



**GENERAL SESSION MINUTES
MARKET SURVEILLANCE COMMITTEE MEETING
January 22, 2010
ISO Headquarters**

With Simultaneous Meeting Web Cast (Web conference via Internet (visual) and telephone (audio))

A meeting of the Market Surveillance Committee (MSC) was held at the time and place referenced above, pursuant to the Public Notice (final released January 20, 2010), posted on the CAISO Web site at <http://www.caiso.com/23c2/23c2c4412f6c0.html> . This meeting was also a joint CAISO stakeholder with regard to topics contained within the Public Notice.

COMMITTEE MEMBERS ATTENDING

Frank Wolak	Committee Chairman
James Bushnell	Committee Member
Benjamin Hobbs	Committee Member
Absences:	None

GENERAL SESSION

The Interim Director of Market Monitoring, Dr. Eric Hildebrandt, officially started the meeting shortly after 10:00 a.m., beginning with a quick run-down of the agenda.

The meeting was then turned over to Chairman Wolak whereby he thanked everyone for attending and introduced the two other committee members.

Decision on the October 15, 19 and December 2, 2009 Minutes

Chairman Dr. Wolak turned to the agenda item for MSC decision on the meeting minutes for the October 15, 19 and December 2, 2009 MSC meetings. He noted that this item called for the members to review and approve the meeting minutes.

Chairman Wolak moved for the approval of the Market Surveillance Committee general session minutes for October 15, 19 and December 2, 2009. This motion was and a vote was taken as follows:

Yes: 3
No: 0

Meeting minutes for October 15, 19 and December 2, 2009 were approved.

Public Comment

The meeting then proceeded with Chairman Wolak asking for public comment.

Jeff Nelson, on behalf of Southern California Edison, provided comments regarding an issue with the treatment and pricing of congestion when an intertie has a zero rating in one direction and a non-zero rating in the other direction. Mr. Nelson raised questions about how bids on such interties should be treated, and the how the LMP congestion component of the LMP should be determined. Mr. Nelson went on to say that he is currently working on a presentation with ISO staff and would send to the MSC once completed.

The MSC agreed with Mr. Nelson and would look forward to receiving his presentation.

Dr. Hildebrandt stated that DMM has looked at specific cases and he too agreed with Mr. Nelson. Hildebrandt went on to say that this issue would be good for a later discussion and due to the complexity of the issue the ISO could put out a technical paper to be discussed in the future.

Receiving no further public comment the MSC moved onto the next item on the agenda.

Briefing on Convergence Bidding

Chairman Wolak began the discussion by presenting the reasons the MSC advocated for a minimum information release of cleared hourly nodal net positions of convergence bidding. At the conclusion of the presentation, this subject was discussed with stakeholders and members of the Department of Marketing Monitoring who were in attendance.

Briefing on Proxy Demand Resources/Local Market Power Mitigation

Dr. Eric Hildebrandt gave a presentation demonstrating how including proxy demand resource bids could allow a supplier with local market power to avoid mitigation under the ISO's current local market power mitigation mechanism. Dr. Hildebrandt went on to discuss the three options the ISO considered to address this issue. The first option was to adopt DMM's proposal for local market power mitigation discussed in the convergence bidding process. The second option was to increase the ISO load forecast used in the current LMPM mechanism. Dr. Hildebrandt noted that this proposal would require ongoing adjustment of the load forecast by the ISO. He felt that the best short term option was a third alternative that which would exclude PDR resources from the all-constraints run of the current local market power mitigation process. Several MSC members expressed their support for this third option as a short-term solution to the problem and felt that the first option had significant potential as a long-term solution.

Briefing on Competitive Path Assessment

The final presentation of the day came from Dr. Dan Yang from the Department of Market Monitoring. Dr. Yang discussed the competitive path analysis (CPA) being

performed by the DMM staff as part of the process of the annual revision of which transmission paths are considered competitive and uncompetitive in the ISO's local market power mitigation mechanism. Dr. Yang concluded his presentation by noting a number of key issues involved in the CPA process that might be modified in the future based on further experience. At the conclusion of Dr. Yang's presentation, inputs on these issues were received from the MSC and stakeholders.

Executive Session

There was no executive session.

Adjourned

There being no additional general session items to discuss, the Market Surveillance Committee meeting was adjourned at approximately 4 p.m.

The MSC has approved these Minutes of the January 22, 2010 MSC Meeting at the following MSC Meeting:

Date of approval: March 19, 2010