The third point involves the Department of Market Monitoring's analysis and that it supports 25% headroom of the bid cap method, allowing for sufficient cost recovery in most instances and for extreme events an after-the-fact recovery is proposed.

Discussion ensued between the MSC and stakeholders.

DISCUSSION ON TRANSMISSION OUTAGE TRANSPARENCY

Ryan Kurlinski, Manager of Analysis and Mitigation in the Department of Market Monitoring, gave a presentation that spoke to the issues of how inconsistencies between the day-ahead market's network model and the actual network might be taken advantage of by purchasers of congestion revenue rights to increase payments to congestion revenue right holders that are not covered by congestion revenues.

Mr. Kurlinski also discussed the ISO's policy in disclosing discrepancies between the congestion revenue right model and the IFM model. He noted that the policy change that congestion revenue right traders seek would create significant risk on the ISO rate payer.

Discussion ensued between the MSC and stakeholders.

WPTF's Transmission Outage Transparency discussion

Carrie Bentley, representing Resero Consultants, gave a presentation that summarized the apprehensions that have been expressed about the nature of information released about planned transmission outages and the timing of the release of that information.

FUTURE AGENDA ITEMS

Mr. Hobbs announced that the next in person meeting would be held tentatively in January or February.

ADJOURNED

There being no additional general session matters to discuss, the general session meeting was adjourned at approximately 4:00 p.m.

The MSC has approved these Minutes of the December 11, 2015 MSC Meeting at the following MSC Meeting:

Date of approval: April 19, 2016