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**GENERAL SESSION MINUTES  
MARKET SURVEILLANCE COMMITTEE MEETING  
October 8, 2010  
ISO Headquarters**

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

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A meeting of the Market Surveillance Committee (MSC) was held at the time and place referenced above, pursuant to the Public Notice (final released October 5, 2010), posted on the CAISO Web site at <http://www.caiso.com/23c2/23c2c4412f6c0.html>. This meeting was also a joint CAISO stakeholder meeting with regard to topics contained in the Public Notice.

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***COMMITTEE MEMBERS ATTENDING***

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

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***GENERAL SESSION***

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The 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, who thanked everyone for attending and introduced the two other committee members.

**Public Comment**

The meeting then proceeded with Chairman Wolak asking for public comment. Receiving no public comment, the MSC moved onto the next item on the agenda.

**Discussion on Compensation Mechanisms for Resources to Support Renewable Integration**

The first presenter was Ellen Wolfe representing Western Power Trading Forum (WPTF), followed by Jeff Nelson of Southern California Edison (SCE). Both presentations raised numerous issues that were then discussed by stakeholders and the MSC. Some stakeholders expressed concern that the current resource adequacy process may not be properly compensating some generation units for the reliability services they currently provide. Other stakeholders expressed the opinion that the current resource adequacy process as not designed to be a primary incentive for

investment in new capacity, and that additional new capacity was not currently needed, especially because it may not be of the type or at the locations needed to support renewable integration. Numerous stakeholders agreed that the ISO needed to develop a better understanding of the type of amount of capacity needed to support renewable integration, and that these requirements should then be incorporated in some type of forward procurement process.

### **Discussion on Capacity Procurement Mechanism and Exceptional Dispatch**

Bruce McAllister of Market & Infrastructure Development gave a presentation on the ISO's capacity procurement mechanism proposal and how it fits into the larger resource adequacy (RA) process.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

### **Discussion on Local Market Power Mitigation Enhancements**

Cindy Hinman of Market & Infrastructure Development spoke to the process for preparing proposed enhancements to the current local market power mitigation mechanism and submitting them to the Board.

Jeff McDonald of the Department of Market Monitoring concluded this topic by describing the existing proposals for allowing bid-in demand and convergence bidding to be incorporated into the local market power mitigation mechanism.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

### **Discussion on Load Granularity Refinements**

Gillian Biedler of Market & Infrastructure Development provided the next presentation on the costs and benefits of introducing greater spatial granularity pricing.

Chairman Wolak gave the final presentation of the day, describing an empirical analysis of the ISO's locational marginal prices under the new market design and the benefits of introducing greater pricing granularity to load.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

### ***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 4:15 p.m.

The MSC has approved these Minutes of the October 8, 2010, MSC Meeting at the following MSC Meeting:

Date of approval: November 19, 2010