



GENERAL SESSION MINUTES MARKET SURVEILLANCE COMMITTEE MEETING

October 19, 2012, 10:00 a.m.

General Session

Offices of the ISO

250 Outcropping Way

Folsom, CA 95630

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 October 18, 2012), posted on the ISO Web site at: 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, Chairman Hobbs went to the next item on the agenda.

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 August 14 and September 7, 2012.

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

DISCUSSION OF FLEXIBLE RAMPING PRODUCT

Don Tretheway, from the Market Design and Regulatory Policy Department, reviewed the current ISO flexible ramping product proposal. Mr. Tretheway discussed the use of “real” ramp for the flexible ramping product. Real ramp is defined as the change in net system demand between 5 minute intervals in the real-time market. Mr. Tretheway went on to review the proposed flexible ramping product bidding rules and highlighted the need for a MSC discussion regarding the appropriateness of allowing a flexible ramping product bid in the real-time market. Mr. Tretheway further explained how the flexible ramping product procurement target would be set in the day-ahead market and discussed the market efficiency benefits from integrating day-ahead market and residual unit commitment.

Next, Dr. Lin Xu, from the Market and Infrastructure Development Department, provided an overview of the proposed cost allocation. Dr. Xu reviewed data from the flexible ramping constraint to show the effectiveness of the current implementation and improvements that should result from moving to the flexible ramping product.

Dr. Harvey, MSC member, gave a presentation discussing three topics. The first was a set of empirical questions concerning the actual performance of the flexible ramping constraint since its implementation in late 2011; this experience would be very useful in designing the flexiramp product. The second was a theoretical analysis of what capacity costs are incurred in real-time for flexiramp capacity; his conclusion was that there are no costs except the opportunity costs calculated by the market software, so that the appropriate bid is zero. The third topic concerned whether there should be a single price for all ramping capacity, or some differentiation; Dr. Harvey concluded that the former was the correct conclusion.

DISCUSSION ON BID COST RECOVERY

Gillian Biedler, from the Market Design & Regulatory Policy Department, gave a presentation summarizing Management’s final proposal. Ms. Biedler discussed how the final proposal strikes a balance between the original proposal and the second proposal, asserting that the final was a simpler, more effective version. Ms. Biedler went on to explain that the proposal is designed to effectively mitigate potential abuses of settlement rules for real-time bid cost recovery and residual energy.

Discussion followed including further elaboration regarding total expected energy and regulation energy.

DISCUSSION ON EXCEPTIONAL DISPATCH MITIGATION IN REAL-TIME

Dr. Dan Yang, of the Department of Market Monitoring, gave a brief presentation to explain the need for a new exceptional dispatch mitigation designation for real-time

dynamic competitive path assessment. Dr. Yang also discussed the proposed methods based on historical dynamic designation. Dr. Yang concluded his presentation by discussing the empirical study on historical exceptional dispatch statistics and the impact of the proposal.

Discussion followed.

NEW BUSINESS

No new business.

ADJOURNED

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 3:15 p.m.

The MSC has approved these Minutes of the October 19, 2012 MSC Meeting at the following MSC Meeting:

Date of approval: December 5, 2012