

GENERAL SESSION MINUTES

MARKET SURVEILLANCE COMMITTEE MEETING

June 27, 2013

Teleconference

June 27, 2013

The Market Surveillance Committee (MSC), an advisory committee to the ISO Board of Governors, convened the general session at approximately 1:30 p.m. Roll call was taken 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
Shmuel Oren

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

No public comment was offered at this time.

DRAFT REPORT TO FERC ON LOCAL MARKET POWER MITIGATION PIVOTAL SUPPLIER TESTS

Chairman Hobbs summarized the MSC's draft report that was required by the Federal Energy Regulatory Commission on local market power mitigation. He stated that in the report, the MSC first described the general role of a local market power mitigation mechanism and explained the difference between the structure-based mitigation approaches, such as the ISO's competitive path-bath method and other alternatives such as the conduct and impact based mitigation. He continued his overview and noted that the report further discussed the potential for both over-mitigation and under-mitigation of generation units under the California ISO's local market power mitigation procedures. Chairman Hobbs stated that the MSC had analyzed market data drawn from the ISO's first year implementation of local market power mitigation in the day-ahead market in order to assess the outcomes of the three pivotal supplier screen relative to counterfactual screens based on two or four pivotal suppliers. He concluded by describing how there was adequate competitively-priced counter flow available to decongest a path even if the three largest suppliers of counterflow withdrew their supply.

Chairman Hobbs turned to the phone lines for public comment.

Public Comment

Ellen Wolfe, on behalf of Western Power Trading Forum, asked a clarifying question regarding whether the default energy bids, for some generators, could systematically underestimate the actual variable costs that could explain some of the statistical results found in the draft report.

Brief discussion ensued and the Committee provided comments in response to Ms. Wolfe's inquiry. The discussion addressed possible sources of bias in estimation of costs, and possible approaches that could be used in future studies to identify such biases.

Motion

Committee member Bushnell:

Moved that the Market Surveillance Committee, an Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, adopt the draft report titled "Report on the Appropriateness of the Three Pivotal Supplier Test and Alternative Competitive Screens."

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

FUTURE AGENDA ITEMS

Chairman Hobbs reminded those on the call that the next MSC meeting would be on Tuesday, July 2 at the offices of the ISO.

ADJOURNED

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 2:10 p.m.