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Dynergy appreciates the opportunity to provide input on the CAISO's Commitment Cost Enhancements Draft Final Proposal and supports deferral of the opportunity cost methodology initiative, with the concern that it may be delayed yet again. We're also deeply concerned that the CAISO may be proposing a policy that won't guarantee a generator recovery of its operating costs (startup, min-load, and scheduled energy) in a volatile gas market. Dynergy supports the previous WPTF Comments and offers these specific comments on the draft final proposal:

- Proxy Cost Cap of 125% (Section 5.1) – The proposal to increase the cap on proxy cost from 100% to 125% is unreasonable, as it doesn't cover the historical volatility in fuel costs<sup>1</sup>. The manual process CAISO filed with FERC isn't sufficient to allow generators to recover their actual costs in all cases. How does the CAISO think a generator should recover those shortfalls when they occur? Dynergy thinks that there should be a method to recover the actual costs of responding to a CAISO commitment and schedule. Dynergy supports NRG's comments<sup>2</sup> on this issue.
- Elimination of the Registered Cost Option (Section 5.2) - Dynergy supports the comments of SCE<sup>3</sup> (specific to the potential for units to not recover their costs under the CAISO 2<sup>nd</sup> Revised Straw Proposal) - and recommends that the Registered Cost Option should not be eliminated until the Proxy Cost Option functions as a true replacement that accurately represents the cost of a unit in the market and allows adequate recovery of costs.
- Intra-day Gas Risk - Another risk that CAISO's proposal doesn't address is intra-day gas risk. There needs to be a mechanism to allow a generator that was either dispatched in real-time or had its day-ahead schedule extended at the request of the CAISO to recover the cost of the gas procured, including balancing and other associated charges.

Thank you for your consideration in this matter

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<sup>1</sup> [CAISO Commitment Cost Enhancements Draft Final Proposal](#), Table 1

<sup>2</sup> [http://www.caiso.com/Documents/NRGComments\\_CommitmentCostEnhancements\\_SecondRevisedStrawProposal.pdf](http://www.caiso.com/Documents/NRGComments_CommitmentCostEnhancements_SecondRevisedStrawProposal.pdf), page 1

<sup>3</sup> [http://www.caiso.com/Documents/SCEComments\\_CommitmentCostEnhancements\\_SecondRevisedStrawProposal.pdf](http://www.caiso.com/Documents/SCEComments_CommitmentCostEnhancements_SecondRevisedStrawProposal.pdf), page 1

