



## **GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING**

**December 5, 2012, 2:00 p.m.**

**General Session Teleconference Meeting**

**Offices of the ISO**

**250 Outcropping Way**

**Folsom, CA 95630**

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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 announcing the meeting (final notice released December 3, 2012), posted on the CAISO Web site at:  
<http://www.caiso.com/Informed/Pages/BoardCommittees/MarketSurveillanceCommittee/Default.aspx>.

### **ATTENDANCE**

The following members of the Market Surveillance Committee attended:

James Bushnell, via teleconference

Scott Harvey, via teleconference

Benjamin Hobbs, Chair, via teleconference

Shmuel Oren, via teleconference

The following ISO staff members were present: Gillian Biedler, Delphine Hou, Brad Cooper, David Zlotlow, and Jeff McDonald. Other members of the public joined in on the conference call; those parties are listed on a conference participant list compiled by the telephone service provider.

### **GENERAL SESSION**

The following agenda items were discussed in general session:

#### **Public Comment**

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

## DECISION ON MINUTES

### Motion

Committee member Dr. Bushnell:

*Moved, that the Market Surveillance Committee, Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, approve the draft general session minutes from October 19, 2012.*

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

### Draft Opinion on bid cost recovery mitigation measures

Next, committee member Dr. Shmuel Oren summarized the MSC's opinion on bid cost recovery mitigation. Dr. Oren stated that the MSC's opinion addressed the third revised draft final proposal on bid cost recovery. Dr. Oren went on to say that the MSC's main recommendation in the opinion emphasized the simple and transparent approach to monitoring persistent real-time deviations from real-time dispatch instructions. The MSC also expressed support for the proposed mitigation of bid cost recovery payment for generating units that try to avoid shut-down by maintaining output above the Pmin level contrary to ISO instructions, or that start-up uninstructed.

Chairman Hobbs then turned to the MSC to see if the committee members had anything further to add. Dr. Harvey added that the important item is to get the separation of the day-ahead and real-time bid cost recovery implemented even though the design mitigation is not perfect. Harvey further stated that he believed it would be far worse to delay the separation further than to attempt to further refine the mitigation.

### Public Comment on Opinion

Comments were received from Mark Smith representing Calpine. Mr. Smith asked the MSC for clarification regarding the MSC's position. The opinion seemed to be in favor of hourly interval-based bid cost recovery while the ISO's proposal seemed to only support the first step of separating real-time and day-ahead. A MSC member replied that this was a correct characterization of the MSC opinion.

Receiving no further comments or questions, Chairman Hobbs requested a motion to adopt the opinion.

### Motion

Committee member Dr. Harvey:

*Moved that the Market Surveillance Committee, an Advisory Committee to the Board of Governors of the California Independent System Operator Corporation, adopt the draft opinion titled Opinion on Mitigation Measures for Bid Cost Recovery.*

The motion to adopt the amended draft opinion was seconded by Committee member Dr. Bushnell, and approved 4-0-0, via roll call.

### **Draft opinion on exceptional dispatch mitigation in real-time**

Next, Dr. Bushnell summarized the draft opinion on exceptional dispatch mitigation in real-time. Dr. Bushnell stated that the MSC supports the ISO's exceptional dispatch proposal as a bare minimum mitigation measure made necessary by changes to the process of designating transmission constraints as competitive or uncompetitive. Dr. Bushnell went on to say that the MSC also supports the proposed mitigation rules that apply when the dynamic competitive path analysis fails to run.

Further, the MSC expressed several concerns regarding the continuing high levels of exceptional dispatch. The MSC expressed concern that exceptional dispatch may unnecessarily raise costs to consumers because of non-transparent and possibly inefficient dispatch decisions. Finally, in their opinion, the MSC is also concerned that generators who are exceptionally dispatched for competitive constraints may be consistently selected in a manner that enables them to raise their bids.

Chairman Hobbs then turned to the MSC to see if the committee members had anything further to add. No member had anything further to say at that time.

### **Public Comment on Opinion**

Mark Smith, representing Calpine, thanked Dr. Bushnell and the MSC for their concern regarding the level of exceptional dispatch and further expressed cautionary remarks regarding the megawatts committed under minimum online commitment constraints.

Ellen Wolfe, representing Resero Consulting, directed her question to ISO staff about transparency and what will change concerning exceptional dispatch after the MSC provides their opinion on this issue?

Jeff McDonald, of the ISO's Department of Market Monitoring, acknowledged that the ISO sees exceptional dispatch as an area of improvement. Based on the October FERC order, the ISO has been directed to redouble its efforts and report within a year on its efforts to reduce its dependency on exceptional dispatch and to quantify the reduction.

Receiving no further comments questions, Chairman Hobbs requested a motion to adopt the opinion.

### **Motion**

Committee member Dr. 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 opinion titled Opinion on Mitigation Measures for Exceptional Dispatch in Real-Time.*

The motion to adopt the amended draft opinion was seconded by Committee member Shmuel Oren, and approved 4-0-0, via roll call.

**Future agenda items**

Chairman Hobbs pointed out the next general session meeting will be held on January 17, 2013 and the MSC looks forward to seeing everyone after the New Year.

**ADJOURNED**

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 2:50 p.m.

The MSC has approved these Minutes of the December 5, 2012, MSC Meeting at the following MSC Meeting:

Date of approval: January 17, 2013