

GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING

June 17, 2016, 10:00 a.m.

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

June 17, 2016

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session at approximately 10:05 a.m. and the presence of a quorum was established.

ATTENDANCE

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

James Bushnell
Scott Harvey
Benjamin Hobbs, Chair

GENERAL SESSION

The following items were discussed in general session.

PUBLIC COMMENT

No public comment was offered.

Briefing on Bid Cost Recovery Enhancements

Kallie Wells, from Market Design and Regulatory Policy briefed the MSC on the alternatives the ISO are considering regarding FERC's 2006 order on the nodal market design that directed the ISO to implement specific enhancements related to bid cost recovery within three years of implementation: 1) develop a two-tiered procedure for allocating the costs that are associated with real-time bid cost recovery and 2) the accounting of start-up costs for resources operating across trade dates. Ms. Wells went on to describe the two-tier allocation in more detail the ISO is considering. Further Ms. Wells noted that the ISO was also considering another alternative; maintain status quo.

Discussion ensued among the MSC and stakeholders surrounding the alternatives.

RECESSED

The meeting was recessed at approximately 12:00p.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 1:05 p.m. and the presence of a quorum was established.

Briefing on Stepped Constraint Parameters

Don Tretheway, Senior Advisor in Market Design and Regulatory Policy briefed the Market Surveillance Committee on five issues involving the constraint parameters used in the market software: 1) transmission constraint relaxation parameter, 2) shift factor effectiveness threshold, 3) power balance constraint relaxation parameter, 4) energy imbalance market transfer limit, and 5) lower energy bid floor.

Following Mr. Tretheway, Dr. Scott Harvey, Committee member, discussed the market impacts of shift factor truncation and provided clarification to some market participant misunderstandings. During Dr. Harvey's presentation he offered detailed examples.

Briefing on System and Market Performance under Aliso Canyon Unavailability

Cathleen Colbert, Senior Market Design and Policy Developer, briefed the Market Surveillance Committee on an update with Aliso Canyon and discussed the challenges posed by operating restrictions and the ISO's proposal to impose market constraints.

Discussion ensued between stakeholders and the Market Surveillance Committee regarding how the proposed constraints would be applied.

Briefing on Regional Resource Adequacy Initiative

Chris Devon, Senior Infrastructure Policy Developer, briefed the Market Surveillance Committee and stakeholders on the ISO's position

Mr. Devon went on to discuss the exceedance methodology for solar and wind resources that the ISO proposes. Before concluding his presentation, he

discussed how the probabilistic reserve margin and how it could be established by setting the loss-of-load-expectation (LOLE) requirement.

Discussion ensued among the MSC and stakeholders regarding what the target LOLE should be set at.

Following Mr. Devon, Dr. Benjamin Hobbs, Chair, summarized the need to have location-specific credits for renewable resources and provided comments on capacity credit calculations.

Briefing on Transmission Access Charge Wholesale Billing Determinant

Lorenzo Kristov, Principal, from Market and Infrastructure Policy, discussed the six policy issues and design questions put forward in the ISO's issue paper that defines the wholesale bill determinant to be used to calculate TAC with an expanded footprint.

Craig Lewis, Executive Director, from Clean Coalition gave a presentation that focused on Clean Coalition's model-based projections of distributed generation in California.

No further discussion following Mr. Lewi's presentation.

FUTURE AGENDA ITEMS

Dr. Hobbs announced that the next meeting will be conducted in August at the offices of the ISO in Folsom.

ADJOURNED

There being no additional general session matters to discuss, the general session of the Market Surveillance Committee was adjourned promptly at 5:00 PM.

The MSC has approved these Minutes of the June 17, 2016 MSC Meeting at the following MSC Meeting:

Date of approval: September 19, 2016