

**PUGET SOUND ENERGY SUPPLEMENTAL COMMENTS  
LOCAL MARKET POWER MITIGATION ENHANCEMENTS – REVISED STRAW PROPOSAL  
DECEMBER 7, 2018**

Puget Sound Energy (PSE) appreciates CAISO's efforts to address stakeholders' concerns and comments about the proposed local market power mitigation enhancements in the revised straw proposal. Below please find PSE's comments on the current iteration of the proposed enhancements.

**COMMENTS**

1. In Section 6.3.1 of the revised straw proposal, CAISO proposes modifications to the reasonableness threshold rules developed in the CAISO's Commitment Cost and Default Energy Bid Enhancements (CCDEBE) initiative by proactively and automatically updating a resource's reasonableness threshold (based on the resource's corresponding fuel region) when specified criteria are met. PSE supports CAISO's proposal to fully automate this process given the concerns stakeholders raised about the administrative burden that the previous proposal for a manual update process would have imposed upon stakeholders.
2. Consistent with the principle that a DEB should reflect a resource's marginal costs, PSE offers the following suggestions to improve CAISO's proposal to modify the reasonableness thresholds for gas resources found in Section 6.3.1 of the revised straw proposal.
  - As illustrated by the recent failure of the Enbridge pipeline in British Columbia, there are instances where gas prices may vary even within a fuel region. CAISO should revise the current proposal to update a resource's reasonableness threshold based on the resource's corresponding fuel region to account for day of/intra-day pricing and multiple appropriate index points.
  - The proposal does not reflect that some resources are capable of dual fuel usage. The proposal should be updated to reflect that these resources should be able to apply the correct reference level as conditions warrant.