

Memorandum

To: ISO Board of Governors
From: Frank A. Wolak, Chairman, ISO Market Surveillance Committee
cc: ISO Officers
Date: April 12, 2007
Re: *Market Surveillance Committee Activities from February 14, 2007 to April 6, 2007*

This is only a status report. No Board action is requested.

The Market Surveillance Committee (MSC) has been involved in a number of activities over the past 1.5 months. Members have participated in several formal stakeholder meetings and regulatory meetings. Members have also worked closely with staff from CAISO Market and Product Development (MPD) on a number of market design issues. The major issue dealt with during this time period is the Congestion Revenue Rights (CRRs) allocation process. The MSC is currently in the process of preparing an opinion on this topic for the ISO Board and management to be discussed at the April Board Meeting. The process of preparing the opinion has been complicated by the fact that at this date the ISO management is still working with stakeholders to develop a final proposal for the CRR allocation process. The activities of specific MSC members are summarized below.

Ben Hobbs moderated the Capacity Market Issues Forum at the California ISO on March 6, 2007. He also made a presentation and participated in a panel discussion at the Federal Energy Regulatory Commission (FERC) technical conference on market monitoring in Washington, DC, April 5, 2007. Hobbs has also been working with staff from MPD on integrating merchant transmission into the CRR allocation process.

James Bushnell attended the Congestion Revenue Rights stakeholder meeting at the California ISO on April 3, 2007. Bushnell has also been working very closely with staff from MPD on the design of the CRR allocation process. In this capacity he has participated in a number of conference calls and meetings with MPD staff.

Frank Wolak attended the Advanced Transmission Technologies – LEAPS meeting at the California ISO on March 20, 2007. Wolak has also been working very closely with staff from MPD on the design of the CRR allocation process. In this capacity he has participated in a number of conference calls and meetings with MPD staff.

The MSC will be having a teleconference meeting on Thursday, April 12, 2007 to adopt a final opinion on CRR allocation issues.