

Memorandum

To: ISO Board of Governors

From: Benjamin F. Hobbs, Chair, ISO Market Surveillance Committee

Date: January 30, 2015

Re: Briefing on MSC Activities from December 8, 2014 to January 29, 2014

This memorandum does not require Board action.

Over the time period covered by this memorandum, members of the Market Surveillance Committee (MSC) have interacted informally with staff and stakeholders on several ISO initiatives. These initiatives include the following.

- The Load Granularity Refinements Study that the Federal Energy Regulatory Commission has requested that the ISO submit by June 2015, emphasizing the statistical analysis of the relationship of locational marginal prices within a region and the assessment of benefits of more granular pricing.
- The energy imbalance market, with an emphasis on assessment of the benefits of the market to market participants in the California ISO and PacifiCorp balancing areas.
- The flexible ramping product design, with an emphasis on the relationship of the day-ahead and fifteen minute market designs.
- Commitment costs enhancement, phase 2, with a focus on calculation of opportunity costs for inclusion in start-up, minimum load, and energy bids.
- Reliability services, including the definition of the availability incentive mechanism.

Some of these initiatives will be discussed further by the full MSC at the general session meeting of the MSC to be held at Folsom on February 19, 2015.

A set of MSC comments on the pricing enhancements initiative was also provided to the Board of Governors during this period of time as part of the December 10, 2014 board memo submitted by Chairman Hobbs.

Finally, a general session meeting of the MSC was held at Folsom on December 16, 2014. Presentations were made by ISO staff and MSC members on the following topics, followed by discussions by stakeholders participating in person and by phone.

- Energy imbalance market, with a presentation by Dr. Guillermo Bautista Alderete, Manager of Market Analysis and Quality Analysis.
- Flexible ramping product, with presentations by Dr. Scott Harvey, MSC Member, and Mr. Don Tretheway, Lead Market Design and Policy Specialist.
- Definition of future flexible capacity needs, with a presentation by Dr. Karl Meeusen, Market Design and Regulatory Policy Lead.
- Load granularity price dispersion study, with presentations by Dr. James Bushnell, MSC Member, and Ms. Kallie Wells, Contractor to Market and Infrastructure Policy.