

**Comments of Portland General Electric
Company on CAISO's Proposal on Declined
Real-Time Import and Export Bids**

Portland General Electric Company ("PGE") commends the effort the DMM and CAISO staff has put forth with regards to analyzing "Declined Real-Time Import and Export Bids". PGE is sympathetic to the complicated nature of this issue and the seemingly varied interests of market participants.

PGE is concerned about some of the conclusions and inferences made in the CAISO proposal dated November 30, 2007. PGE believes that pre-dispatched import and export bids, if awarded, should be binding contractual obligations, treated no differently than firm schedules except in very limited situations.

PGE's Primary Areas of Concern:

10% Monthly Threshold:

A. PGE on October 25, 2007 had submitted a response to the CAISO suggesting a 10% threshold. Since reviewing the analysis presented by the DMM and listening to the concerns of other stakeholders, PGE is now of the opinion a 5% threshold, taking into account control area curtailments, for declined pre-dispatched import and export awards is more appropriate. This level is supported by the historical experience of pre-dispatch declines. According to DMM's, "Analysis of Monthly Pre-Dispatch Decline Rates by Scheduling Coordinators", 60+% of the incremental energy participants and 85+% of the decremental energy participants have managed to maintain decline rates < 5%. Therefore, decline rates above 5%, may create the unintended effect of incenting certain market behaviors. There does not seem to be a need to create headroom that the market has not shown it needs to function effectively.

B. PGE is also concerned that the minimum fee for declined dispatch instructions is not sufficiently high to discourage harmful behavior by rogue Market Participants. PGE believes that a minimum fee in the neighborhood of \$35 per MW would be more effective.

PGE believes the market changes that the DMM and CAISO staff is working hard to implement will ultimately be to the benefit of all CAISO stakeholders. PGE is committed to continuing our relationship with the CAISO in a fair and equitable environment for all involved.

Respectfully submitted by

For; Portland General Electric Company
December 5, 2007

(Mitch or Terri can sign)