Attachment A

Stakeholder Process: Modification to the Market Usage Forward Energy Charge

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One, August 10, 2009 response to issue paper posing two options
- Round Two, September 4, 2009 response to straw proposal
- Round Three, October 12, 2009 response to final proposal

Stakeholder comments are posted at: http://www.caiso.com/2417/2417891c4ad50.html

Other stakeholder efforts include:

- Stakeholder meeting August 18, 2009 to discuss two options
- Stakeholder meeting September 15, 2009 to discuss straw proposal
- Stakeholder call September 30, 2009 to discuss final proposal

Management Proposal	**Calpine Corp. Direct Energy Dynegy J.P. Morgan Powerex Corp. RBS Sempra Commodities Western Power Trading Forum Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside**	**Pacific Gas and Electric Company Southern California Edison San Diego Gas and Electric Company**	**Northern California Power Agency**	**California Department of Water Resources/ State Water Project**	**Management Response**
To remove Inter Scheduling Coordinator Trades from the Market Usage Forward Energy Charge	Support	Support	Oppose Existing methodology is just and reasonable	Support	All comments received except for one support the removal of inter scheduling coordinator trades from this calculation.
To use the "greater of" a scheduling coordinators supply or demand as the basis for billable quantity of the Market Usage Forward Energy Charge Code	Support On basis of cost causation Move towards gross billing determinant Re-evaluate in next cost of service study Six cities do oppose the gross methodology, but believe the greater of method is reasonable	Oppose Netting has been approved by FERC A scheduling coordinator with matching supply and demand should not pay for the service Do not believe netting violates cost causation principles	Oppose Existing methodology is just and reasonable Existing methodology is better aligned with a scheduling coordinators use of the forward market	Oppose The net option is reasonable The gross option could lead to double charging The greater of option does not have any supporting theory Existing Transmission Contract energy should not be assessed any MUFE charges	All energy that participants schedule utilizes the ISO grid and contributes to these costs, irrespective of whether the energy is bought and sold in the spot markets, self-scheduled from a load serving entities (LSE's) own generation or a bilateral contract, fully responsible for paying market congestion charges, or exempt from market congestion charges as is true for valid existing transmission contract (ETC) self-schedules. Fundamentally, the ISO market system is the mechanism through which parties schedule transmission service over ISO-controlled grid facilities for every MWh they want to inject into or withdraw from the ISO grid. This means, for example, that all bids submitted to the ISO markets – including self-schedules as well as economic bids – must be included in the congestion management process performed by the ISO's integrated forward market (IFM) and real time market (RTM) optimization software. The fact that a party's bids consist of balanced self-schedules, ETC or otherwise, does not lessen the need for the ISO market systems to manage the impacts of those bids in clearing the markets. Responding to the comment for double charging, the GMC charge referenced for double charging is Energy Transmission Services (ETS) which recovers the costs related to grid reliability. Market Usage Forward

Management Proposal	Calpine Corp. Direct Energy Dynegy J.P. Morgan Powerex Corp. RBS Sempra Commodities Western Power Trading Forum Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside	Pacific Gas and Electric Company Southern California Edison San Diego Gas and Electric Company	Northern California Power Agency	California Department of Water Resources/ State Water Project	Management Response
					Energy recovers the costs related to running the forward market. These charges are unrelated. The ISO's final proposal eliminates inter-scheduling coordinator trades from application of the Market Usage Forward Energy Charge, as well as eliminating the netting of load and generation from the calculation. Recognizing that these modifications will result in substantial rate impacts for some scheduling coordinators, the ISO has also proposed a "greater of" supply or demand mitigation adjustment to the formula.