

**MEETING MINUTES OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR (CAISO) MARKET SURVEILLANCE COMMITTEE**

Meeting Date: July 16, 2009, 10:00 a.m.

Held at: California ISO
101 Blue Ravine Road
Folsom, CA 95630

**With Simultaneous Meeting Web Cast (Web conference via Internet (visual)
and telephone (audio))**

A meeting of the Market Surveillance Committee (MSC) was held at the time and place referenced above, pursuant to the Public Notice (final released July 14, 2009), posted on the CAISO Web site at <http://www.aiso.com/23c2/23c2c4412f6c0.html>. This meeting was also a joint CAISO stakeholder with regard to topics contained within the Public Notice.

COMMITTEE MEMBERS ATTENDING

Frank Wolak	Committee Chairman
James Bushnell	Committee Member
Benjamin Hobbs	Committee Member
Absences:	None

GENERAL SESSION

The Director of Market Monitoring, Dr. Keith Casey, officially started the meeting shortly after 10:00 a.m. and began with a detailed run down of the meeting agenda. Participants on the phone and in-person were reminded of the primary focus of the MSC meeting, particularly noting that public comment would be open up to participants prior to the start of each topic.

Public Comment

The meeting then proceeded with Chairman Wolak asking for public. Receiving no public Chairman Wolak went on to the first item on the agenda.

1. Decision on the June 17 and June 30, 2009 Minutes

Chairman Dr. Wolak turned to the agenda item for MSC decision on the meeting minutes for the June 17 and June 30, 2009 MSC meetings. He noted that this item called for the members to review and approve the meeting minutes.

Upon a motion duly made and seconded to approve the draft meeting minutes for the two meetings, a vote was taken as follows:

Yes: 3
No: 0

Meeting minutes for the June 17 and June 30, 2009 meetings were approved.

2. **Draft Opinion on Start-up & Minimum Load Bidding Rules**

Next, Gillian Biedler (Senior Market Design & Policy Specialist, ISO Market and Infrastructure Development) gave a quick update to some changes to the start-up & minimum load bidding proposal. The background on this proposal is to change the current restrictions for bidding Start-Up (SU) and Minimum Load (ML) from 6 months to 30 days. She explained that, under the new market, the ISO commits generating units based on their Start-Up and Minimum Load bids. Biedler further explained that the ISO has identified a couple of options to deal with this issue and proposes a two-phased design proposal. First phase would be done quickly, not requiring any software change; only a small tariff change. The purpose of second phase would be to enable more frequent bidding of start-up minimum load and provide an O&M component in the cost-based option. Based on comments received, Market Participants seem to favor Phase One. People are eager to get more frequent bidding, particularly with the O&M component. However, because software changes are involved we are not able to implement the changes quickly.

Based on feedback received from the MSC, the phase 1 proposal was changed to include a CAP on registered costs of 200 percent of the cost-based option. The current the CAP is 400 percent if you are outside a local constrained area and 200 percent of the cost-based option if you are inside. The proposal was modified to change the bid cap to 200 percent of the cost-based option for all units.

Biedler concluded her presentation with the next steps outline stating that a revised proposal would be posted on July 23 and a conference call to discuss the revised proposal on July 30.

Discussion and Summary of the Draft Opinion

After the update on the revised changes to the start-up and minimum proposal, Chairman Wolak gave a very brief summary of the MSC's Draft Opinion entitled, "*Comments on Changes to Bidding Start-Up and Minimum Load.*" At the conclusion of the summary discussion Chairman Wolak asked if any committee member wished to add additional comments. After a brief discussion by committee members, Chairman Wolak asked for public comment. Favorable comments were received from Mark Smith of Calpine, Brian Theaker of Dynegey and Mike Evans of Shell.

Vote

Following the discussion, a motion was made, and seconded, that the Draft Opinion on Start-Up and Minimum Load Bidding be approved. The following vote was then taken:

Ayes: 3
Nays: 0

Resolved: Draft Opinion on Start-Up and Minimum Load entitled "Comments on Changes to Bidding Start-Up and Minimum Load.": is approved:

3. Briefing on Exceptional Dispatch

Next, Chairman Wolak turned the meeting back over to Dr. Casey whereby the first panel was introduced: Debi Levine, the Director of Market Services, Tim VanBlaircom, Manager of Real Time Operations, Dr. Mark Rothleder, Principal Market Developer, Brian Covi from Market Services and Doug Bergman from Market Monitoring.

The meeting then proceeded with public comment on exceptional dispatch from Mark Smith of Calpine, Kerri Hattevik of NRG , Steve Greenleaf of JP Morgan, Mary Lynch of Constellation and Brian Theaker of Dynegy.

Moving forward, Tim Van Blaircom delivered a presentation on how the exceptional dispatch process works and how/when exceptional dispatch decisions are made and the distinction between Exceptional and manual dispatch. Next, Debi Levine picked up on the second half of the discussion to highlight some of the recent data on trends seen in exceptional dispatch. The final presentation on exceptional dispatch came from Doug Bergman of Market Monitoring. Mr. Bergman's presentation focused on review the historical trends in exceptional dispatch and the reasons therein. He also explained some of the data limitations and how the ISO has been dealing with the limitations.

This agenda item was a discussion item only and did not require any action be taken by the MSC.

4. Briefing on Use of Transmission Biasing

Sandeep Arora of Transmission Planning gave the final presentation of the day, discussing the biasing process for flowgate/nomogram operating limiting for day-ahead and real-time markets.

Again, no action item was presented to the MSC with regard to this agenda item.

Executive Session

There was no executive session.

There being no further business, the Market Surveillance Committee meeting was adjourned at approximately 4:40 p.m.

The MSC has approved these Minutes of the July 16, 2009 MSC Meeting at the following MSC Meeting:

Date of approval: September 18, 2009