

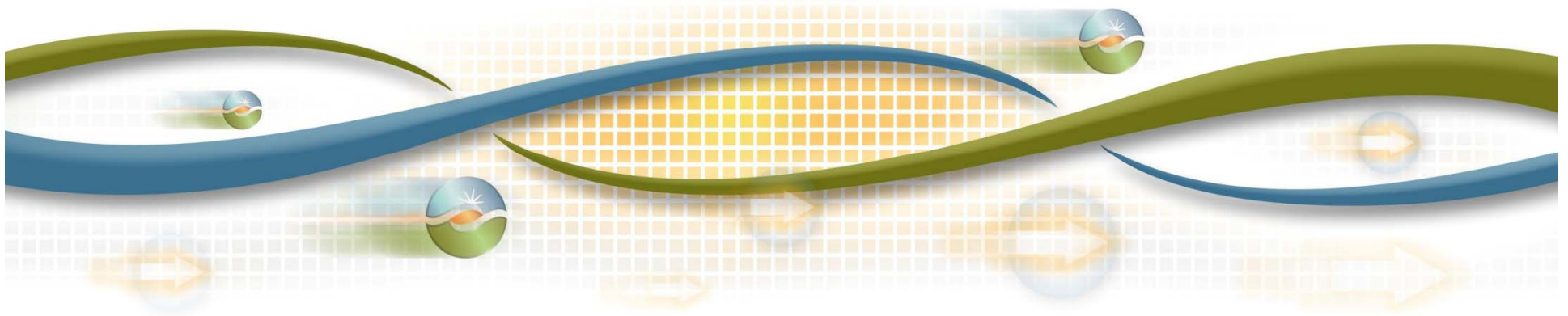


California ISO
Shaping a Renewed Future

Market Initiatives Release Plan


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Staff is monitoring recent deployments and providing further enhancements.

- Multi-stage generator modeling continues to improve
 - Fifteen resources are deployed in the market.
 - Several enhancements are under consideration.
- Convergence bidding deployed on February 1, 2011
 - Nine intertie locations will be restored for virtual bidding by May 31, 2011.
- The spring 2011 release is complete
 - New capacity procurement mechanism replaced the existing tariff to backstop resource adequacy procurement.
 - Phase one of the changes in commitment costs enhanced start-up and minimum load costs to address initial market design limitations.



Additional market enhancements are in progress prior to the summer to meet operational needs.

- The open ties project supports the tariff in prohibiting the submission of bids or self-schedules at interties that have zero rated operational transfer capability in both the import and export direction.
- Flexible ramping constraint is included in the market optimization module.

Six market initiatives are planned for the remainder of this year.

- **Fall 2011 Release**

- Reliability demand response product is provided for emergency response conditions.
- Residual unit commitment is implemented over a 72 hour time horizon.
- Phase two of the changes in commitment costs further automates system changes.
- Credit reform measures ordered by FERC are enforced.

- **December 2011**

- Changes in the grid management charge rate structure are made.
- The generation of bids for non-resource specific resource adequacy is implemented.



The spring 2012 release marks three years after the deployment of the new market design.

- Regulation energy management enhances market rules for procuring regulation services.
- Enhancements in local market power mitigation will improve and simplify the current design.
- Other mandated initiatives may be deferred to consider them more holistically with the current market design.
- Enhancements resulting from the renewable integration market and product review will be added to the release plan as they are defined.