

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>California Independent System Operator Corporation</b>	) ) ) )	<b>Docket No. ER13-2452-000</b>
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**MOTION FOR LEAVE TO FILE ANSWER AND ANSWER OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (ISO) hereby submits this this Motion for Leave to Answer and Answer to the protests filed by the Western Power Trading Forum (WPTF) and Calpine Corporation (Calpine), and to the comments filed by the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities), the Electric Power Supply Association (EPSA), Exelon Corporation, and Southern California Edison Company (SCE) in this proceeding on October 16, 2013.<sup>1</sup>

As evidenced by the lack of any significant opposition to the ISO's proposal, the proposed amendment provides significant improvements to the ISO markets so that the ISO will be able to consider better the characteristics of variable energy resources as their presence in the region increases over time. The ISO's important efforts should not be halted by the desire of only two commenters to require the ISO to provide greater real-time uplift payments without any demonstrated just cause for such expanded payments.

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<sup>1</sup> The ISO submits this filing pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.213 (2012).

The Commission should accept the ISO's proposed amendment as filed and allow the ISO to consider the additional market rule changes proposed by some intervening parties in the ISO's stakeholder process. In response to comments submitted in its stakeholder initiative's roadmap process, the ISO will be including the need to consider possible enhancements to the real-time bid cost recovery process, including the more granular netting of costs and revenues than the current daily netting. Any such rule changes should not be mandated until the ISO and market participants have had some experience with the changes proposed in this proceeding and, especially not before the ISO and stakeholders have had the opportunity to carefully consider the consequences of further enhancements to ISO bid cost recovery rules.

Finally, the changes proposed by the two intervening parties would require a significant adjustment to the ISO's current implementation schedule, potentially derailing the implementation of not only the changes proposed herein, but also market rule changes associated with the ISO's compliance with the Commission's Order No. 764, and the ISO's intended implementation of the Energy Imbalance Market (EIM), all scheduled for next year.

#### **I. MOTION FOR LEAVE TO FILE ANSWER**

Rule 213(a)(2) of the Commission's Rules of Practice and Procedure generally does not allow answers to protests unless specifically permitted by a decisional authority.<sup>2</sup> The Commission has accepted answers that are otherwise prohibited if such

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<sup>2</sup> 18 C.F.R. § 385.213(a)(2) (2012).

answers clarify the issues in dispute<sup>3</sup> and where the information assists the Commission in making a decision.<sup>4</sup>

As discussed below, the changes requested by Calpine and WPTF are not justified as part of the market design modifications the ISO intends to effectuate in this proceeding, and directing the ISO to adopt such changes without the benefit of a full stakeholder process could have adverse consequences. The ISO believes that its clarifications provided below will assist the Commission's understanding of the issues to be addressed with this tariff amendment. The ISO therefore respectfully requests that the Commission accept this answer.

## **II. BACKGROUND**

On September 25, 2013, the ISO submitted for filing tariff amendments that will provide beneficial market design modifications targeted at considering the characteristics of variable energy resources as the State of California moves to increase their presence in the ISO markets. The ISO proposed to (1) lower the energy bid floor from negative \$30/MWh to negative \$150/MWh; and (2) change the bid cost recovery settlement rules to pay bid cost recovery separately for the day-ahead and real-time markets rather than netting bid costs and market revenues across the two markets. In addition, the ISO proposed to modify its payment rules for start-up and minimum load costs, unrecovered energy bid costs, and residual imbalance energy. These changes are necessary to streamline uplift payments, and in some cases are also necessary to

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<sup>3</sup> See *Southwest Power Pool, Inc.*, 89 FERC ¶ 61,284 at 61,888 (1999).

<sup>4</sup> See *El Paso Electric Co., et al. v. Southwestern Pub. Serv. Co.*, 72 FERC ¶ 61,292 at 62,256 (1995).

eliminate the potential incentives for adverse market behavior targeted at unjustly expanding bid cost recovery or residual imbalance energy payments.

The ISO requested an effective date for the amendments of April 1, 2014. This coincides with the date on which the ISO expects to implement its new fifteen-minute real-time market in support of the Commission's requirement for fifteen minute scheduling in Order No. 764.<sup>5</sup> These important changes in the spring of 2014 will be followed by the implementation of the ISO's energy imbalance market (EIM) with PacifiCorp in the fall of 2014. These complete set of changes are all scheduled to be implemented in 2014 and require careful coordination of software and system development. Therefore, the ISO respectfully requested an order on its September 25 filing by November 27, 2013, to give the ISO and participants sufficient time to consider the outcome of the Commission's order as it approaches important software and system development milestones to meet all of these important enhancements in 2014.

