



**GENERAL SESSION MINUTES  
MARKET SURVEILLANCE COMMITTEE MEETING  
September 30, 2011, 10:00 a.m.  
General Session Meeting  
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 September 27, 2011), posted on the CAISO Web site at:

**ATTENDANCE**

The following members of the Market Surveillance Committee were in attendance:

James Bushnell  
Benjamin Hobbs  
Steven Stoft  
Scott Harvey

**GENERAL SESSION**

The following agenda items were discussed in general session:

**PUBLIC COMMENT**

Jeffrey Nelson, representing Southern California Edison, provided comments regarding two upcoming issues. Starting in the coming weekend, San Diego Gas & Electric will be experiencing large gas outages each Saturday for the next few months and as a result, will be relying on gas imports from Mexico. The second issue raised by Mr. Nelson involved position limits on virtual bidding. He noted that they are going from small limits of 10% on internal nodes to 50%.

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

**DECISION ON MEETING MINUTES**

**Motion**

Committee member Harvey:

*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 16, 2011.*

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

**DISCUSSION OF RENEWABLE INTEGRATION – MARKET PRODUCT REVIEW PHASE 1**

Cynthia Hinman, Senior Market Design & Policy Specialist, from the Market and Infrastructure Development department (M&ID), provided a brief summary of the three main elements to the Renewable Integration Market & Product Review Phase 1 proposal. The first element involves updating the participating intermittent resource program with a change to cost allocation of uplift payments. The second element involves lowering the energy bid floor from -\$30 to -\$150 and then in the following year lowering it again to -\$300. The third element involves amending the bid cost recovery mechanism to modify the how costs and revenues are netted.

Gillian Biedler, Senior Market Design & Policy Specialist, from M&ID, elaborated further on the third element of the proposal. The third element involves eliminating the netting of the day-ahead and real-time residual unit commitment and revenue against one another.

**DISCUSSION OF RENEWABLE INTEGRATION – MARKET PRODUCT REVIEW PHASE 2**

John Goodin, Regulatory Policy Lead, from M&ID, provided a brief presentation on the status of the Renewable Integration Market & Product Review Phase 2. The important items Mr. Gooding wanted to emphasize with respect to this proposal were the deliverables; the market vision and roadmap. Providing a brief recap of the history behind this proposal, Mr. Goodin reminded the MSC that the ISO has issued three papers and a scoping paper in April that teed up some of the issues. Following the scoping paper, the ISO published a straw proposal. After receiving feedback from stakeholders regarding the approach and the aggressive schedule, the ISO revised the initial proposal and came up with a phased, incremental approach and three phases: short, mid and long-term. The short term phase involves market enhancements with current initiatives under way that are planned to be implemented in the next year. The mid-term phase is really the focus and includes a set of market enhancement for 2013-2015. The long term phase would involve a timeframe of five to nine years.

Dr. Scott Harvey, MSC member, provided a presentation on the perspective of several issues involved in paying for flexi-ramp. Mr. Harvey pointed out that since suppliers of flexi-ramp resources have a high probability of being called upon to provide energy, it is appropriate to consider ways to consider resources' energy bids when scheduling them for flexi-ramp and energy. In addition, Dr. Harvey noted the desirability of devising a penalty system that would allow for flexible relaxation of the flexi-ramp requirement.

Dr. Steven Stoft, MSC member, presented a proposal to allocate costs of flexi-ramp based on what resources and loads were responsible for the need for the ramp product. Deviations of resources and load from schedules are a major reason why flexi-ramp is required, and so should be allocated costs accordingly. Dr. Stoft noted that when deviations are helpful, and thus result in less consumption of flexi-ramp, resources should in that case be rewarded and not punished.

Chairman Hobbs provided the next presentation whereby he indicated that flexi-ramp is essentially a fix to deterministic generation scheduling software procedure that compensates for the procedure's present inability to consider the range of possible outcomes that load and wind might take in the coming hours. Under a scheduling software procedure that considered multiple possible outcomes, flexi-ramp would automatically be provided to meet possible net load paths that are either higher than average, or have steeper ramps. Generators would be paid for providing this ramping capability by earning more energy revenues during the intervals that experience high prices as result of those high loads or steep ramps.

#### **DISCUSSION OF TRANSMISSION INTERCONNECTION/GENERATION INTERCONNECTION PROCESS**

Karl Meeusen, Market Design & Regulatory Policy Lead, from M&ID, briefed the MSC and stakeholders on the overall initiative and highlighted two issues for the MSC's consideration: 1) The allocation of rate payer financed transmission to a generation pocket among parties with proposed generation in the interconnection queue when the total requests exceed the capacity of the new transmission. 2) How costs for constructed interconnection capacity with excess capacity should be allocated to generators who subsequently request to use that capacity.

#### **ADJOURNED**

There being no additional general session items to discuss, the general session of the Market Surveillance Committee was adjourned at approximately 4:00 p.m.

The MSC has approved these Minutes of the September 29, 2011, MSC Meeting at the following MSC Meeting:

Date of approval: December 8, 2011