

Joint Alternative Proposal to Commitment Costs and Default Energy Bid Enhancements Draft Final Proposal

September 8, 2017

The Joint Parties (listed below) appreciate CAISO staff work on the Commitment Costs and Default Energy Bid Enhancements Draft Final Proposal. The CAISO's efforts thus far should be commended as this initiative tackles a daunting and comprehensive topic.

The very diverse set of Joint Parties are in agreement that it is in all stakeholders' best interest to move forward with a proposal that increases offer flexibility without significantly increasing risk of local market power exertion. The proposal as it stands could leave generators *less able* to reflect cost expectations and willingness to supply energy than under the current rules.

Therefore, the Joint Parties respectfully offer this Alternative Proposal, which will increase offer flexibility, but not allow participants to exert market power in any amounts greater than under the current rules.

Alternative Proposal

1. Allow bids for start-up and minimum load up to 300% of the reference level.
2. Implement a dynamic local market power mitigation structure.
3. Mitigate resources' start-up and minimum load to 125% of reference level, or approximately what is allowed under current rules.
4. Conduct and make public a study one-year from implementation to determine whether the dynamic mitigation is over- or under- mitigating and adjust the dynamic market power mitigation test, circuit breaker cap, and mitigation levels, if necessary.

The Joint Parties' respectfully request that the ISO adopt the Alternative Proposal above and seek Board Approval as originally scheduled.

Sincerely,

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