



California ISO
Your Link to Power

California Independent
System Operator Corporation

Convergence Bidding and Scheduling Requirements

Jim Bushnell
MSC Meeting
May 31, 2006

The Issues

- **In the past, price differences between markets has led to “implicit virtual bidding” by participants**
 - Creates potential reliability problems
- **Two possible responses to this problem**
 - Create severe penalties for deviations from schedules
 - Limits strong enough to stop arbitrage trades likely to also seriously penalize more “legitimate” deviations
 - Measurement and identification issues
 - Is the cure worse than the disease?
 - Allow for explicit virtual or convergence bidding
 - Potential concerns over abuse of virtual trading can be dealt with through position limits on virtual trades