



California ISO
Shaping a Renewed Future

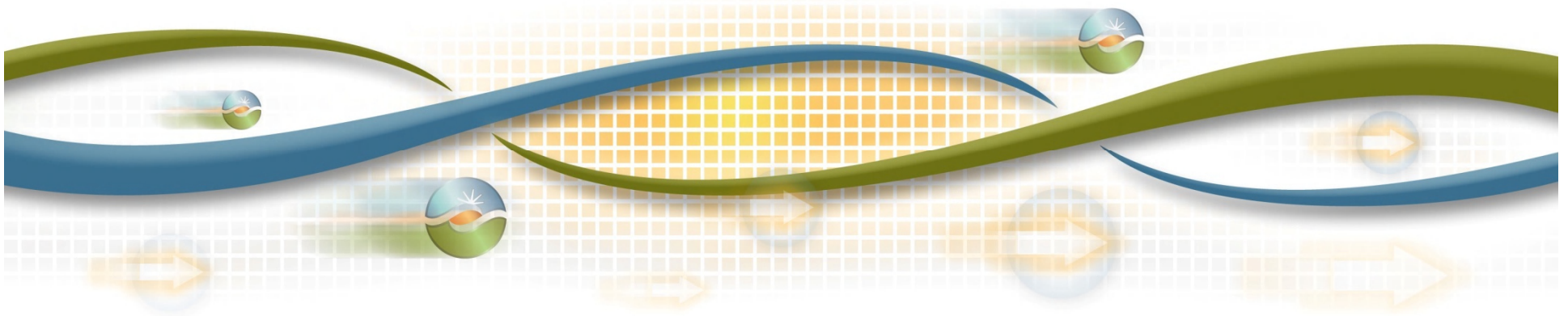
Energy Bid Floor Proposal

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Energy Bid Floor Proposal

- Rationale for changing bid floor from $-\$30/\text{MWh}$
 - Current bid floor did not contemplate the effects of today's renewable incentives
- Rationale for new bid floor of $-\$300/\text{MWh}$
 - Price Incentives
 - Production Tax Credit (PTC)
 - Renewable Energy Credit (REC)
 - Market Price Referent (MPR)
 - Other considerations, e.g. contract penalties
 - FERC Electric Quarterly Report (EQR) analysis
 - Headroom to provide incentives to curtail

Bid Cost Recovery Netting Proposal

- Scope of BCR changes limited to the netting only
 - The ISO will sequentially calculate the potential uplifts in the IFM, RUC and the RTM like today...
 - May combine RUC with RTM or IFM
 - Will not net RTM and IFM together
- Other upcoming initiatives may well impact BCR
- Changing the netting is viewed as an important enhancement so that incentives to self-schedule in the RTM are not increased by the lower energy bid floor