

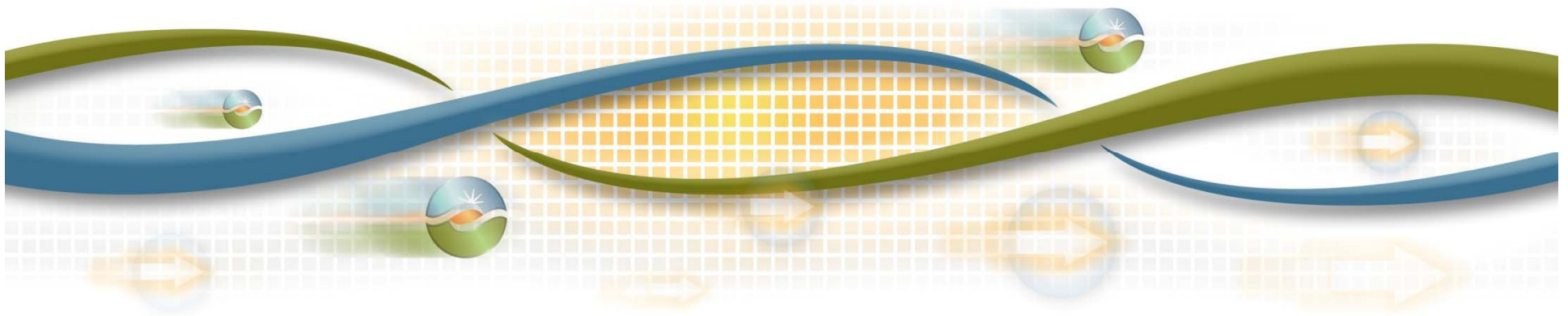


California ISO
Shaping a Renewed Future

Market Initiatives Release Plan

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Board of Governors Meeting
General Session
February 3, 2011



Staff is monitoring December deployments and responding to and resolving variances.

- Multi-stage generator modeling
 - Eleven resources were deployed on December 7, 2010 and an additional four resources were activated on January 21, 2011.
 - Four resources have reverted to the forbidden operating region modeling.
 - Several variances have been resolved with the remaining variances to be fixed by February 8, 2011.
- Phase 2 of standard capacity product was successfully activated on January 1, 2011.

Convergence bidding is effective as of trading date February 1, 2011.

- Virtual bids are being submitted since January 25, 2011.
- All software changes were installed and ready for the first day-ahead market run on January 31, 2011 for trading date February 1, 2011.
- Monitoring efforts are in place for operational, market and behavior impacts.

Management is mitigating hour-ahead scheduling process and real-time price divergence.

- Hourly intertie ramping considers energy associated with ramping of intertie schedules across two hours, has been reactivated.
- Planned improvements in day-ahead and real-time load forecasting are anticipated in February.
- Flexible ramping, which will introduce explicit system ramping up and down capacity constraints in the market optimization module, is planned for early this year.
- Adaptive control enhancements will further converge hour-ahead scheduling process and real-time prices.



The Spring 2011 release launches the two releases a year approach.

- Interim capacity procurement mechanism and exceptional dispatch pricing changes replace existing expiring structures.
- Initial implementation of changes in commitment cost for start up and minimum load.
- 72 hour residual unit commitment extends the time horizon for unit commitment beyond one trade date, which provides efficiency and reliability in scheduling resources across trading day boundaries.

The release plan is updated to show future policy efforts that will require implementation planning.

1/11/2011	Market Initiatives Release Plan		Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Early 2011	Implementation	Convergence Bidding / Credit Tracking System	←																		→	Market Sim - MAP Stage	
	Recurring	Transmission Planning Process 2011																			←	Market Sim - Stage	
Spring 2011	Implementation	Updating ICPM and Exceptional Dispatch and Bid Mitigation	→																		▲	Start Stakeholder Process	
	Implementation	72 Hour Residual Unit Commitment (pending prototype analysis)																			▲	Present to Board	
	Implementation	Changes in Commitment Costs - SUC/MLC Phase 1																			★	Deployment Date	
	Recurring	2012 Local Capacity Requirements (LCR Study)																			★	Effective Date, if different	
Fall 2011	Planning	Aggregated Pumps and Pump Storage																			□	Study Complete	
	Planning	AS for Non-Generation Resource																			□	Study Complete	
	Policy	Bids for RA Imports and Subset of Hours RA																			★		
	Policy	Standard Capacity Product Phase 3																			★		
	Policy	Dynamic Transfers - Full Functionality (Interim release to be determined)	□																		▲		
	Planning	Changes in Commitment Costs - SUC/MLC Phase 2																			▲		
	Policy	Reliability Demand Response Product	→																		▲		
	Policy	Data Release Phase 3	▲																		▲		
	Policy	GMC Rate Structure Change	→																		▲		
	Policy	Renewable Integration Market & Product Review - Phase 1	→																		▲		
	Planning	PIRP Enhancements	→																		▲		
	Planning	Bid Floor Cap	→																		★		
	Implementation	Outage Management System	→																		★		
Spring 2012	Policy	Renewable Integration Market & Product Review Phase 2	→																		▲		
	Policy	Regulation Energy Management	→																		▲		
	Policy	Year Three Mandated Items (listed below)	→																		▲		
	Policy	Load Granularity Refinements	▲																		▲		
	Policy	Refinements in LMPM Process	▲																		▲		
	Policy	Export of AG	→																		▲		
	Policy	Bid Cost Recovery for Unit over Multiple Days	→																		▲		
	Policy	Two Tier Real-Time Split	→																		▲		
	Policy	Long Term CRR Auction	→																		▲		
	Policy	Non Mandated Items (listed below)	→																		▲		
	Policy	Replacement Requirements for Scheduled Generation Outages	→																		▲		
	Policy	Simultaneous RUC and IFM	→																		▲		
	Policy	Multi Day Unit Commitment	→																		▲		
	Policy	AS Substitution	→																		▲		
Policy	Multi Hour Block Bidding in RUC	→																		▲			