

CAISO Bidding Rules Enhancement

Comments of Xcel Energy

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Xcel Energy would first like to thank the CAISO for issuing its Bidding Rules Issue Paper and accepting comments. The CAISO is seeking input on three topics: energy bidding flexibility, commitment cost flexibility and resource characteristic review. Although CAISO is seeking comment on specific questions, Xcel Energy will provide what it believes are the appropriate policy goals. It is Xcel Energy's opinion that the primary goal of the bidding rules is to create a well-functioning market. Optimizing flexibility results in increased participating. It is not possible to identify in advance of operations all the reasons a party may want to amend its resource offer, for example why a resource might justifiably change a bid during an inter-temporal constraint. Xcel Energy encourages the use of flexibility as a means to allow for the market to correctly respond to demand and supply forces. Nevertheless, flexibility increases the need to assure that there are no market manipulation actions. However, this role is best served through the market monitor, not restricting the market.

With regard to resource characteristic reviews, it is Xcel Energy's opinion that the use of proxy plants could be used to identify a range of acceptable characteristics for "like plants". Should a bid be entered that falls outside the range of acceptability, the market monitor should review to determine its appropriateness.

Lastly, CAISO is seeking input on flexibility to recognize intra-day gas costs. Xcel notes that FERC has pending before it a Notice of Proposed Rulemaking that could impact the start of the gas day and the timely nomination cycle. CAISO should continue to consider the impact to the market that results from any changes coming from this initiative.