# Stakeholder Comments

## Commitment Costs and Default Energy Bid Enhancements 3/30/2017 and 4/20/2017 Meetings

| Submitted by | Company | Date Submitted |
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Southern California Edison (SCE) offers the following comments on the 3/30/2017 and 4/20/2017 meetings of the Commitment Costs and Default Energy Bid Enhancements (CCDEBE) stakeholder initiative[1] of the California Independent System Operator (CAISO). As with the Issue Paper comments[2], SCE continues to support the Department of Market Monitoring's (DMM) proposals for permanently updating DA indices with ICE information, for updating RT indices with same day gas information, and for using ICE Monday-only trading information to inform the index for that day. SCE agrees with Eric Hildebrandt's 4/20 meeting statement that the DMM proposals are key to addressing any gas index vs. procurement cost issues.

**SCE supports consideration of an hourly component for Minimum Load Cost (MLC), and does not object to the "NoLoad" option, if there is no impact on the Locational Marginal Price (LMP)**

During the 3/30/17 meeting, the CAISO had presented an option to the status quo, termed the "No Load" option. SCE does not object to treating MLC under the "No Load" option but opposes such treatment if it results in a price impact. SCE cautions that the LMP framework

1 http://www.caiso.com/Documents/Agenda_Presentation_CommitmentCosts_DefaultEnergyBidEnhancementsWorkingGroup_Mar302017.pdf
http://www.caiso.com/Documents/Presentation_CommitmentCosts_DefaultEnergyBidEnhancements_CathleenColbert_ISO.pdf

2 http://www.caiso.com/Documents/SCEComments_CommitmentCosts_DefaultEnergyBidEnhancementsIssuePaper.pdf

represents the marginal price of providing energy at a particular location. To have a commitment cost impact this marginal price would make the representation of energy price meaningless. Further, SCE supports consideration of an hourly component if there is no impact from such treatment on the LMP.

**SCE supports the CAISO considering introducing fuel price adjustments to its reference level calculations**

As the CAISO stated in the Issue Paper[3], a fuel price adjustment would allow an adjustment to the fuel input to the reference level so that if the variable cost of replacement is dependent on an intra-day market, the fuel price adjustment helps reflect prevailing prices in a less liquid market. SCE requests that the CAISO provide details of designing and implementing such an adjustment mechanism.

**The CAISO should consider allowing recovery of gas balancing penalties, after the fact**

The prerequisite for any eligibility for cost recovery should be following CAISO dispatch. Any resource not following dispatch should not be compensated for penalty costs. Since these penalty costs are not energy costs, allowing any recovery should not be allowed to impact the LMP. SCE recommends that resources be allowed to flag themselves to the CAISO whether or not they will be subject to penalties if they are dispatched by the CAISO. Then, the CAISO optimization, in choosing the least-cost mix of resources to dispatch, should be able to identify these resources and their respective costs. The optimization should recognize the penalty costs as fixed costs that do not impact the LMP, and use these data to inform its decision of picking the least cost resources. If any resource, with a penalty cost flag, is picked by the optimization in spite of the penalty cost, and is dispatched by the CAISO, it should be allowed to apply for recovery of the penalty cost. This can be done either through applying at the DMM or at the FERC and having either entity review supporting materials.

[3] http://www.caiso.com/Documents/IssuePaper_CommitmentCost_DefaultEnergyBidEnhancements.pdf