### **III. INTERVENTIONS, COMMENTS AND PROTESTS**

SCE and the Six Cities filed supportive comments and recommended that the Commission accept the ISO's amendments. The Six Cities also request that the Commission direct the ISO to monitor closely the effects of the proposed tariff changes on market participants.

While Calpine applauded the ISO's efforts to incentivize resources to submit economic bids in the real-time market and supports the package of the ISO's proposed tariff changes, including the proposal to lower the bid floor to \$150/MWh, it opposes one

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<sup>5</sup> *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331 ("Order No. 764"), *order on reh'g and clarification*, Order No. 764-A, 141 ¶ 61,232 ("Order No. 764-A") (2012), *order on clarification and reh'g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013).

feature of the ISO's current bid cost recovery settlement rules. Specifically, Calpine opposes the ISO's proposal to continue to net bid costs and market revenues in the real-time market on a daily basis, arguing that this element of the revised tariff provisions undermines the ISO's claims of efficiency and its objective to encourage increased economic bids in the real-time. Calpine proposes that the ISO should net bid costs and market revenues in the real-time market separately for each hour instead of across the twenty-four hours of the day.

WPTF submitted comments and a limited protest. Like Calpine, WPTF supports the ISO's filing in most respects, but asks that the ISO be required to further refine the bid cost recovery rules so that costs and revenues are netted hourly in the real-time and not over the twenty-four hours of the day. WPTF also raises an issue with an existing market rule that is not the subject of this proceeding. Specifically, WPTF requests that the ISO be directed to file amendments to existing tariff provisions to provide that a supplier may bid its start-up and minimum load costs each day subject to such bids not exceeding its 30-day registered costs so as to maximize market efficiency.

EPSA filed comments but does not oppose the ISO's filing. EPSA states that it appreciates the opportunity to comment in this proceeding because it believes this filing highlights broader policy issues related to accurate and efficient price formation in other Commission-jurisdictional energy markets. EPSA does not ask that the Commission hold its ruling in this proceeding to address these broader policy issues but urges the Commission to examine in another proceeding whether the markets of all independent system operators (ISOs) and regional transmission organization (RTOs) are producing accurate market price signals and adequate revenue streams, consistent with reliability

and the increased risks borne by competitive suppliers in wholesale power markets. EPSA asks the Commission to consider the option of convening a technical conference at an appropriate time apart from this docket. Exelon Corporation filed comments in support of EPSA's comments and also asks that the Commission convene a stakeholder technical conference regarding the effects of subsidized resources on energy markets, including energy bid floor issues discussed in the EPSA comments, with respect to all ISOs and RTOs and not only the California ISO. Like EPSA, Exelon also does not ask the Commission to prevent the ISO from moving forward with its proposed changes while the Commission conducts these additional inquiries.

Five other parties filed interventions without comments.<sup>6</sup>

#### **IV. ANSWER TO PROTESTS AND COMMENTS**

The Commission should accept the tariff amendment as filed. The ISO has demonstrated that its filing is just and reasonable. Every party filing substantive comments or protests support the bulk of the ISO's filing. While the two parties submitting limited protests raise ideas for potential future market design enhancements that should be addressed elsewhere, no party has demonstrated that the proposed amendment does not achieve what it was intended to do, no party has demonstrated that it adversely effects any party, and no party has demonstrated that it creates undue discrimination for any market participant or segment of market participants.

Calpine and WPTF protests boil down to concerns that the proposed amendment does not go far enough to incentivize more real-time bids because the proposed

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<sup>6</sup> These parties are the California Department of Water Resources State Water Project; the City of Santa Clara, California; Northern California Power Agency; NRG Companies; and Pacific Gas and Electric Company.

amendments do not increase real-time payments to resources as much as would be possible with additional market design changes. Both WPTF and Calpine ask that the Commission order the ISO to account for real-time bid cost recovery on an hourly basis as opposed to the over the twenty-four hours as it currently does. WPTF also asks that the ISO be required to allow participants to bid minimum load costs below their registered costs.

Calpine and WPTF offer interesting arguments as to how the ISO can enhance real-time bid cost recovery payments, and the ISO does not disagree that the changes they propose would increase such payments. The goal of the ISO's September 25 tariff amendment was not to expand bid cost recovery payments just for the sake of maximizing real-time payments. Rather, as discussed below, there are numerous other issues the ISO must consider in modifying its bid cost recovery rules, and making such a drastic change requires careful consideration of the totality of those issues.

