

# Briefing on Future Market Enhancements – Roadmap Update



**Greg Cook - Manager, Market Design and Regulatory  
Policy**



**California ISO**  
Your Link to Power

Board of Governors Meeting  
General Session  
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# Scoping Future Market Enhancements

- 🌐 Stakeholder process initiated in August
- 🌐 5- Year Market Initiatives Roadmap updated
- 🌐 Communicated process for prioritizing and ranking market initiatives captured in the 5-Year Market Initiatives Roadmap
- 🌐 First priority to define scope for Market Release 1A
- 🌐 Process defined to determine future market releases

# Stakeholder Process

- 🌐 August 3rd - Initial Scoping Document and updated 5-Year Market Initiatives Roadmap
- 🌐 August 10<sup>th</sup> – Presented in MSC/Stakeholder Meeting
- 🌐 September 14<sup>th</sup> - Draft Straw Proposal – Market Release 1A
- 🌐 September 21<sup>st</sup> - Stakeholder Conference Call
- 🌐 September 28<sup>th</sup> Straw Proposal – Market Release 1A
- 🌐 October 17<sup>th</sup> – Informational Briefing to Board
- 🌐 Final Scope completed following implementation analysis
- 🌐 Prioritizing and ranking activities for future market releases will continue in 2008

# Proposed Market Release 1A Scope Includes:

- 🌐 Enhancements ordered by FERC within 12 months of start-up
  - Convergence bidding
  - Scarcity Pricing
  - Competitive Path Assessment Seasonally
- 🌐 Market Design concerns identified by LECG that could not be implemented in Release 1
  - Relax DEC Bidding Activity Rule on Final Day-Ahead Schedules
  - Resolve effect on Real-Time prices due to Constrained Output Generation and run time constraints
- 🌐 Dispatchable Demand Response
- 🌐 Unforeseen issues that may be identified once MRTU begins operation

# Dispatchable Demand Response Included Because:

- 🌐 Link to Scarcity Pricing
  - Important for success of Scarcity Pricing
- 🌐 Strong Stakeholder Support
- 🌐 FERC Direction
  - 9/21, 4/20 and 6/25 FERC MRTU Orders

## Other High Priority Enhancements Recommended by Stakeholders

- 🌐 Dispatchable Demand Response
- 🌐 Two-Tier Real-Time Bid Cost Recovery
- 🌐 Treatment of use-limited resources with limited number of hours or start-ups
- 🌐 Maximizing inter-tie transfer capacity
- 🌐 Multi-Day unit commitment in the IFM
- 🌐 Sale of CRRs in the CRR Auction