

**IFM Bid Pool Tariff Modification  
Fourth Replacement CAISO Tariff  
September 18, 2009**

\* \* \*

### **31.2 Market Power Mitigation and Reliability Requirement Determination (MPM-RRD).**

After the Market Close of the DAM, and after the CAISO has validated the Bids pursuant to Section 30.7, the CAISO will perform the MPM-RRD procedures in a series of processing runs that occur prior to the IFM Market Clearing run. The MPM process determines which Bids need to be mitigated in the IFM. The RRD process is the automated process for determining RMR Generation requirements for RMR Units. The MPM-RRD process optimizes resources using the same optimization used in the IFM, but instead of using Demand Bids as in the IFM the MPM-RRD process optimizes resources to meet one hundred percent of the CAISO Demand Forecast and Export Bids to the extent the Export Bids are selected in the MPM-RRD process, and meet one hundred percent of Ancillary Services requirements based on Supply Bids submitted to the DAM. The ~~mitigated Bids~~ pool of resources identified in the MPM-RRD process ~~is~~ are then passed to the IFM to constitute the pool of resources available for commitment in the IFM. The CAISO performs the MPM-RRD for the DAM for the twenty-four (24) hours of the targeted Trading Day.

#### **31.2.1 The Reliability and Market Power Mitigation Runs.**

The first run of the MPM-RRD procedures is the Competitive Constraints Run (CCR), in which only limits on transmission lines pre-designated as competitive are enforced. The only RMR Units considered in the CCR are Condition 1 RMR Units that have provided market Bids for the DAM and Condition 2 RMR Units when obligated to submit a Bid pursuant to an RMR Contract. The second run is the All Constraints Run (ACR), during which all transmission Constraints are enforced. All RMR Units, Condition 1 and Condition 2, are considered in the ACR. ~~The resources committed in the ACR form the pool of resources that is available for commitment in the IFM.~~

\* \* \*

### **31.3 Integrated Forward Market.**

After the MPM-RRD and prior to RUC, the CAISO shall perform the IFM. The IFM performs Unit Commitment and Congestion Management, clears the Energy Bids as modified ~~and~~ in the MPM-RRD and Bids from resources that were not mitigated in the MPM-RRD, taking into account transmission limits and honoring technical and inter-temporal operating Constraints, such as Minimum Run Times, and procures Ancillary Services to meet one hundred percent (100%) of the CAISO Forecast of CAISO Demand

requirements. The IFM utilizes a set of integrated programs that: (1) determine Day-Ahead Schedules and AS Awards, and related LMPs and ASMPs; and (2) optimally commits resources that are bid in to the DAM. The IFM utilizes a SCUC algorithm that optimizes Start-Up Costs, Minimum Load Costs, and Energy Bids along with any Bids for Ancillary Services as well as Self-Schedules submitted by Scheduling Coordinators. The IFM also provides for the optimal management of Use-Limited Resources. The ELS Resources committed through the ELC Process conducted two days before the day the IFM process is conducted for the next Trading Day as described in Section 31.7 are binding.

\* \* \*