



Memorandum

To: ISO Board of Governors and Western Energy Imbalance Market Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: March 13, 2024
Re: **Decision on Market Surveillance Committee Reappointment**

This memorandum requires ISO Board of Governors and WEIM Governing Body action.

EXECUTIVE SUMMARY

Dr. James Bushnell has served as a member of the ISO Market Surveillance Committee (MSC) since 2002. His term as a committee member expires on March 31, 2024. During his tenure on the MSC, Dr. Bushnell has provided invaluable expertise and advice to the ISO Board of Governors, WEIM Governing Body, ISO Management and staff on numerous issues relating to the operation of the ISO market.

The tariff and governing documents require the ISO CEO to appoint the MSC, subject to joint approval by the ISO Board and WEIM Governing Body. Therefore, I request that the ISO Board and WEIM Governing Body approve the re-appointment of Dr. Bushnell as a member of the MSC and authorize execution of a contract for a three-year term.

DISCUSSION AND ANALYSIS

The tariff (appendix O, section 4) requires that the MSC be comprised of three or more experts whose combined professional experience encompasses the following:

- Economics, with an emphasis on antitrust, competition, and market power issues in the electricity industry;
- Operational aspects of generation and transmission in electricity markets;
- Antitrust or competition law in regulated industries; and
- Financial expertise relevant to energy or other commodity trading.

The tariff (appendix O, section 9) also outlines strict criteria for independence that forbid a member of the MSC from, among other things, having a material financial interest in a market participant, engaging in market transactions, and receiving outside compensation for providing commercial services in any legal or regulatory proceeding relating to the ISO. The MSC has a specific tariff-assigned role to provide independent

external expertise in monitoring the ISO market and to provide independent expert advice and recommendations to ISO Management, the Board, the Governing Body and the FERC on market performance and design. The MSC is currently comprised of three members:

- Benjamin Hobbs (Chair), term expires on March 31, 2025
- James Bushnell (Member), term expires on March 31, 2024
- Scott Harvey (Member), term expires on March 31, 2026

The tariff authorizes MSC members to develop and publish opinions and reports at the request of ISO Management, or independently, when deemed appropriate by the Committee. While MSC processes do not constitute a stakeholder process, Committee members have shown a keen interest in listening to stakeholder concerns. Historically, the MSC has served as an impartial source of information on market issues, primarily for the ISO, but also for state policymakers, the FERC and the news media. ISO Management and the FERC have adopted a number of Committee recommendations since its inception.

Formal reviews and recommendations by the MSC are provided in written opinions to the ISO Officers, WEIM Governing Body and ISO Board of Governors, and, when appropriate, filed with the FERC. MSC opinions are also available to the public through the ISO website. The MSC has been consistently recognized by the industry and the public as being useful and effective due in large part to the stature of its members as nationally recognized experts as well as their perceived independence. Both characteristics have led to the MSC being shown considerable deference by state and federal regulators.

Dr. Bushnell has been a member of the MSC since April 2002. He is currently a Professor in the Department of Economics at the University of California, Davis. He previously served as a member of the Economic Assessment and Allocation Committee for the California Air Resources Board and also as a member of the Market Monitoring Committee for the California Power Exchange. Dr. Bushnell is an expert in the field of energy policy with an emphasis on market incentives and the impact of market power. This diverse and exceptional expertise makes him a highly valued member of the MSC and an excellent complement to the other MSC members.

For these reasons, I request that the Board and Governing Body approve the re-appointment of Dr. James Bushnell to the MSC and authorize execution of a contract for a three-year term.

Motion

Moved, that the ISO Board of Governors and WEIM Governing Body approve the reappointment of Dr. James Bushnell to the ISO Market Surveillance Committee for a three-year term to end March 31, 2027; and

Moved, that the Chief Executive Officer is authorized and directed to enter into an appropriate consulting agreement with Dr. James Bushnell to compensate him for his participation on the ISO Market Surveillance Committee.