



## Stakeholder Comments Template

### FERC Order 831 – Import Bidding and Market Parameters

This template has been created for submission of stakeholder comments on the FERC Order 831 – Import Bidding and Market Parameters revised straw proposal that was published on November 26, 2019. The proposal, meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/FERC-Order-831-Import-bidding-and-market-parameters>.

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **December 19, 2019**.

Submitted by	Organization	Date Submitted
<i>Brian Theaker</i> 530-295-3305	<i>Middle River Power, LLC</i>	<i>December 19, 2019</i>

**Please provide your organization’s comments on the following issues and questions.**

#### 1. Import bids greater than \$1,000/MWh

Please provide your organization’s feedback on import bids greater than \$1,000/MWh as described in section 4.1. Please explain your rationale and include examples if applicable.

Consistent with the CAISO’s implementation of Order 831 for internal resources, imports should be permitted to bid above \$1,000/MWh if they can cost-justify those bids, and such *ex ante* cost-justified greater-than-\$1,000/MWh bids should be permitted to set market clearing prices. To qualify for this treatment, imports must be associated with a specific physical resource; this option should not be available to non-resource-specific system resources (NRS-SRs).

#### 2. Maximum import bid price calculation

Please provide your organization’s position on the ISO’s proposal to calculate a maximum import bid price to “cost-verify” import bids and its components:

The CAISO has proposed to not require that NRS-SRs provide cost-justification, but instead to allow NRS-SRs to bid up to a “maximum import bid price (“MIBP”), which would be based on opportunity costs. Specifically, the MIBP would be based on prevailing bilateral index prices.

At a minimum, RA Imports should be resource-specific. Enforcing this requirement would not only allow these resources to avoid having to self-schedule into the CAISO’s energy markets, but also would provide the CAISO with better information with regards to the resource’s costs. This, in turn, would allow these resources to submit cost-justified bids above \$1,000/MWh and set the CAISO market clearing price.

Identifying resource costs that are based on opportunity costs will be a greater challenge, though the CAISO has the ability to project opportunity costs for internal resources and could do the same for external resources given the right information (which the CAISO could easily require as a requirement for participating in the CAISO's markets, or, at least, for being able to submit bids above \$1,000/MWh).

The CAISO's proposal to create a "maximum import bid price" for NRS-SRs, while arguably a better solution than allowing these resource to bid up to the hard bid cap without verifying their costs, still affords NRS-RS more generous and preferred treatment relative to other resource-specific resources, which must validate their costs in order to bid above \$1,000/MWh..

### 3. Implementing the maximum import bid price

Please provide your organization's feedback on the following options proposed for implementing the maximum import bid price as described in section 4.1.2. Please explain your rationale and include examples if applicable.

Option 1 - Implements the maximum import bid price as a cap import bids to the maximum of \$1,000/MWh or the CAISO-calculated maximum import bid price:

Option 2 - Implements the maximum import bid price by reducing import bids above both \$1,000/MWh and the CAISO-calculated maximum import bid price to the greater of maximum import bid price or \$1,000/MWh:

MRP prefers this option, which more closely replicates the treatment afforded to resource-specific resources.

### 4. Market constraint relaxation parameter prices based on verified bids

Please provide your organization's feedback on the following options proposed to address market constraint relaxation parameter prices based on verified bids as described in section 4.2. Please explain your rationale and include examples if applicable.

Option 1 - Scale penalty prices relative to the power balance constraint relaxation penalty price set at the \$2,000/MWh hard energy bid cap:

MRP prefers this approach for all the reasons articulated by the CAISO in the Revised Straw Proposal at page 20: it sends stronger scarcity pricing signals, better compensates resources that provide scarce products, gives suppliers better incentives to bid actual costs, and creates better incentives for delivering Day-Ahead schedules.

Option 2 - Scale penalty prices relative to the power balance constraint relaxation penalty price set at the \$2,000/MWh hard energy bid cap only when there are bids in the market that have been cost-verified at a price greater than \$1,000/MWh:

Option 2A – Set energy prices in pricing run based on applying the "price discovery mechanism" when there the power balance constraint needs to be relaxed:

Option 2B – Set energy prices in pricing run based on \$2,000/MWh power balance constraint penalty price:

**Additional comments**

Please offer any other feedback your organization would like to provide on the FERC Order 831 – Import Bidding and Market Parameters revised straw proposal.