Revised Straw Proposal:  
Phase 2 Changes to Bidding Start-Up & Minimum Load

Stakeholder Conference Call
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Phase 1 interim changes to SU and ML bidding

- Changed the restriction on updating the registered-cost value or opting for the proxy-cost option
  - Now allowable every 30 days, instead of once each 6 months

- Changed the bid cap on registered SU and ML costs
  - Lowered the cap from 400% of proxy cost option to 200%

- Changed the calculation of the fuel-cost component
  - Now based on a 1 month index, instead of 6 months
  - If fuel prices change, the proxy cost option adjusts down, but does not adjust up
Reduced urgency for SU and ML changes

- Only 4 requests for changes to Master Files values of SU and ML have been made
- Rates of unit commitment have dropped substantially
  - Reduced load forecast changes from HASP to RT
  - Reduced Forecast and constraint biasing
  - Stretched out the timeline for the pricing run’s constraint management
  - Account for regulating capacity in calculations of available ramping capability
  - Adjusted the biasing process – now reflective of smaller increments
Daily bidding & dynamic SU / ML bid mitigation

- Enable more frequent bidding of SU and ML
  - Modify SIBR to allow daily bidding
  - Master File values will be inserted if no daily bid is placed
  - MF values are static for 6 months to ease administrative burden

- Implement dynamic mitigation of SU and ML bids
  - System-wide bid cap of 400% of proxy-cost value
  - A unit subject to LMPM will also have its SU/ML bid mitigated
    - A unit committed in the AC run will be subject to SU/ML mitigation
  - SU and ML bids will be mitigated down to default values
O&M and opportunity costs

- The ISO’s proxy cost option already includes an “O&M Adder”
- Benchmarking against PJM
  - They allow only strictly defined, sort-term maintenance costs
  - VOM values are within pennies of the O&M adder values we have already in place
  - Opportunity costs are not currently considered, but PJM is in the early stages of developing a methodology for calculating them

- We propose that opportunity costs be captured through a negotiated “default” SU/ML bid
Issues relating to MSG, CB and ED

- A plan for mitigation of MSG transition costs as well as SU and ML costs by configuration may be required.

- Enabling daily bidding of SU and ML may require that market power mitigation be implemented in RUC once CB is in place.

- If a unit is committed via ED how if at all would its SU and ML bids be evaluated for local market power.
Next steps…

- Stakeholder feedback on the Revised Straw Proposal is requested by Thursday October 8

- Answers to the following questions would be particularly appreciated
  - What has your experience been with the rate of unit commitment
  - To what extent do you need, or support the need for daily bidding of SU and ML costs
  - Will a negotiated “default” SU/ML bid meet your needs related to opportunity costs
Questions, Comments, Concerns & Compliments…

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