

## Stakeholder Comments Template

### Subject: Draft Final Proposal on COG pricing under Market Release 1A

Submitted by	Company	Date Submitted
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Pacific Gas & Electric appreciates the opportunity to participate in the COG Pricing Logic stakeholder process and to submit comments regarding the April 14, 2008 draft Final Proposal and the April 21, 2008 CAISO presentation.

**We are also appreciative of the effort made by the CAISO in the draft Final Proposal to address our requests for additional information and examples.**

1. The CAISO proposes that no changes be made in Release 1A relative to the COG pricing issue. (This corresponds to Option A in the Straw Proposal.) If you are aware of any outstanding matters of concern relative to the *status quo* design proposal, please provide such information below.

**Support.** PG&E offers its support to retain the *status quo* COG logic for MRTU Release 1A based on the arguments provided by the CAISO in the draft Final Proposal. A complex software solution to address a problem of seemingly limited scope and which could lead to larger market pricing issues seems unwarranted.

2. The CAISO proposes to monitor for the “stuck price” problem under MRTU. As noted in the April 21 Stakeholder Conference Call, monitoring will be at the load pocket level, and will entail analysis of instances in which online ramp-capable resources do not displace a COG as the price-setter in as few intervals as possible. Suggestions or concerns about monitoring for the “stuck price” problem may be provided below.

PG&E welcomes the CAISO’s commitment to actively monitor the “stuck price” problem under MRTU. Active monitoring of this issue is supported by PG&E and other stakeholders as reflected in the March 24<sup>th</sup> comments and is especially important because we have limited data on which to base this market design decision. As part of this monitoring effort, PG&E strongly requests the CAISO establish a formal milestone to review with stakeholders actual COG results at an appropriate time during the first year of MRTU operation. The establishment of a formal milestone helps ensure that the CAISO will set aside the necessary time to evaluate and report out on this issue during

the sure-to-be very busy first year of operation. Moreover, a formal milestone ensures that the issue is not forgotten by stakeholders.