

**Stakeholder Comments on:
Near Term Enhancements to Congestion Revenue Rights**

Submitted by	Company	Submitted Date
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Southern California Edison "SCE" appreciates the opportunity to provide additional comments on the CAISO's issue paper entitled, "Near-Term Enhancements to Congestion Revenue Rights", dated August 14, 2009. In particular, SCE provides comments on (1) the CAISO proposal to resell CRR's it holds as a result of a default, (2) CAISO 's desire for changes to the load migration process, and (3) transition towards a Auction Revenue Rights (ARR) model.

Process for Liquidating CRR's of a Defaulting CRR Holder

SCE supports the CAISO desire to provide clear rules on the steps it will take when it becomes the custodian of CRRs as a result of default. The CAISO's proposal to offer for resale CRR's it holds based on a minimum sale price (maximum in case of a negative CRR) appears reasonable and SCE would not oppose the CAISO moving forward with its proposal at this time. The current proposal of setting the minimum sale price of the CRR based on the most recent auction price data plus or minus a 10% risk premium also appears a reasonable starting point. SCE requests the CAISO revisit this methodology some time in the future once the liquidity of the CRR markets has improved, in order to allow the market to value the CRR offered for resale instead of the CAISO.

Revise Load Migration Process

SCE is open to working with the CAISO to consider improvements to the current approach used to account for load migration in the CRR allocation process. However, SCE does not support the CAISO's proposal to have the UDC's assume the CAISO's responsibility to calculate the load migration amount for each LSE/ESP in its service territory. The CAISO's justification for the change – it isn't responsible for such retail data anywhere else in its tariff- is not a compelling reason given that the CAISO proposed, and FERC adopted, the current approach to handling load migration for CRRs. The CRR load migration process is part of the CAISO tariff and therefore the CAISO must take responsibility for the data needed to uphold its tariff as it is the CAISO that allocated CRR's not the UDC's. SCE will continue to cooperate with the CAISO to provide the load

migration data needed by the CAISO to implement the load migration process as defined in its tariff.

Transition to Auction Revenue Rights

SCE supports the current CRR process administered by the CAISO. MRTU and the CRR market are still in their infancy stage and discussing significant change to the current CRR process at this time seems unnecessary. CAISO staff is working on significant market design improvements over the next few years such as Multi-Staged Generation Modeling and Virtual Bidding. Undertaking a total redesign of the CRR market in the same timeframe seems rather risky to the overall stability of the CAISO new market. In addition, stakeholders have made significant investments to support the current CRR market design and asking stakeholders to undo or significantly modify systems and process so soon after market start is not a realistic expectation. Therefore, SCE's recommendation is to continue with the current CRR process and move forward with enhancements being discussed in the issue paper. SCE recommends the CAISO revisit the concept of an auction revenue rights model in a few years.