

December 30, 2014

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA ON THE BIDDING RULES
ENHANCEMENTS ISSUE PAPER**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's December 3, 2014 Bidding Rules Enhancements Issue Paper.

At this time, the Six Cities have identified the following points as the critical elements for the Bidding Rules Enhancements initiative:

- Scheduling Coordinators for physical load should be allowed to submit bids for the Real-Time Market in order to manage their exposure to imbalance charges. The bidding rules applicable to variable supply resources allow them to submit bids in real-time, close to their production time, with no requirement for a Day-Ahead schedule, allowing such supply resources to minimize their exposure to imbalance charges. The ISO should modify the bidding rules to allow loads a similar opportunity to reduce imbalance charges.
- Generation resources should be permitted to change their minimum load and start-up bids to reflect intra-day changes in fuel costs on at least an hourly basis in real-time, if not on a fifteen minute basis. Ideally, each generation resource should be able to bid in its commitment costs as part of its economic bids, subject to mitigation of bids for resources that have market power.
- In response to the questions raised at page 5 of the Issue Paper, the Six Cities support (1) disallowance of changes to energy bids during an inter-temporal constraint that would prevent the resource from responding to a dispatch directive, and (2) basing real-time bid cost recovery on the bid cost that the optimization used to make the commitment decision.
- Hourly block inertia schedules should be optimized and settled for the entire hour based on the prices that resulted in their commitment.

Submitted by
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