

**COMMENTS OF NV ENERGY
REVISED DRAFT FINAL PROPOSAL OF
COMMITMENT COSTS AND DEFAULT ENERGY BID ENHANCEMENTS
DATED DECEMBER 21ST, 2017
CAISO STAKEHOLDER PROCESS**

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NV Energy is supportive of the overall direction of the revised draft final proposal for the commitment costs and default energy bid enhancements. We continue to appreciate the efforts of CAISO Staff in addressing the numerous issues encompassed in this initiative.

I. NV Energy's Position

a. Hourly Commitment Cost Bids

The revised draft final proposal proposes to allow hourly commitment costs bids in the day-ahead and real-time market. However, the proposal further states that start-up and transition bids will be treated as one value, while the minimum load will be treated as an hourly value.¹ NV Energy interprets these statements to mean that CAISO will only allow hourly bidding for minimum load costs. If this is indeed the case, NV Energy requests more clarification around why CAISO has not proposed hourly or rebidding rules for both the start-up and transition bids. Fuel prices or resource conditions may change throughout the day, therefore, it would make sense to allow updates to each supply offer. The re-bidding rules that are in place should prevent any foul play by locking all commitment bids to the last bid received prior to receiving the start instruction.

b. Reasonableness Threshold

NV Energy supports the proposed reasonableness threshold that will be used in the ex ante/ ex post process, however, requests more clarification around the resource specific feedback loop. Specifically, will there be a dollar amount exceedance point or frequency at which a resource has to request after-the-fact cost recovery to trigger this feedback loop? The feedback loop has been stated as a method to adjust the threshold by incorporating an error term, yet specifics on the feedback loop have not been proposed.

c. Revised Proposals to the Ex Post Verification Process

NV Energy strongly supports the ex ante reference level adjustment subject to ex post verification requirements. This much needed enhancement allows market participants to file for after-the-fact cost recovery with CAISO prior to filing at FERC. This is the primary focus of the commitment cost and default energy bid enhancements initiative and, therefore, requires more clarification on the newly

¹Commitment Costs and Default Energy Bid Enhancements-Revised Draft Final Proposal, <http://www.caiso.com/Documents/Agenda-Presentation-CommitmentCosts-DefaultEnergyBidEnhancements-Dec212017updatedversion.pdf>, Slide 7



proposed changes. Scheduling coordinators must request additional verification to receive uplift rather than CAISO automatically verifying any bid submitted above the calculated threshold. Additionally, scheduling coordinators will no longer be allowed to reflect fuel scarcity conditions or any fuel risk related adders. NV Energy requests more information regarding the above changes and has additional questions stated below:

1. Will pipeline fees such as OFOs or balancing penalties be allowed to be recovered for following the market dispatch?
2. Why has the ex post verification process changed requiring a request for additional verification to receive uplift?
3. Does CAISO propose to keep the market behavior penalties and audit process that was proposed in the draft final proposal?