Finalizing Convergence Bidding Policy Development

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Convergence Bidding Stakeholder Meeting
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To review and invite input on key implementation and policy features for the introduction (within one year of MRTU start-up) of virtual bidding.

- MRTU remains the top priority.
- February 1, 2009 remains the targeted MRTU “Go Live” date.
- CAISO is building flexible capabilities for:
  - Nodal and/or aggregated virtual bidding
  - Range of possible position limits

Policy for the granularity of virtual bids will be determined after the MRTU markets are running.
What will be reviewed during today’s meeting?

- **MAP implementation plan**
  - Draft Scheduling Infrastructure Business Rules (SIBR) posted
  - Issue: Resource IDs for Virtual Bidding
  - Stakeholder Comments: MAPImplementation@caiso.com

- **Cost Allocation Policy for Virtual Bids**
  - Discuss CAISO proposal for IFM and RUC charges
  - Issue: Two-tier Bid Cost Recovery
  - Stakeholder Comments: MMiller@caiso.com

- **Policy Discussion**
  - VB at the Interties
  - VB at Trading Hubs
  - Information Release about Virtual Bids
  - Stakeholder Comments: ConvergenceBidding@caiso.com
When will the policy for convergence bidding be finalized?

- Assuming MRTU startup in February:
  - Seek Board approval July 20-21
    - This allows approximately five months to observe market outcomes.
    - CAISO staff is seeking market stability and ability to identify potential problems in market operations.
  - Post draft Final Proposal May 21 (for May 27 meeting)
    - Including recommendation on granularity of virtual bids
  - Post Straw Proposals on remaining issues March 12 (for March 19 meeting)
    - VB at interties; Trading Hubs; Information Release; Impacts on Seller’s Choice contracts
    - Discussion on possible VB impacts on RUC
    - Discussion on Granularity and Position Limits
How will the policy for cost allocation on virtual bids be finalized?

- Today the CAISO is discussing ways to allocate Real Time uplift into two tiers.
  - This could involve both virtual and physical bids.

- Mid-December – conference call on Straw Proposal

- February – conference call on draft Final Proposal

- March – (tentative) Board of Governors considers recommendation on Real Time Bid Cost Recovery.
Another related issue:

- CPUC’s proceeding on Long Term Procurement:
  - Discusses the involvement by IOUs with virtual bidding in CAISO markets.