

California Department of Water Resources State Water Project Comments On Impact of Convergence Bidding on Interties

August 5, 2011

On July 19, 2011, CAISO hosted a stakeholders meeting regarding the Impact of Convergence Bidding on Interties. On July 29, 2011, CAISO published a Draft Final Proposal for the Impact of Convergence Bidding on Interties. California Department of Water Resources State Water Project (SWP) appreciates the opportunity to submit comments on this Draft Final Proposal.

SWP supports CAISO's efforts to reduce the impact of Convergence Bidding on interties, including CAISO's proposal to remove Convergence Bidding at interties. Removing Convergence Bidding at interties should eliminate the impact of Convergence Bidding at interties and could resolve part of Real-Time Imbalance Energy Offset (RTIEO) issue and the Price Inconsistency Caused by Intertie Constraints issue. However, removal of Convergence Bidding at the interties only reduces part of the problem with RTIEO; CAISO did not provide a solution to resolve physical bids at interties and the current settlement rule that continually results in large RTIEO charges.

This draft final proposal only focused on how to resolve the Convergence Bidding issue, but did not adopt intermediate settlement rules, such as the Pay as Bid or the Pay as Bid or Better. SWP remains concerned about excessive RTIEO charges and requests CAISO continue to develop solutions for effectively reducing the RTIEO amount. Although CAISO expects to fully address the RTIEO issue within the Renewable Integration Market and Product Review Phase 2 Stakeholder process, SWP considers an intermediate term solution for the RTIEO issue is also necessary.