

Introduction

The California Independent System Operator (CAISO) is currently preparing plans to implement Convergence Bidding, also known as Virtual Bidding. The July 9, 2009 Straw Proposal would permit each Convergence Bidding-certified SC to submit virtual supply and/or demand bids at any pricing node. The CAISO's current approach to handling Resource IDs will not accommodate the potential volume of IDs required to implement Convergence Bidding.¹

The CAISO posted a White Paper describing five options on October 10, 2008.² Based on stakeholder feedback and further consideration, the CAISO has revised the straw proposal. This proposal replaces the October White Paper in its entirety.

Proposal

The CAISO's current proposal is to allow participants to create a "composite key" directly in SIBR rather than store location specific Resource IDs in the Master File. The proposed composite key would include five elements which collectively will uniquely identify a Convergence Bid.

- SCID
- Pnode ID/APnode ID
- Virtual Bid Indicator
- Injection / Withdrawal Indicator
- Trade Hour

A transaction could be created directly in SIBR through either the Market Participant Portal or through the API. No explicit Resource ID will be created. The transaction will be identified in CMRI and Settlements by the composite key. Validated transactions will be reflected in the Clean Bid Set and remain on SIBR for 7 days so that Market Participants can download the record to their systems.

Next Steps

The CAISO welcomes comments on the proposed approach. Please submit comments by email to jholmes@caiso.com.

¹ The CAISO estimates the current approach could require 600,000 new Resource IDs = 100 SCs x 3,000 Pnodes x 2 bid types.

² <http://www.caiso.com/205c/205c80cf29e10ex.html>