

Based on feedback received during the 11/4 stakeholder call, the CAISO has added the following information and is requesting stakeholder feedback:

Currently, CAISO bid validations enforce a real-time energy bid floor for RDRRs of 95% of the soft bid cap of \$1000/MWh. Those validations are performed at the time the bid is submitted. After these validations are checked, and the bid passes further validations, the bid is considered ‘clean’ and approved for sending to the market optimization. As part of this proposal, the energy bid floor for RDRRs in real-time will be set to 95% of the energy bid cap-of \$1000/MWh or \$2000/MWh. In many cases, the bid cap will have been raised in the day-ahead market to \$2000/MWh for a particular trade date, and as part of the existing business rules, that \$2000/MWh cap will be inherited by the real-time market for that trade date when the bid validation timeline opens after the publishing of the day-ahead market. There will be other cases where the variable bid cap is raised from \$1000/MWh to \$2000/MWh within the real-time bid validation timeline. In these cases there may be energy bids for RDRRs which have passed validation under the \$1000/MWh cap (i.e. energy bids between \$950/MWh and \$1000/MWh) and which would be sent to the market as clean bids if no further action is taken. The expectation for bids which fall into this category is that market participants resubmit those bids, which will then be revalidated against the \$2000/MWh cap. There may be rare scenarios where the conditions that precipitate raising the bid cap occur so late within the validation timeline that there is no opportunity to resubmit the bids, or scenarios where market participants didn’t receive the notification that the bid cap was raised. Thus there are times where the CAISO may need to take action to handle RDRR bids that no longer meet the bid validation rules.

CAISO staff have reviewed the following options and request feedback on which scenario is preferred. Alternative options which can be implementable within the existing bid validation framework are also welcome.

Option	Description	Advantages	Disadvantages
1	Re-run bid validation rules against all submitted real-time market RDRR energy bids when the bid cap is raised from \$1000/MWh to \$2000/MWh. Bids between \$950/MWh-\$1000/MWh which were previously validated are rejected.	Ensures no real-time market RDRR energy bids will be passed to the market optimization that do not meet the current validation rule parameters.	Risk of sizable quantities of real-time market RDRR bids which cannot be considered by the market, if participants are not able to submit replacement bids.
2	Take no action, let previously validated bids be passed to market. Real-time market RDRR energy bids in the \$950-\$1000/MWh range will be passed to the market along with bids in the \$1900-\$2000/MWh range.	Simple rule that provides optionality of RDRR pricing.	Requires SC to take action to re-submit bids in potentially condensed time frame. If unable to do so, RDRRs priced between \$950-\$1000/MWh may be dispatched ahead of non-RDRR resources which have much higher bid prices.
3	After market close, if there are real-time market RDRR energy bids which are priced outside	Ensures that no real-time market RDRR energy bids are lost,	Adjusting energy bids upwards on the participant’s behalf is not currently a common practice.

the \$1900-\$2000/MWh range, adjust the bids so that they are within the range. Alternative options include adjusting all bids up to the \$1900/MWh bid floor, or doubling the existing bid.	and all bids are within the \$1900-\$2000/MWh range.	
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To be clear, for all options market participants will have the opportunity to resubmit their existing bids at the higher bid floor and bid cap values, time allowing. Options 2 and 3 apply only if no action is taken by the close of each hour's market.

Note: A scenario can occur where the bid cap is lowered from \$2000/MWh to \$1000/MWh in real-time. However, this scenario is considered to be much more rare, and more importantly should not occur under conditions when RDRRs are likely to be dispatched. In these scenarios CAISO is proposing to re-run validation rules and reject bids priced above \$1000/MWh, similar to treatment of import bids.