COMMENTS OF NV ENERGY
DRAFT FINAL PROPOSAL OF
COMMITMENT COSTS AND DEFAULT ENERGY BID ENHANCEMENTS
DATED AUGUST 23RD, 2017
CAISO STAKEHOLDER PROCESS

September 11, 2017

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NV Energy is supportive of the overall direction of the Draft Final Proposal for the commitment costs and default energy bid enhancements. We continue to appreciate the efforts of ISO Staff in addressing the numerous issues encompassed in this initiative.

I. NV Energy's Position

a. Hourly Minimum Load Offers

NV Energy is appreciative of the additional information provided by the ISO for this proposal and supports the proposal to lock the minimum load bid to the last accepted bid during the resource's inter-temporal constraint. Commitment cost bids are used in the bid cost recovery calculation; therefore, NV Energy requests the ISO post the bids used for this calculation in the market participant portal. Otherwise, this would become burdensome on the market participants to verify the bid cost recovery calculation without the commitment cost offer used when bids are averaged or limited to a mitigated bid.

The ISO stated that there are no specific constraints in the unit commitment process to constrain a resource commitment to the hours the resource submitted the bid. NV Energy reiterates that an hour without a minimum load and energy offer should be considered an hour that a market participant does not wish to participate in the market. However, NV Energy understands that this is a market optimization logic issue. Therefore, NV Energy will submit this item into the Stakeholder Catalog to be addressed in the future thereby not delaying the additional bidding flexibility obtained from hourly minimum load offers in this initiative.

b. Allow Supplier provided ex ante Reference Level Adjustment Subject to Verification Requirements

NV Energy strongly supports the ex ante reference level adjustment subject to ex post verification requirements. This is a much needed enhancement for the EIM market participants required to bid at or below the ISO calculated default energy bid at all times. Additionally, NV Energy is appreciative of the additional clarification provided from the ISO regarding the supporting documentation needed for a reference level adjustment.

c. Market Based Commitment Cost subject to Mitigation

In the Draft Final Proposal, the ISO reduces the new market-based commitment cost component caps from 300% above the commitment cost reference levels for start-up, transition, and minimum load components to 200%. After gaining experience, the ISO states it could initiate a stakeholder process to consider potential increases.

NV Energy strongly disagrees with the new proposed threshold. Allowing market commitment cost bids up to a "circuit breaker" cap of 200% disrupts the goal of this initiative to allow additional bidding flexibility with a market based bid. Nevertheless, NV Energy could support a phased approach where the level was set initially at 200%, but ***automatically increased*** to 300% after a specified period, such as six months. This would give the ISO, DMM, and market participants experience with the new flexibility. If, and only if, the ISO had concerns with the upcoming increase, the ISO could file to delay or eliminate the increase. Additionally, NV Energy proposes that the ISO establish a timeline with predetermined "circuit breaker" cap increases to be included within the proposal.

The automatic adjustment of the price cap to 300% would be consistent with the approach approved by FERC in its September 21, 2006, order on Market Redesign and Technology Upgrade. FERC noted, "[i]t has long been recognized that, if price caps are set too low, they can result in a reduction in needed supply that will usually not be in the public interest" and that if the ISO believed its mitigation package was insufficient "it can immediately request a change of one or more of the market power mitigation measures, including the level of the bid cap." Thus, FERC found that the initial price cap would be automatically increased "unless the ISO makes a filing with the Commission showing that its markets are non-competitive and the Commission agrees with this assessment." This is reflected in Section 39.6.1.1 of the ISO tariff.