

**Comments of Constellation Energy Commodities Group, Inc. on
CAISO Proposal on Declined Real-Time Import and Export Bids
dated November 30, 2007**

**Submitted to Predispatchissues@caiso.com
Comments dated: December 7, 2007**

I. Introduction

Constellation Energy Commodities Group, Inc. (“Constellation”) appreciates this opportunity to submit comments on the CAISO’s *Proposal on Declined Real-Time Import and Export Bids* whitepaper, issued on November 30, 2007 (“CAISO Proposal” or “Proposal”). As explained further below, Constellation supports the CAISO Proposal and the careful balancing of interests that the Proposal represents.

II. Constellation Comments

The CAISO Proposal has been modified from the previous Straw Proposal issued on November 7, 2007 such that the declined bid threshold at which the monthly penalty charge would begin to accrue is now the greater of (i) 300 MWhr or (ii) 10% of the total MWh quantity of the Scheduling Coordinator’s (“SC”) pre-dispatched bids over each calendar month. As explained in the CAISO Proposal, this change to the threshold was made to accommodate concerns about the impact of the threshold on Market Participants with a small amount of pre-dispatch activity, and concerns that the narrow 5% threshold did not adequately provide for declined dispatched that occur as result of events outside the control of the SC. As stated by the CAISO:

Market Participants are unable to provide correct information on the reasons for declined dispatches, because root cause information is not available within the 5-minute window in which pre-dispatch instructions may be responded to. Furthermore, the CAISO does not have sufficient visibility to tally the entire universe of circumstances which are beyond a Market Participants control, such as real-time transmission issues in other control areas, even on a post process

basis. Therefore, basing exemptions on ADS reason codes or on CAISO logs may not be an appropriate way to determine exemptions. Short of development of a more robust logging process for declines, the CAISO proposal remains that exemptions are not to be included. Instead, the CAISO has addressed concerns by increasing the threshold size...¹

On the December 3, 2007 stakeholder conference call during which the CAISO described its proposed threshold, several parties urged the CAISO to return to a 5% threshold. However, a return to that threshold would, as the CAISO has already acknowledged, carry with it a requirement that the tariff include specific language that provides exemptions from the threshold for events beyond the control of the Scheduling Coordinator. Unless the CAISO is willing and able to include the necessary exemptions in its tariff, it should retain the threshold provided for in the November 30 CAISO Proposal.

Finally, Constellation requests that the CAISO specify in its tariff that the enforcement provision of Section 37.3 of its tariff will not be imposed on Market Participants whose declined pre-dispatched bids do not exceed the specified threshold. Including such a provision, along with the bright line threshold for application of the penalty, will ensure that the primary objective of this effort – to provide market certainty and clarity about the market rules associated with imports and exports at the interties – is achieved.

III. Conclusion

Constellation looks forward to working with the CAISO and other stakeholders on this important issue.

Please contact Mary Lynch (916 526 2860) if you have questions.

¹ See CAISO Proposal, page 3.