California Community Choice Association

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1. Please provide a summary of your organization's comments on the September 22, 2026 stakeholder meeting and the revised straw proposal on default energy bids.

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the California Independent System Operator's (CAISO) Revised Straw Proposal on default energy bids (DEB) for storage and hybrid resources. These comments recommend protecting legitimate storage opportunity costs and state-of-charge (SOC) management without unnecessarily weakening market power mitigation or increasing costs to load. CalCCA supports continued development of the time-of-day (TOD) DEB methodology and recommends that the CAISO conduct additional analysis before finalizing the design. In summary, the CAISO should:

- Develop a TOD DEB with design details based on additional analysis of the need to reduce the TOD multiplier below 1.0 during net peak load hours and an evaluation of the proposed scaling methodology to allow stakeholders to assess the cumulative impacts of each DEB calculation element;
- Subject to the additional analysis described above, adopt a 1.1 multiplier rather than the previously proposed 1.4 multiplier recognizing that other elements of the proposed methodology, such as scaling, can also increase the storage DEB;
- Remove the proposed gas floor from the storage DEB because electricity prices, not gas prices themselves, are determinant of a storage resource's marginal cost;
- Adopt the greater-of approach for variable generation hybrid resources with a minimum component-share requirement;
- Demonstrate that applying the greater-of approach to dispatchable hybrids will not materially weaken mitigation before prematurely concluding that the greater-of methodology will also apply to hybrids with dispatchable generation; and
    - Implement the proposed hybrid DEB for variable generation hybrids at this time given the need to close an existing gap, and monitor the greater-of methodology after implementation to determine whether enhancements are needed to make the hybrid DEB dynamic.

2. Please provide your organization's comments on the initiative's near-term timeline as shared during the September 22, 2026 stakeholder meeting.

CalCCA supports the proposed timing of the initiative, which focuses on DEB enhancements and pauses near-term discussions on reframing non-generator resource (NGR) bidding at this time. If the CAISO explores reframing NGR bidding in the future, the CAISO should do so as an additional option for bidding that scheduling coordinators (SC) can elect to use, not a mandatory change, for the reasons described in CalCCA's August 5, 2026, comments.[1]

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[1] *See CalCCA Comments on the Straw Proposal for Uplift, Default Energy Outage Management, State of Charge and Stakeholder Discussion from July 22, 2026* (Aug. 5, 2026),

https://stakeholdercenter.caiso.com/Comments/AllComments/4e1e1c4d-8992-4917-8da5-60a6ad2016bb#org-69d600d5-4a3e-483d-8b27-3fade18ae06e.

3. Please provide your organization's comments on the revised straw proposal for storage default energy bid enhancements.

A. CalCCA Supports a TOD Storage DEB, Subject to Additional Analysis

CalCCA supports the CAISO's proposal to modify the storage DEB to vary by time of day. A TOD approach better reflects storage resources' costs when real-time conditions deviate from day-ahead conditions and recognizes that storage opportunity costs change throughout the day. The approach can also reduce the risk that market power mitigation results in inefficient dispatch that depletes storage before the hours in which stored energy is most valuable. The CAISO should, however, conduct additional analysis to ensure the proposed methodology appropriately balances these objectives with the need to protect customers from unnecessary costs. Specifically, the DEB should be sufficiently high to prevent market power mitigation from inefficiently depleting storage before it is most valuable, but no higher than necessary to accomplish that objective.

First, the CAISO should further evaluate the Department of Market Monitoring's (DMM) recommendation to reduce the TOD multiplier below 1.0 during net peak load hours. The DMM's proposal recognizes that storage opportunity costs may decline during these hours as the remaining opportunities to discharge diminish. Additional analysis will help determine whether a multiplier below 1.0 during certain hours can better reflect storage opportunity costs while maintaining appropriate protections for SOC management for the next day.

Second, the CAISO should provide analysis that incorporates the proposed scaling methodology. The CAISO's analysis should evaluate the cumulative effect of the proposal's various components, including the scaler, TOD multiplier, and gas floor. Evaluating these elements together is necessary to determine whether their combined effect reflects storage opportunity costs or could result in DEBs that are higher than necessary.

