

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA
ON THE DRAFT FINAL PROPOSAL IN THE DELIVERABILITY ASSESSMENT
METHODOLOGY REVISIONS STAKEHOLDER INITIATIVE**

In response to the CAISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide their comments on the Draft Final Proposal in the Deliverability Assessment Methodology Revisions initiative.

As discussed below, the Six Cities do not support the aspects of the Straw Proposal related to the mitigation of curtailment risk resulting from the revised assumptions the CAISO proposes to use in the deliverability assessments.

The Six Cities' principal concerns with the Draft Final Proposal are related to the use of the "Option 5" approach for assigning the costs of Off-Peak Network Upgrades ("OPNUs") that are necessary for resources to attain "Off-Peak Deliverability Status" ("OPDS"). Under the CAISO's proposal, in exchange for a voluntary commitment to up-front fund OPNUs, the OPDS resources will receive a scheduling priority, even though the OPNUs' costs are not ultimately paid for by interconnecting resources but will instead be reimbursable. The Six Cities continue to believe that it is not reasonable to provide a scheduling priority merely because a resource elects to up-front fund a certain category of discretionary network upgrades subject to eventual ratepayer reimbursement. As stated previously, a scheduling priority would make more sense if the OPNUs were not fully reimbursable to interconnection customers.

Additionally, the CAISO's approach to implementing the scheduling priority may have adverse, unintended consequences by limiting the use of self-schedules. According to the Draft Final Proposal, self-scheduling will only be allowed for resources that are either (1) existing resources; (2) new non-wind and non-solar resources that elect to have Full Capacity Deliverability Status; or (3) are new wind and solar resources that are both eligible for and select OPDS. Self-scheduling will not be available for other resources (except for in the real-time market up to the amount of a resource's day ahead award). Market Participants elect to use self-scheduling for a variety of reasons, and self-scheduling is an important option that resource owners have to manage the use of their assets in the CAISO markets. The CAISO's newly-proposed restrictions on self-scheduling represent a significant change to existing scheduling rules that does not appear to be justified by the need to manage curtailment risk in the off-peak hours resulting from changes to the CAISO's study methodology.

Beyond the foregoing general concerns, it is critical that the Six Cities retain the ability to engage in self-scheduling of their resources, including self-scheduling of imports. The Draft Final Proposal does not clearly address how imports will be treated as a result of the new limitations on self-scheduling. The Proposal also does not address how modifications to existing resources will be addressed and whether existing resources that undergo modification will continue to be grandfathered.

Submitted by,

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