The ISO has taken a measured and prudent approach in reforming its bid cost recovery payments to ensure there are no unintended consequences. Calpine and WPTF fail to demonstrate any need for more drastic changes. Their recommended changes should instead be examined in a separate initiatives managed through the ISO's market initiatives roadmap process.

Finally, as explained below, mandating the requested changes to real-time bid cost recovery now not only would undermine the ISO's market initiatives stakeholder process but also could substantially delay the ISO's 2014 software release schedule, which would have an adverse impact on the implementation timeline for the fifteen-

minute real-time market designed to comply with Order No. 764 and the ISO's proposed energy imbalance market with PacifiCorp.

**A. The ISO's Netting Period is Just and Reasonable**

Calpine and WPTF both express concern that the use of a twenty-four hour netting period for bid cost recovery in the real-time market could result in less revenues to resources. These arguments flow from a fundamental misrepresentation of the purpose for the ISO's market enhancements proposed in this proceeding. The ISO proposes to separate the bid cost recovery between day-ahead and real-time not because the ISO has found it must *per se* maximize compensation for resources in the real-time. Rather, the ISO has determined that netting across the two market time frames provides a disincentive for parties to bid in the real-time market if they have day-ahead market schedules, and the ISO proposes to eliminate that barrier. The ISO has demonstrated that eliminating this netting across the two market time frames removes this disincentive. Calpine and WPTF are therefore incorrect in claiming that hourly netting of bid cost recovery costs in the real-time market is needed to satisfy the objectives of the ISO's filing.

While it is theoretically possible (but by no means demonstrated) that a move to hourly netting of bid cost recovery costs in the real-time market could provide additional benefits to some market participants (while imposing additional costs on others), the ISO is under no obligation to adopt any particular stakeholder's view of the optimal market design. The appropriate legal standard for evaluating the Calpine and WPTF protests is whether the ISO's proposal is just and reasonable under Section 205 of the Federal Power Act ("FPA"). As the Commission has explained, "the courts and this

Commission have recognized that there is not a single just and reasonable rate. Instead, we evaluate [proposals under Section 205] to determine whether they fall into a zone of reasonableness. So long as the end result is just and reasonable, the [proposal] will satisfy the statutory standard.”<sup>7</sup> The ISO respectfully submits that its September 25 filing amply demonstrates that its proposal is just and reasonable. The ISO explains clearly that the reason for proposing to separately account for day-ahead and real-time bid cost recovery is to eliminate the current disincentive that exists in bidding in the real-time. In attempting to balance numerous competing goals, the ISO found the proper balance for this time. Even WPTF and Calpine do not argue that separating the bid cost recovery does not accomplish the goal of incentivizing more real-time bids. They just argue that the ISO’s proposal does not go far enough to expand opportunities for greater real-time bid cost recovery payments.

In addition, it is important to recall that the ISO’s current market rules net bid cost recovery costs on a daily basis, and that the Commission has already found such daily netting to be “a reasonable mechanism for cost recovery.”<sup>8</sup> While the ISO does not dispute the claims of Calpine and WPTF that resources may be able to obtain greater bid costs recovery uplift payments were the ISO to net real-time bid cost recovery hourly, rather than daily, these parties have not demonstrated that the current rules fail to provide a just and reasonable compensatory mechanism.

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<sup>7</sup> *Calpine Corp. v. California Independent System Operator Corp.*, 128 FERC ¶ 61,271, at P 41 (2009) (citations omitted). See also *New England Power Co.*, 52 FERC ¶ 61,090, at 61,336 (1990), *aff’d*, *Town of Norwood v. FERC*, 962 F.2d 20 (D.C. Cir. 1992) (rate design proposed need not be perfect, it merely needs to be just and reasonable); *Cities of Bethany, et al. v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir.), *cert. denied*, 469 U.S. 917 (1984) (utility needs to establish that its proposed rate design is reasonable, not that it is superior to all alternatives).

