



Memorandum

To: ISO Board of Governors and Western Energy Imbalance Market Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: March 14, 2023
Re: **Decision on Market Surveillance Committee Reappointment**

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

EXECUTIVE SUMMARY

Dr. Scott Harvey has served as a member of the ISO Market Surveillance Committee (MSC) since 2011. His term as a committee member expires on March 31, 2023. During his tenure on the MSC, Dr. Harvey has provided invaluable expertise and advice to the Board, WEIM Governing Body, ISO Management and staff on numerous issues relating to the operation of the ISO market.

The tariff requires that the ISO CEO, subject to approval by the Board of Governors, make appointments to the MSC. Therefore, I request that the ISO Board of Governors re-appoint Dr. Harvey as a member of the MSC and authorize execution of a contract for a three-year term.

Moved, that the ISO Board of Governors and WEIM Governing Body reappoint Dr. Scott Harvey to the ISO Market Surveillance Committee for a three-year term to end March 31, 2026; and

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

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 ISO Board of Governors, the WEIM 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, 2023

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. Harvey has been a member of the MSC since 2011. Dr. Harvey is a consultant with the respected consulting firm, FTI Consulting, and is a widely and highly respected expert on the various market design and policy challenges confronting the ISO and California. In addition to his expertise in the California market, he has significant experience and expertise in the various ISO markets throughout North America. Dr. Harvey received a B.A. in Economics from the University of Illinois Champaign-Urbana and a PhD in Economics from the University of California, Berkeley. 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 ISO Board of Governors re-appoint Dr. Scott Harvey to the MSC and authorize execution of a contract for a three-year term.