

Convergence Bidding Working Group – 12/03/09

Teleconference Information

Dial-in Number: (800) 401-8436

International Dial-in: (612) 332-0418

There is no conference ID number.

Web Conference Information

Web Address: www.webmeeting.att.com

Meeting Number: 511.468.2337

Access Code: 93.41.896

Agenda

TIME	TOPIC	PRESENTER
9:00 – 9:05	Introduction	Janet Morris
9:05 – 9:30	External BRS overview	Li Zhou
9:30 – 9:50	Clairfication on convergence bidding design elements	Margaret Miller
9:50 – 10:00	Additional Q&A	Open

Introduction

- This is the final scheduled Convergence Bidding Working Group conference call focused on technical and implementation challenges
- Future implementation workshops will be scheduled as needed in an effort to continue to work closely with Stakeholders

External Business Requirements Specification (BRS)

- External BRS for Convergence Bidding is posted on CAISO public website

<http://www.caiso.com/1807/1807996f7020.html>

- Focus of discussion will be to review the structure of the document;
- Continue to provide feedback and written comments to your Client Account Representative
- Future workshop will be scheduled to discuss the specifics of the external BRS

Technical Clarifications

1. AC Convergence (MW Capping Approach)

- i. Penalty Prices - When the nodal constraint is needed to bring the flow pattern into reasonable range to achieve AC power flow
- ii. Threshold Limits – Determined based on the type of the Physical Resource connected to the node

Category	Formula
Penalty Price	Penalty Price _{NODAL CONSTRAINT} = Penalty Price _{TRANS BRANCH CONSTRAINT}
Threshold Limit _{GEN}	Threshold Limit = (1+c)*Pmax where Pmax is the max MW capacity of the generator and “c” is a *configurable parameter that has a default value = 0.15
Threshold Limit _{LOAD}	Threshold Limit = (1+k)*BusLoad where BusLoad is the forecasted bus/node value based on DA load forecast and typical hourly LDF for the day, and “k” is a *configurable parameter that has a default value = 0.15.

* Configurable parameters may have different values for different voltage levels

- iii. Due to the uncertainty in the convergence bidding strategies of MPs, the ISO proposal includes some measures to mitigate the unreasonable amounts of convergence bids, e.g. position limits, nodal constraints

Technical Clarifications (cont'd)

2. AC Convergence (Testing)

- i. Protracted Market Simulation could be done but due to the nature of the way the functionality is being rolled out, it may not be practical
- ii. Test Data
 - i. Physical Bids: CAISO plans to use production quality physical bids for its internal testing
 - ii. Convergence Bids: CAISO will develop additional convergence bids required to test new functionality and pre-defined scenario testing
- iii. CAISO is planning to work with MPs to develop meaningful testing scenarios that will be used to test the system before and during Market Simulation
- iv. Successful and meaningful Market Simulation can only be achieved by serious and full participation of all MPs

Technical Clarifications (cont'd)

3. Convergence Bidding at the Interties

- i. CAISO will seek Board approval on the e-tagging timing initiative at the February Board Meeting
- ii. Outstanding intertie issues that are of concern but not issues that CAISO has confirmed will be negatively impacted by the introduction of Convergence Bidding
 - i. Potential crowding out of physical interties by virtual supply
 - ii. HASP pricing issues
- iii. The above issues are affected by many other factors other than convergence bidding and should be handled outside of this forum

Timeline Clarifications

1. Information Release

- ✓ The current plan is for the Information Release Stakeholder process for Convergence Bids to complete in January 2010 with a presentation to the ISO Board in February 2010

2. Tariff Filing

- ✓ First draft of the Convergence Bidding tariff language for Stakeholder review is planned to be posted in mid-December
- ✓ FERC filing of the tariff is planned for February 2010
- ✓ Stakeholders will have two opportunities to provide written comments before the tariff language is filed with FERC

3. Go-Live Date

- ✓ The ISO will provide a firm date for implementation of Convergence Bidding at the December Board meeting

Next Steps

- Review BRS document
- Submit feedback and written comments to Client Account Representative
- CAISO will schedule future workshop to discuss the specifics of the BRS