B. CalCCA Supports a 1.1 Opportunity Cost Multiplier

Subject to the additional analysis described above, CalCCA supports the CAISO's proposal to use a 1.1 multiplier rather than the previously proposed 1.4 multiplier. The revised multiplier recognizes that other elements of the proposed methodology, such as scaling, can also increase the storage DEB. Using a 1.1 multiplier reduces the potential for multiple elements of the methodology to cumulatively overstate storage opportunity costs while retaining a margin to account for uncertainty. The CAISO should confirm this outcome through analysis that incorporates all components of the proposed DEB methodology.

C. The CAISO Should Remove the Gas Floor from the Storage DEB

CalCCA recommends that the CAISO remove the proposed gas floor from the storage DEB. The CAISO's analysis indicates that the gas floor would influence the DEB in a limited number of instances. At the same time, when the gas floor does bind, it could have a significant effect on the DEB during periods of elevated or rapidly increasing gas prices.

More fundamentally, gas prices are not themselves a determinant of a storage resource's marginal cost. The marginal value of charging and discharging storage is reflected through electricity prices, which already incorporate the effect of gas prices when gas-fired generation is marginal. Including a separate gas-price floor therefore risks increasing the storage DEB based on a cost that is not directly incurred by the storage resource and whose effect may already be reflected in LMPs.

Given the limited circumstances in which the gas floor would affect the DEB, and the potential magnitude of its effect during gas price spikes, the CAISO has not demonstrated that retaining the gas floor is necessary to reflect storage opportunity costs. The CAISO should therefore remove the gas floor from the final proposal.

The modifications and recommendations described above are intended to protect legitimate storage opportunity costs and SOC management without unnecessarily weakening market power mitigation or increasing costs to load. CalCCA supports continued development of the TOD DEB methodology and recommends that the CAISO conduct the additional analysis described above before finalizing the design.

4. Please provide your organization's comments on the straw proposal regarding hybrid default energy bids, particularly on the proposed minimum share requirement.

A. CalCCA Supports the Greater-of Approach for Variable Generation Hybrid Resources

CalCCA supports the CAISO's proposal to establish a hybrid resource's DEB using the greater of the DEBs applicable to its underlying components for hybrid resources combining storage and variable generation. This approach recognizes the different costs and opportunity costs of the resource's components while providing a relatively simple and administrable methodology.

CalCCA also supports establishing a minimum component-share requirement to prevent a relatively small component with a higher DEB from determining the DEB for the entire hybrid resource. The data presented in the Revised Straw Proposal suggests the CAISO's proposed **30 percent** threshold as an appropriate starting point. The CAISO should monitor this threshold as the hybrid fleet evolves and revisit it if future resource configurations or market outcomes warrant modification.

B. The CAISO Should Further Evaluate the Greater-of Approach for Hybrids with Dispatchable Generation

CalCCA continues to recommend that the CAISO evaluate whether the greater-of methodology is appropriate for hybrids that include dispatchable generation, such as gas-plus-storage resources. Applying the higher component DEB to the entire hybrid could allow output from a lower-DEB component to bid above the DEB that would otherwise apply to that component, potentially weakening market power mitigation.

While a uniform methodology provides administrative simplicity, the CAISO should demonstrate that applying the greater-of approach to dispatchable hybrids will not materially weaken mitigation. If the analysis identifies material differences between variable-generation and dispatchable-generation hybrids, the CAISO should consider different treatment for these resource configurations.

C. The CAISO Should Monitor the Hybrid DEB Following Implementation

CalCCA generally supports the CAISO's decision not to pursue a more dynamic hybrid DEB at this time given the need to close an existing gap (i.e., not having any form of DEB or mitigation for hybrid resources) and the additional implementation complexity required for a more dynamic option. The CAISO should, however, monitor whether the greater-of methodology results in DEBs that materially exceed the costs of the component providing incremental energy or otherwise weakens market power mitigation.

5. Please provide your organization's comments on the check-in on the outage management topic group implementation.

CalCCA has no comments at this time.

6. Please provide any additional comments, feedback, or examples. You can upload supporting materials using the attachments field below.

CalCCA has no additional comments at this time.