



**COMMENTS OF NV ENERGY
ON STEPPED CONSTRAINTS PARAMETER
INITIAL STRAW PROPOSAL
CAISO STAKEHOLDER PROCESS**

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NV Energy is pleased that the CAISO has commenced this initiative and looks forward to participating in a robust discussion of the topics in the May 5, 2016 Stepped Constraint Parameters issue paper. NV Energy welcomes solutions to address pricing outcomes resulting from false scarcity signals. However, it is premature for NV Energy to endorse any proposal at this time without more information on exactly how the suggested mechanisms will work.

In particular, NV Energy advocates for more dialogue concerning Sections 5 and 6 of the issue paper. With respect to Section 5, NV Energy notes that the referenced presentation by Scott Harvey of April 2015 points to other RTOs' accessing regulation and spin on units to solve small increments of infeasibility. As an EIM Entity, NV Energy has balancing obligations outside of and separate from the CAISO's balancing authority area. We therefore need to fully understand the mechanism that the CAISO has in mind and how it could – or perhaps, would not – affect NV Energy's ability to comply with reliability obligations.

Regarding the Section 6 proposal, again NV Energy does not understand exactly how the proposed mechanism would function and what might be related system operation and settlement implications. In addition, the proposal appears to be a significant market design change from how the EIM was originally conceptualized. NV Energy looks forward to better understanding how the upcoming straw proposal will achieve its objective with respect to its implementation and functioning.