<sup>8</sup> *California Independent System Operator Corp.*, 116 FERC ¶ 61,274 at P 504 (2006)

Calpine argues that, since the ISO is proposing a new, real-time market-only settlement rule for bid cost recovery, it is incumbent upon the ISO to demonstrate that its use of a daily netting period, rather than an hourly netting period, is just and reasonable. Calpine argues that with the separation of bid cost recovery settlement between the day-ahead and real-time markets, the proposed 24-hour, daily netting period must be expressly and convincingly justified for application in the real-time market. These arguments ignore the fact that the fundamental nature of the ISO's bid cost recovery mechanisms have not changed. Given the Commission's prior approval of a daily bid cost recovery netting period as reasonable and the Commission's acceptance of the ISO's explanation that "a 24-hour netting period is warranted because the optimization horizon is continuously shifting from one hour to the next,"<sup>9</sup> the onus is on the protestors to demonstrate how the daily netting period has become unjust and unreasonable under the ISO's proposed market enhancements (which are already likely to increase bid cost recovery revenues that can be earned by resources). Calpine and WPTF have made no such demonstration.

WPTF and Calpine argue that the real-time bidding rules must be modified in light of the ISO's proposal to lower the bid floor. The ISO's bid floor is not established in relation to the bid cost recovery rules. While the lowering of the bid floor does result in the potential for more negative real-time prices, there is no evidence that resources will be less able to recover their real-time costs. While the rules allow for netting of revenues across hours, resources are not left without the ability to recover their costs

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<sup>9</sup> *Id.* at P 492.

for the day. WPTF and Calpine fail to demonstrate that the current daily netting rules adversely impact generators.

**B. Any Potential Future Changes to the ISO's Bid Cost Recovery Netting Periods Should Be Considered as Part of the ISO's Stakeholder Initiatives Managed through the Roadmap Process and Should Fully Consider the Context of the ISO's Market Rules.**

Calpine and WPTF ask that the Commission order the ISO to adopt hourly bid cost recovery netting in this proceeding. Even if the ISO were to explore such a change, the impacts of such a change on the ISO markets could not be adequately anticipated because the stakeholder process preceding this filing was not designed to evaluate and determine these enhancements to real-time bid cost recovery. The goal of the tariff amendment before the Commission is to eliminate the current barrier to additional bids based on the rule that requires calculation of bid cost recovery across two market time frames. Just because it is just and reasonable to eliminate the netting across the two market time frames does not mean it is also just and reasonable to decompose the real-time bid cost recovery rules. In light of the adverse market behavior associated with the current netting of bid cost recovery across the two market time frames, the ISO is proposing to take prudent incremental steps in modifying the bid cost recovery rules to incentivize real-time bids. As discussed below, taking more drastic steps may create adverse unintended consequences that should not be forced upon ISO market participants at this time.

Calpine points to provisions in other ISO and RTO markets as evidence that the ISO should adopt hourly netting in the real-time market. In the first instance, it is not the case that costs and revenues are simply netted across the hour in each of these other ISO and RTO markets. Rather, as indicated in Calpine's own comments, while the

other ISO's and RTO's real-time uplift payments are not netted across the twenty-four hour period, there is no one size fits all rule that one can deduce from other markets, that netting should be done hourly.<sup>10</sup> Each market appears to have a set of rules that are tailored to work with the markets' specific optimization and bidding rules. For example, Calpine notes that the New York Independent System Operator Corporation nets real-time recoverable production costs and locational marginal price revenues over intervals within each hour, but production cost guarantee amounts may be determined over hours of operation. Calpine also notes that the PJM Interconnection, L.L.C. makes whole resources over segments which could be the length of a unit's minimum run time, its day-ahead schedule, or block of hours operating at direction of PJM in excess of minimum run time or day-ahead schedule. These references themselves suggest that the other ISO's and RTO's have at the least tailored their rules more specifically to the multiple hours over which the resources may be operated at the direction of the ISO/RTO. In addition, many of the other ISO/RTO markets do not allow participants to vary their bids from hour-to-hour, which may give them more latitude to account for energy bid costs on a more granular level.

The ISO's bid cost recovery rules are currently configured to recover energy, start-up and minimum load (or production costs) using a comparable mechanism. The ISO optimization commits resources across multiple hours and takes into consideration resource's and systems constraints over those hours. To constrain bid cost recovery settlement over a single hour would force the ISO to account for bid costs and revenues of a resource on an hourly basis only, despite the fact that this may be entirely

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<sup>10</sup> Calpine at 9 fn.19.

incongruent with the time horizon and constraints considered by the ISO's optimization software to commit the resource.

