

Monterey Enterprises Comments on Draft 2015 Stakeholder Initiatives Catalog; Section 7.3 Implement Point-to-Point (PTP) Convergence Bids (CBs).

We believe that implementing and going forward with the Point to Point (PTP) Convergence Bid initiative would benefit all market participants in the CAISO.

PTP bids provide all Market Participants (whether they be a generator, load serving entity, financial participant or a scheduling coordinator moving power in or out of the CAISO) with in, our opinion, the only sure way to hedge against congestion in the CAISO. Participants would be able to submit bids for what they would be willing to pay for congestion across two points. The PTP convergence bid would eliminate system energy price volatility that current convergence bids are subject to. PTP convergence bids also allow for better price convergence between the DA and RT markets.

Other markets have experienced success with implementing PTP convergence bids. In the ERCOT market they majority of PTP bids are submitted on behalf of generators hedging against congestion in the DA/RT market. With the approval of their Independent Market Monitor the Midwest ISO is moving forward with implementing a similar imitative.