

California Department of Water Resources State Water Project

California Department of Water Resources State Water Project Comments On CAISO's August 21, 2014 Commitment Costs Enhancements Revised Draft Final Proposal

August 27, 2014

Following the CAISO's August 19, 2014 stakeholder call to discuss the August 12, 2014 Draft Final Proposal on Commitment Costs Enhancements, the CAISO posted a Revised Draft Final Proposal on Commitment Costs Enhancements. This revised proposal delays CAISO's proposed elimination of the Registered Cost (RC) option for Use Limited Resources (ULRs). California Department of Water Resources State Water Project (SWP) appreciates the opportunity to submit the following comment(s).

SWP supports CAISO's delay to eliminate the RC option for ULRs until completion of the now separated initiative on Opportunity Cost methodology. We feel CAISO has addressed the main concern voiced by SWP during this stakeholder process and looks forward to more fully examining the opportunity cost model to appropriately reflect hydropower Start-up and Minimum Load costs.

Additionally, as noted in Section 6 of this revised proposal, SWP supports CAISO's request for more data and further study of additional "topics", such as what happens when natural gas prices are lower in the intra-day than day-ahead, and that out-of-market intra-day gas cost recovery be considered in bid cost recovery.