

Stakeholder Process: Bid cost recovery mitigation measures**Summary of submitted comments**

Stakeholders submitted four rounds of written comments to the ISO. Due dates for these comments as well as other stakeholder efforts on this initiatives are detailed below:

February 22	Straw proposal posted
March 7	On-site stakeholder meeting
March 20	Stakeholder comments due
April 6	Draft final proposal posted
March 30	Market Surveillance Committee meeting
April 12	Stakeholder conference call
April 19	Stakeholder comments due
April 27	Addendum posted
May 3	Stakeholder conference call
May 8	Stakeholder comments due
September 4	Revised draft final proposal posted
September 11	Stakeholder conference call
September 27	Stakeholder comments due
November 6	Stakeholder conference call
November 13	Stakeholder comments due
November 30	Stakeholder conference call
December 5	Market Surveillance Committee conference call

Stakeholder comments are posted at:

<http://www.caiso.com/Documents/Bid%20cost%20recovery%20mitigation%20measures%20-%20stakeholder%20comments>

Management Proposal: Modified day-ahead metered energy adjustment factor

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Supports	No comment	Does not oppose	Does not support	Supports	Conditionally supports Requests clarification and further details on application of the metric to specific circumstances.	Conditionally supports Expresses concern that this mechanism may not meet its objective in certain circumstances	No comment	Supports	Supports

Management Response

Management will work with stakeholders as this policy is being implemented to ensure that the policy is consistently applied in all circumstances. A tolerance band has been added to the proposal to address SCE concerns.

Management Proposal: Real-time performance metric

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Real-time performance metric	Conditionally supports Requests additional analysis of impact to bid cost recovery uplift	No comment	Does not oppose	Does not support	Supports	Supports	Conditionally supports Expresses concern that this mechanism may not meet its objective in certain circumstances	No comment	Supports

Management Response

Management will work with stake-holders as this policy is being implemented to ensure that the policy is consistently applied in all circumstances. A tolerance band has been added to the proposal to address SCE concerns.

Management Proposal: Persistent deviation metric

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
No comment	Supports change from previous proposal However, concerned about (1) Potential over-mitigation (2) difficulty with shadow settlement (3) thresholds for flagging intervals and the 2-hour window	No comment	No comment	No comment	Requests	Concerned about complexity and anticipates difficulty in shadow settlement Questions the efficacy of this metric	No comment	Supports	Supports change from previous proposal Requests technical detail about determination of threshold values

Management Response

Management has subsequently included a ramping tolerance to avoid mitigation due to small deviations.

Management recognizes difficulty in shadow settlement and has weighed this in developing this simplified proposal.

Management will work with stakeholders on implementation details once the high-level policy is in place.

Management Proposal: Bid basis for energy bid cost recovery and settlement of residual imbalance energy

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Bid basis for energy bid cost recovery, settlement of residual imbalance energy	No comment	Concerned about differential treatment between imports and internal generation	No comment	No comment	No comment	Supports	Considers the use of DEB as the cost basis as fair and simpler to implement and validate	No comment	Supports

Management Response

Management will work with stakeholders to consistently apply the policy to imports and internal generation

Management asserts that use of default energy bids in cost recovery is not always reflective of economic trade-offs

Management Proposal: Cost recovery ramping into and out of exceptional dispatches and minimum load re-rates

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Cost recovery ramping into and out of exceptional dispatches and minimum load re-rates	No comment	No comment	No comment	No comment	No comment	Supports	Opposes change relative to exceptional dispatch stating that these dispatches do not merit as-bid pricing (i.e. should be paid DEB) Strongly supports changes relative to minimum load re-rates	No comment	Supports

Management Response

Management clarifies that we propose to use the same bid basis as the settlement of the exceptional dispatch. If the exceptional dispatch is mitigated, the ramping energy will be settled at the mitigated price.

Management Proposal: Recovery of minimum load costs when over-generating to avoid a real-time shut-down instruction

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Supports	Requests additional explanation and examples	Requests additional explanation and examples	Does not support	Requests additional explanation and examples Suggests that other proposals may address this issue	Supports	Supports	Supports	Supports	Requests clarification

Management Response

Management will provide implementation details and specific examples once the high-level policy is in place.

Management Proposal: Recovery of minimum load costs when a real-time binding shut-down instruction is not followed

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Supports	Believes that existing policy already includes this provision	Does not oppose	Does not support	Requests clarification on timing of minimum load cost recovery disqualification	Supports Requests additional information on instances of verbal operator instructions	Supports Requests additional information on instances of verbal operator instructions	Supports Requests additional information on instances of verbal operator instructions	Supports	No comment

Management Response

This represents clarification of existing policy intent.

If a verbal instruction is given by an operator, then that is considered the binding instruction.

Management Proposal: Recovery of minimum load costs in the case of an uninstructed start-up

Stakeholder Comments

CDWR-SWP	Calpine	GenOn	JPM	NRG	PG&E	SCE	SDG&E	Six Cities	WPTF
Supports	Requests additional explanation and examples	Does not oppose	Does not support	Supports	Supports	Supports	Supports	Supports	No comment

Management Response

Management will provide implementation details and specific examples once the high-level policy is in place.