

Submitted by	Company	Date Submitted
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MRP appreciates the CAISO holding a March 19 follow-up call to clarify what it intends to do following the Federal Energy Regulatory Commission's ("FERC's") rejection of the CAISO's proposal, in its *Tariff Amendment To Enhance Commitment Costs and Default Energy Bid Provisions*,¹ to allow generating resources' Scheduling Coordinators to submit adjustments to the fuel prices used in the CAISO's reference level calculations of a generating resource's start-up, minimum load and fuel costs.

As a result of the call, MRP better understands the rationale behind the CAISO's proposal to re-file at FERC the reference level adjustment provisions with the same 10% "headroom" for start-up and minimum load costs that is currently provided for in the CAISO's Default Energy Bids.

MRP also appreciates the Western Power Trading Forum ("WPTF") articulating alternate approaches, including the possibility of the CAISO not re-filing the reference level adjustment provisions with 10% headroom until the CAISO is able to simultaneously implement dynamic local market power assessment and mitigation for commitment cost bids, analogous to the dynamic local market power assessment and mitigation process it currently has in place for energy bids.

The tradeoffs between the two approaches are clear, but the effects are not easy to quantify. If the CAISO re-files the reference level adjustment provisions with 10% headroom, suppliers will be able to submit reference level adjustments to reflect changing fuel prices, but their commitment cost bids will be subject to mitigation to the 10% headroom cap at all times, even when suppliers have no ability to exercise local market power. If the CAISO does not re-file the reference level adjustments with the 10% headroom until the CAISO can simultaneously implement dynamic local market power assessment and mitigation for commitment cost bids, suppliers will be unable to submit reference level adjustments but will be subject to a higher headroom cap.

After much consideration, MRP joins NRG in supporting WPTF's proposed alternate approach, namely, asking the CAISO to not-refile the reference level adjustment provisions with a 10% headroom cap until the CAISO can simultaneously implement local market power assessment and mitigation for commitment cost bids. As MRP understands, the CAISO is proposing to be able to implement that dynamic local market power assessment and mitigation in Fall 2022.² Given this significant delay in the proposed implementation of dynamic local market assessment and mitigation of commitment cost bids, MRP believes that waiting to file the 10% headroom cap until the dynamic assessment and mitigation can be simultaneously implemented is a preferable approach. We respectfully request that the CAISO adopt this approach.

MRP reiterates its thanks for the CAISO holding the follow-up call and for soliciting stakeholder feedback.

¹ Submitted August 30, 2019 in FERC Docket No. ER19-2727.

² According to the CAISO's implementation milestones (available at <http://www.caiso.com/Documents/ImplementationMilestones.xlsx>), the proposed date for the implementation of CC-DEBE Phase 2 is Fall 2022.