

# **If Pay-as-bid auctions are not a solution for California, then Why not a reliability market?**

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## **Abstract-**

**This document presents some ideas regarding the use of the pay-as-bid pricing rule in multi-unit auctions. In particular, we focus on electricity markets and on the proposals for adopting this kind of mechanism in the California Power Exchange. We find that the pay-as-bid auction has important drawbacks. Instead, we attack the recent problems in California from another point of view and propose an alternative solution.**

## **Index Terms-**

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