In response to the ISO's filing in 2006 proposing the daily netting rules as part of the ISO's current market design, SCE argued that the ISO's start-up cost recovery rules were deficient because they did not fully consider units which have run-times that exceed the 24 hours periods.<sup>11</sup> SCE requested that the ISO be required to divide the start-up costs by the total run-time of the unit even if the run-time exceeds 24 hours. The Commission found merit in SCE's suggestion and directed the ISO to more fully consider the bid cost recovery for units with a run-time greater than 24 hours in a later market release.<sup>12</sup> Now Calpine and WPTF ask the ISO and the Commission to ignore this directive that the ISO consider tailoring the bid cost recovery rules to cover the extended minimum run times and shorten the netting period. The ISO believes a preferable approach would be to raise the issue of potential changes to the real-time bid cost recovery netting as a potential future market enhancement to be evaluated in the ISO's ongoing stakeholder efforts. Specifically, the changes proposed by Calpine and WPTF should be considered by all stakeholders as part of the ISO's market initiatives roadmap process and prioritized with other initiatives that stakeholders have identified. The ISO will be including the need to consider more granular real-time bid cost recovery in the context of its proposed stakeholder process to consider bid cost recovery that extends across multiple days.

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<sup>11</sup> *California Independent System Operator Corp.*, 116 FERC ¶ 61,274 at P 531.

<sup>12</sup> *Id.* at P 533.

Moreover, to the extent changes to real-time bid cost recovery netting are identified as a stakeholder priority, these enhancements should be considered after the ISO has had some experience and evidence that the separation of the day-ahead and real-time bid cost recovery does not have adverse unintended consequences. As expressed by the Six Cities, it is important that the ISO maintain careful watch of the impacts of the revisions in the bid cost recovery rules.<sup>13</sup> Further reforms of the bid cost recovery payments should not be considered without further consideration of the impacts of the proposed rules.

Calpine points to ISO bidding rules that allow hourly changes as reason to isolate bid cost recovery hourly. Indeed, the ISO market rules do allow resources to vary their energy bids hour-to-hour, through which market participants can indicate hour to hour changes in their marginal energy costs. While Calpine argues that this is cause to require hourly bid cost recovery netting, it may, in fact, be a reason to retain daily bid cost recovery. Resources may be capable of engaging in bidding practices that constrain the ISO to dispatch the resource in one hour based on a set of bids submitted, and bid in later intervals to maximize their bid cost recovery payments. By netting bid costs across the day, resources are discouraged from bidding to enlarge their bid cost recovery uplift payments. Indeed, the ISO has identified the need to consider an initiative that would re-evaluate current rules that allow resources unrestricted flexibility to submit energy bid prices to the real-time market that are different from the prices

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<sup>13</sup> The Six Cities Comments at 4-5.

submitted to the day-ahead market.<sup>14</sup> It would also re-evaluate the current rules that allow resources unrestricted flexibility to submit different energy bid prices across hours in the real-time market. The potential rule changes would be modeled after bidding rules used by the other ISOs and RTOs and would potentially improve the consistency between the day-ahead and real-time markets and would further increase safeguards against market manipulation. Again, the ISO believes that the appropriate forum to consider these issues is a future stakeholder initiative that could be undertaken after the effects of separating bid cost recovery between the day-ahead and real-time markets has been evaluated.

**C. The Changes Requested by Calpine and WPTF Could Have Adverse Impacts on the ISO's 2014 Software Release Schedule.**

The requested change to hourly netting for real-time bid cost recovery at the same time as the reduction in the energy bid floor and the pending changes to bid cost recovery settlement rules would require software modifications that could delay the planned April 1 implementation date for the enhancements proposed in the ISO's September 25 filing. This delay could impact the implementation timeline for other important market initiatives scheduled for 2014, including the fifteen-minute real-time market designed to comply with Order No. 764 and the ISO's proposed energy imbalance market with PacifiCorp.

As discussed above, numerous factors must be considered before considering further reforms. The ISO would at least be required to conduct an additional stakeholder process to consider the conditions under which more granular netting of

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<sup>14</sup> See *Draft 2013 Stakeholder Initiatives Catalog*, at 19, [http://www.caiso.com/Documents/2013\\_StakeholderInitiativesCatalog.pdf](http://www.caiso.com/Documents/2013_StakeholderInitiativesCatalog.pdf)

real-time bid cost recovery should be adopted. This would delay the implementation of this process beyond April 1. This would be an unjust and unreasonable result in and of itself, given the many improvements the proposed modifications provide the ISO markets. Moreover, as discussed in the ISO filing,<sup>15</sup> these changes are intended to be implemented together with the enhancements under the ISO's upcoming market reforms related to the adoption of fifteen minute markets. The decoupling of these two efforts could result significant scheduling challenges leading to the delayed implementation of Order 764 related changes.

