Stakeholder Comments Template

Subject: Ex Post Price Correction Make-Whole Payments for Accepted Demand Bids

Submitted by (name and phone number)	Company or Entity	Date Submitted
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As a follow-up to the discussion during the November 4 stakeholder conference call, the ISO is requesting written comments on the Issue Paper and Straw Proposal for Ex Post Price Correction Make-Whole Payments for Accepted Demand Bids ("Issue Paper/Straw Proposal") dated October 28, 2009. This template is offered as a guide for formulating stakeholder comments and for any additional comments that participants may have based on the discussion during the call. Documents related to this meeting are posted at: http://caiso.com/2453/2453ab8e10ff0.html.

Written comments should be submitted by close of business on Wednesday, November 11, 2009 to: dliu@caiso.com.

Based on the discussion during the November 4 stakeholder conference call, the ISO will extend the stakeholder process to allow more time to incorporate stakeholder input to develop the proposal and present it to the ISO Board of Governors for approval in February, 2010. An updated straw proposal incorporating stakeholders' written comments will be posted for additional stakeholder input and discussion.

Please comment on the following design issues and the proposed solutions discussed in the Issue Paper/Straw Proposal.

1. What is your entity's view on the make-whole calculation methods discussed in Scenario 1 and Scenario 2 when 1) price is corrected upward to be outside of the bid curve, or 2) price is corrected upward but is still within the range of the bid curve. Please also submit any other calculation method your entity would like to propose.

For both scenarios, Portland General Electric (PORT) insists on payment in full at the bid amount. Because our offer to buy (export) was accepted by the CAISO per the bid string, that is the amount that we will accept in payment.

2. What is your entity's view on making participants whole on a per-interval basis versus a daily basis?

Portland General Electric (PORT) believes that making participants whole on a per-interval basis is the best solution. Because the price corrections are made on a per-interval basis, a make-whole payment based on daily values does not make sense. We believe that load and exports are dynamic hourly and in real time and never should be evaluated on a daily basis, even if bid cost recovery were in effect.

3. Does your entity have other proposals to make participants whole other than those discussed in the Issue Paper/Straw Proposal?

No.

4. What is your entity's view on the appropriate approach to allocate the revenue imbalance caused by make-whole payments?

The methods suggested by CAISO are not appealing to Portland General Electric (PORT) for these reasons:

1) Group into day ahead/real-time offset charges: The Real Time Imbalance Energy offset charge (CC 6477), which PORT assumes will be the charge code used for this allocation, is spread by pro rata share of Measured Demand, which is Load plus Exports. We think that since the incorrect charge amount was against Exports, then the allocation should be toward Generation and Imports.

2) Net against bid cost recovery payment to generators: Using the bid cost recovery mechanism to allocate the costs does not make sense in that it calculates cost recovery on a daily basis, which does not apply to price correction.

Portland General Electric (PORT) advocates that the imbalance be allocated to Generation and Imports, using a new charge code. If it is appropriate to spread Bid Cost Recovery across all Demand (which Portland does not agree with) then it makes the same kind of sense to spread the Make Whole Payments across all Supply.

5. Other comments:

When the CAISO accepts a bid as submitted by the SC, and awards energy based on that bid, the payment must be in accordance with the bid string. Absent price certainty, it will be very difficult for Portland General to continue trading with the CAISO.

The Make Whole Payments must be calculated starting with Trade Date 4/1/09. In the meeting it was stated that during the period 4/1/09 through September 2009, there were only five intervals where prices were adjusted upward. PORT believes that these five intervals and any going forward must be recalculated and reimbursed using this new process.