

## Comments of Arizona Public Service Co.

## Commitment Cost and Default Energy Bid Enhancements (CCDEBE)

Revised Straw Proposal dated August 2, 2017

Submitted by Moe Sakkijha, [Moe.Sakkijha@APS.Com](mailto:Moe.Sakkijha@APS.Com)

APS appreciates the time and efforts CAISO has invested to identify and address commitment cost and default energy bid enhancements. APS has the following comments in regards to the Revised Straw Proposal on the Commitment Costs and Default Energy Bid Enhancements.

- 1) Under the new proposed CC&DEB Enhancements, APS welcomes the opportunity to improve the bidding flexibility to enable the EIM Entities to recover all costs associated with changing conditions in Real-Time operations, particularly natural gas prices as compared to the Day Ahead indices which currently sets the Default Energy Bids that are mitigated to 110% of these indices.
- 2) APS believes that the additions of Real-Time pricing flexibilities would greatly improve EIM market liquidity by allowing resources to continue the bidding process while recovering the higher costs, rather than limiting the supplies (especially during times of high energy demands or pipeline constraints) and effectively could create pricing volatilities.
- 3) APS welcomes the opportunity to work hand-in-hand with the CAISO, DMM to provide actual RT gas transaction data that supports energy bidding prices which exceeds the mitigated 110% price CAP that are tied to the Day-Ahead indices.
- 4) APS is requesting that the CAISO should clearly state in the CC&DEB Enhancements proposal as to what's applicable to the EIM Entities and what is applicable to resources inside California.
- 5) Under Section 30.4.1.1.6.1.1 of the CAISO Tariff, APS is requesting that the CAISO should clarify if the "Use-Limited Resources" criteria is applicable to the EIM entities, given that the EIM entities have their own obligations to serve own load outside California. Therefore; APS is further requesting from the CAISO to clarify that the EIM entities are not eligible to recover the "Opportunity Cost Adders" defined under Section 30.4.1.1.6.1.2.
- 6) APS is requesting that the CAISO should clarify how it intends to honor the minimum Run Times and minimum Down Times of resources in EIM market, given that the EIM operational window is only 4 ½ hours and some resources' minimum Down Times could be as much as 8-10 hours.
- 7) APS supports the DMM proposal to apply a Monday only gas premium price based on observed trades to the next day index. Knowing that these trades could occur on Friday for Monday or on Sundays for Monday. APS does not agree with the CAISO's position not to pursue this recommendation due to lack of market data or artificial prices. APS believes that there is enough market data to support these premium prices.