The most significant impact would come to the settlement code which is being developed with the presumption that the real-time bid cost recovery stays essentially the same under the Order No. 764 changes, but requires only the inclusion of the bid cost recovery related to the new fifteen-minute market which the ISO will file with the Commission later this month. The requirement to breakdown real-time bid cost recovery to a more granular level in the real-time at this time would completely unravel those efforts and would jeopardize the ISO's ability to proceed with market simulations early in 2014 and, which would result in a delay in implementation of Order No. 764 related changes to later in the year.

The ISO does not believe such a scheduling impact is justified, particularly where only two parties raise this issue and where those parties have not demonstrated any harm resulting from the ISO's proposed retention of a twenty-four hour netting period.

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<sup>15</sup> ISO September 25 filing letter at 55-57.

#### **D. The Other Change Requested by WPTF Is Beyond the Scope of This Proceeding.**

WPTF requests that the ISO be directed to file amendments to existing tariff provisions to provide a supplier with the ability to bid its start-up and minimum load costs each day subject to such bids not exceeding its 30-day registered costs so as to maximize market efficiency.<sup>16</sup> Other than a vague reference to a claim that “overstated registered costs may result in market inefficiencies,” WPTF provides no substantive support for its requested change. The tariff provisions requiring that start-up and minimum load costs remain fixed for 30 days were not modified by the ISO’s filing. The changes sought by WPTF should be rejected both because they go beyond the scope of this proceeding and because WPTF has not shown that the existing provisions are unjust and unreasonable.<sup>17</sup> In any case, the changes proposed would undermine a feature of the registered cost option that is designed to prevent the exercise of market power. Under the current design, resources have an incentive to not overstate minimum load costs because these costs are set for 30 days, so if market conditions change, the resource might forgo energy sales for a significant part of the 30 days if the resource overstates its costs. The Commission should not mandate this change.

#### **E. Requests for Additional Reporting.**

The Six Cities raise a concern with the absence of pre-established brake on potential increases in bid cost recovery payments and ask that the Commission direct the ISO to maintain careful monitoring of the impacts of the revisions to the bid cost

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<sup>16</sup> WPTF at 5.

<sup>17</sup> Even if WPTF had such evidence, the proper way to present this issue to the Commission would be through a complaint under Section 206 of the Federal Power Act.

recovery rules and transparent reporting of such impacts. In addition, the Six Cities ask that the ISO include information on bid cost recovery payments in its Weekly Market Performance reports.

The ISO agrees to maintain careful monitoring of the impacts of the revisions to the bid cost recovery rules and in order to provide more transparency to these impacts, the ISO will maintain for at least one year after the start of these new rules a standing item on the agenda for the Market Performance and Planning Forum stakeholder meetings held approximately every 8 weeks. These forums engage stakeholders in the review of market performance issues and in high-level dialogue on release planning, implementation and new market enhancements.<sup>18</sup> The ISO already regularly reports on bid cost recovery related issues in that forum and it will enhance its reporting to track the impacts of the bid cost recovery rule changes proposed herein.

The ISO already provides a monthly report on bid cost recovery payments.<sup>19</sup> These reports will be updated to account for the new market rules, but the ISO will continue to issue these reports on a monthly basis. The Six Cities ask that these details be provided on a weekly basis. The ISO does not believe there is value in providing more weekly reports because much of the data that is used to determine these amounts is not available on a weekly basis. Therefore, issuing these reports weekly would be

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<http://www.caiso.com/Documents/Market%20performance%20and%20planning%20forum>

<sup>19</sup> Monthly reports reporting on bid cost recovery costs are available at <http://www.caiso.com/Documents/Monthly%20market%20performance%202013>. The ISO also provides details and descriptions on the metrics it tracks and how they are defined. Those are available at: <http://www.caiso.com/Documents/Market%20performance%20metric%20catalog>.

meaningless if they are quickly superseded. The monthly reporting time frame provides an opportunity to provide a more robust report on the bid cost recovery costs.

## V. CONCLUSION

For the reasons explained above, the Commission should accept this answer and consider it in ruling on the ISO's tariff amendment filed in this proceeding on September 25, 2013.

Respectfully submitted,

**By: /s/ Anna A. McKenna**

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Dated: October 31, 2013

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each party listed on the official service list for this proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Executed at Folsom, California on this 31st day of October, 2013.

*/s/ Anna Pascuzzo*

Anna Pascuzzo