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**From:** Breckon, Tom

**Sent:** Tuesday, October 31, 2006 8:54 AM

**To:** Rahimi, Farrokh

**Cc:** \*SCTeam; Rothleder, Mark; MRTU Implementation; Almeida, Keoni; Price, Jim

**Subject:** RE: Comments & Recommendation Regarding MRTU Real-time LAP Settlement

Hello Farrokh

NCPA has reviewed your October 26 draft white paper entitled "Suggested Change in Real-time LAP Price Computation". We believe that the new proposed computational method does represent a reasonable way of calculating the LAP RT energy price. We have only one suggestion.

The neutrality charge which is due to the LDFs being different between the day-ahead market and real-time basically represents a congestion and loss cost between the load nodes as the distribution of the flow of power in real-time is different than what was anticipated day-ahead. Because the basic idea of a LAP is to share congestion and loss costs among the nodes of the LAP equally, we suggest that the neutrality charge/credit be calculated on a per lap basis, and allocated to load on a per lap basis. In addition to being consistent with the intent of a LAP, being able to compare the resulting neutrality charge/credit on a per MWh basis between LAPs would give a useful albeit indirect indication of the accuracy of the day-ahead LDFs between the different LAPS.

NCPA appreciates your efforts in this regard and the ISO's willingness to reconsider this RT LAP computation method.

Regards,

Tom Breckon