

**Comments of the California Department of Water Resources, State
Water Project on the CAISO's Revised White Paper:
"Proposed Modifications to the MRTU Real-time LAP Price
Computation"**

December 22, 2006

On December 6, 2006, the California Independent System Operator (CAISO) released a revised white paper to further address methods of amending the MRTU Tariff to reflect newly proposed changes in the calculation of charges for real-time LAP load deviations.

In its revised paper, the CAISO maintains that "the deviation of RT LAP load from DA is already assessed with RT LAP pricing, it should not be subject to an additional uplift allocation." The underlying need for an additional uplift ("neutrality allocation") is due to changes in LDFs between the DA and RT markets.

CDWR-SWP does not believe that under the proposed new methodology all changes in LDFs between the DA and RT will be solely attributable to deviations from DA load schedules. Given the general stakeholder consensus that numerous factors can combine to alter LDFs in RT markets, CDWR-SWP does not support the new proposition that neutrality allocations be applicable only to DA internal load.

Therefore, CDWR-SWP favors the original Tariff amendment proposal which distribute neutrality costs/revenues among all metered CAISO Demand.