

**COMMENTS ON BEHALF OF
THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA
ON THE REVISED DRAFT 2015 STAKEHOLDER INITIATIVES CATALOG**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments regarding the "Revised Draft 2015 Stakeholder Initiatives Catalog" (the "Draft Catalog"), dated November 19, 2014.¹

1. Maximum Import Capability (Draft Catalog at § 10.8;² Ranking = High)

The Six Cities support the designation of the initiatives related to Maximum Import Capability ("MIC") as high-level discretionary initiatives. As in their initial comments on the Draft Catalog, the Six Cities urge the ISO to expedite consideration of the MIC initiative addressed at Section 10.8.3 (entitled "Allocation of Maximum Import Capability Among Load-Serving Entities"), which will evaluate the allocation of MIC among load-serving entities to resolve concerns about overly small, non-viable allocations being made based on load share. The Six Cities appreciate that the ISO has determined this initiative may be considered in isolation and as a separate process from the general modifications to the MIC methodology covered by the initiative for "Comprehensive Review of Methodology for Determining Maximum Import Capability" described at Section 10.8.1. In the Six Cities' view, addressing the allocation of MIC as a stand-alone proceeding will ensure that its consideration is not unduly delayed by broader methodological considerations.

2. Review of Convergence Bidding Uplift Allocation (Draft Catalog at § 7.4; Ranking = Low)

Under current tariff provisions, all uplifts associated with convergence bidding are allocated to Measured Demand. Convergence bidding uplifts have imposed several hundred million dollars in costs on LSEs within the ISO. To comport with the cost causation principle, such uplifts must be allocated in proportion to the benefits of convergence bidding. The Six Cities urge the ISO elevate the "Review of Convergence Bidding Uplift Allocation" stakeholder initiative described at Section 7.4 from "low priority" to "medium" or "high priority," and note that a majority of stakeholders appeared to have supported this initiative. The Six Cities also observe that the score assigned to the "Improving Overall Market Efficiency Factor" of "3" (*i.e.*, "Minimal Improvement") appears to be too low and does not recognize the benefits to load-

¹ The Six Cities note that the ISO has established a bifurcated comment period for this stakeholder process. The comments due today are intended to address the proposed ranking of 2015 initiatives.

² The Six Cities note that this set of initiatives is addressed in Section 10.8 of the narrative section of the Draft Catalog, but is listed as being in Section 10.7 in Appendix 1.

serving entities of reallocating these uplift charges. Additionally, the basis for concluding that the ISO would experience a “Moderate Implementation Impact” in terms of cost and resources may overstate the actual impact of simply reallocating the convergence bidding uplift charges from Measured Demand to those who benefit from convergence bidding activities.

Submitted by,

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