Stakeholder Process: Modifications to Bidding Provisions for Commitment Costs

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One: April 16, 2010
- Round Two: May 21, 2010
- Round Three: June 28, 2010

This matrix summarizes comments provided on the *Revised Straw Proposal*, which were due May 21, 2010, and comments on the *Draft Final Proposal*, which were due June 28, 2010.

Stakeholder comments are posted at: http://www.caiso.com/2078/2078908392d0.html

Other stakeholder efforts include:

- Market Surveillance Committee Meeting: March 19, 2010
- Stakeholder Conference Call: March 24, 2010
- Stakeholder Conference Call: May 13, 2010
- Stakeholder Conference Call: June 21, 2010

Management Proposal	CERS	CPUC	Dynegy	NCPA and SVP	NRG	PG&E	RRI	SCE	Wellhead	DMM	Management Response
Independent election of proxy or registered cost option for start-up and minimum load	No comment	No comment	Supports	No comment	Supports	Supports	No comment	Supports	Supports	Strongly supports	Implementation is targeted for the Fall 2011 release
Daily bidding of proxy start-up and minimum load between $0 and the calculated proxy cost value	No comment	No comment	Supports	No comment	Does not object	Supports	No comment	No comment	No comment	Supports	Implementation is targeted for the Fall 2011 release
No more frequent bidding of commitment costs other than the above	No comment	No comment	Does not support Encourages the ISO to explore	No comment	Does not support Recommends daily bidding up to registered cost	Supports	No comment	Supports Recommends a fixed component to proxy SU	No comment	Supports	Without significant changes to the market in order to guard against the potential exercise of market power, this change is not advisable
No fixed component of proxy commitment costs	Does not support Encourages ISO to consider this change	No comment	Does not support Encourages ISO to consider this change	No comment	No comment	Supports	Does not support	Does not support Strongly supports having a fixed component of proxy start-up	No comment	Supports	Independent election of proxy/registered for start-up/minimum load should address this need. Also, if O&M costs were significantly different from the default O&M adders, we would expect to see use of the negotiated O&M option, which to-date has not been employed
Re-benchmark default O&M values every 3 years (proxy minimum load)	No comment	Supports	Supports	No comment	No comment	Supports	Does not support removal of bid-in O&M from proposal	No comment	Supports	Supports	The first re-benchmark is targeted for April 2012 (3 years from the launch of the new market)

Management Proposal	CERS	CPUC	Dynegy	NCPA and SVP	NRG	PG&E	RRI	SCE	Wellhead	DMM	Management Response
Replacement of SoCal Border gas price with SoCal CityGate price (proxy start-up and minimum load, transition costs)	No comment	Supports	Supports	No comment	Strongly supports However, use of indexed gas is a flawed concept	Supports	Supports	Supports Requests clarity	Supports	Supports	The SoCal CityGate price will be used for transition costs, and for proxy start-up and minimum load calculations, and for determining the cap for registered start-up and minimum load upon implementation which is targeted for Fall 2011. All other calculations will continue to use the SoCal Border price
No change to adder for natural gas transport, no compensation for operational flow order costs or day-ahead/real-time gas price differentials (proxy start-up and minimum load, transition costs)	No comment	No comment	Does not support Requests a firm timeline for reevaluation of these changes	No comment	Does not support Believes that cost recovery methodologies should be developed to compensate for costs associated with day-ahead versus real-time gas price differentials	No comment	Does not support Supports a 10% adder to cover natural gas transport -or- resource-specific natural gas transport adder	No comment	Does not support Believes that cost recovery methodologies should be developed to compensate for costs associated with operational flow orders and day-ahead versus real-time gas price differentials	Supports future development of functionality to capture these costs Does not support an adder	An adder is not an efficient manner to capture these costs. The ISO agrees that it is reasonable to pursue cost recovery for natural gas transport costs and costs associated with operational flow orders. The ISO encourages stakeholders to pursue adding a market initiative to the catalog of potential future enhancements.

Management Proposal	CERS	CPUC	Dynegy	NCPA and SVP	NRG	PG&E	RRI	SCE	Wellhead	DMM	Management Response
No opportunity costs component of proxy start-up	No comment	No comment	Does not support Encourages the ISO to further discuss and consider incorporating opportunity costs into proxy start-up	Does not support Opportunity costs for use-limited resources should be incorporated into proxy calculations	Prefers daily start-up/minimum load bidding to this element of the proposal	Strongly supports	No comment	No comment	No comment	Supports the inclusion of opportunity costs, but does not feel the proposed approach should be pursued at this time	Without significant support for this methodology for opportunity cost calculations, nor an alternative proposal, we feel that this functionality is not an appropriate market enhancement at this time
Upward multi-stage generating resource transition costs bounded by 2 rules	Recommends fixed component of transition costs	Conditionally Supports	Does not object	No comment	No comment	Supports Appreciates changes to address startability of configurations	No comment	Supports Recommends fixed component of transition costs Questions re configuration hierarchy	No comment	Generally supportive Recommends robust validation of transition costs, status, and operating parameters	The ISO commits to monitoring submitted heat input values for configuration start-ups
Downward multi-stage generating resource transition costs	Recommends fixed component of transition costs	Conditionally Supports	No comment	No comment	No comment	Conditionally supports	No comment	Conditionally supports	No comment	Generally supportive Recommends robust validation	The ISO commits to monitoring submitted heat input values for downward transitions