



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

June 22, 2012, 10:00 a.m.

General Session

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 June 26, 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

Scott Harvey

Benjamin Hobbs, Chair

Shmuel Oren

### **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**

Chairman Hobbs deferred the decision on the minutes until Dr. Oren was present.

#### **Discussion on Intertie Pricing and settlement**

Karl Meeusen, Market Design & Regulatory Policy Lead, from the Market and Infrastructure Development department (M&ID), briefed the MSC and stakeholders with an update to the ISO's 3<sup>rd</sup> revised straw proposal of the settlements of interties in real-

time. The latest proposal involves the settlement prices for the hour ahead scheduling process transactions, treatment of undelivered hour ahead scheduling process schedules, make-whole payments, virtual bidding limits, and the dual inter-tie flow constraint.

Extensive discussion between the MSC and stakeholders followed Dr. Meeusen's presentation.

Next, Ellen Wolfe, representing WPTF, briefed the MSC and stakeholders on make-whole design and some of her observations from the working group process. Ms. Wolfe's presentation included the assumptions and benefits of the make-whole mechanism.

## **DECISION ON MINUTES**

### **Motion**

Committee member 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 March 9, March 30, and May 25, 2012.*

The motion was seconded by Committee member Harvey, and approved 4-0-0.

### **Discussion on Generator requirement replacement**

Gillian Biedler, Senior Market Design & Policy Specialist from M&ID briefed the MSC and stakeholders with an overview of the current version of the ISO's proposal. Ms. Biedler addressed questions regarding the proposal raised by stakeholders and members of the MSC.

### **Discussion on the risk of retirement backstop procurement of flexible capacity**

Dr. Meeusen from (M&ID) summarized the basic features of the ISO draft proposal. Dr. Meeusen focused particularly on how it would deal with the following issues: need determination; compensation and adjustments for resource adequacy payments from other sources; and cost allocation.

Discussion followed Dr. Meeusen's presentation and several remarks were received concerning possible incentives for load serving entities to overly rely on the ISO backstop procurement, as well as on whether the ISO has the information needed to evaluate the amount of ramping capacity that will be available in future years.

**Discussion on California's greenhouse gas cap**

Dr. Bushnell, MSC member, gave a presentation summarizing the recent developments from the Market Simulation Group for the California Air Resources Board AB32 greenhouse gas trading program.

Dr. Bushnell pointed out two issues that would be of concern for the ISO. There may be changes in the mix and volume of unspecified sources of imported power to the state. Also, to successfully implement the greenhouse gas trading program, the California Air Resources Board may need additional monitoring and compliance capabilities.

During Dr. Bushnell's presentation the audio portion of the web meeting dropped. AT&T swiftly contacted the ISO regarding the matter. Immediately the ISO dialed back into the host line and the audio portion resumed.

**Briefing on the 33% Renewable Integration Study**

Mark Rothleder, Executive Director, Market Analysis and Development, made the final presentation of the afternoon, summarizing the analyses being undertaken by the ISO and its contractors of the potential impacts of 33% renewable integration by 2020 on the ISO system.

**ADJOURNED**

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

The MSC has approved these Minutes of the June 22, 2012, MSC Meeting at the following MSC Meeting:

Date of approval: August 14, 2012