

## Comments on CAISO's Commitment Cost Enhancements Phase 3 Straw Proposal

September 8, 2015

On August 24, 2015, posted the Commitment Cost Enhancements Phase 3 (CCE Ph3) Straw Proposal. CAISO conducted a stakeholder call on August 31, 2015 to discuss the Straw Proposal. California Department of Water Resources State Water Project (SWP) appreciates the opportunity to submit comments.

### **Summary:**

The CCE Ph3 straw proposal focuses on the methodology to calculate opportunity costs for use-limited capacity. These opportunity costs will be reflected in the resource's commitment cost bids and/or the resource's Default Energy Bid. For limitations that can be modeled, CAISO will calculate an opportunity cost, if limits cannot be modeled a negotiated cost will be used.

### **Comments:**

CAISO has requested that negotiated opportunity costs and its supporting documentation be due as part of the use-limited registration process no later than the last business day of October starting in 2016. SWP recommends that CAISO engage with Scheduling Coordinators (SCs) early on to evaluate proposed opportunity costs and ensure that calculated opportunity costs and methodologies are acceptable prior to the elimination of the registered cost option.

While the resources utilizing the negotiated opportunity cost option will have complex and/or unique limitations, CAISO should provide guidelines that include scope or exclusions on model inputs for calculating opportunity cost. Without any guidelines SCs may include or exclude variables that may adversely affect their calculations.

SWP requests details regarding the timeline of the submittal process for negotiated opportunity costs, for example, after the submittal of negotiated opportunity costs, how long does CAISO have to review and approve of the costs, and/or if CAISO requires additional information or does not approve of the negotiated opportunity cost, how many days would the SC have to resubmit information, etc. Similarly, SWP requests the details of the timeline for submittals of monthly re-negotiations.