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Sent: Thursday, February 25, 2016 2:03 PM
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Subject: Valley Electric Association comments on Third Revised Contingency Modeling Enhancements

February 25, 2016

To CAISO Market Surveillance Committee

Valley Electric Association (VEA) appreciates the opportunity to provide these comments on the ISO's Contingency Modeling Enhancements (CME) CRR Alternatives Discussion Paper dated February 3, 2016.

VEA is a small cooperative LSE with only approximately 130 MWs of load in the CAISO. VEA participates in the CRR allocation and auction processes to offset congestion costs for its members. To this end VEA relies upon historical data to value CRRs and anticipate congestion costs.

The prospect of a new shadow price for the CME constraints complicates the prospects of hedging delivery costs. If inexplicably linked to the existing CRR product, it will necessarily complicate a process that is already known and for which VEA and other LSEs have gained familiarity. For that reason VEA is opposed to all of the Option 2 alternatives.

VEA wishes to express a strong preference for separating the thermal congestion and its CRRs from the CME shadow price impacts and any new hedge instrument that may be created to hedge the CME cost risks, the option currently characterized by the CAISO as option 3a. VEA supports a separate product to hedge the CME-related costs even if such a product is not able to be implemented coincident with CME constraint.

VEA supports the timely implementation of CME, as its design offers a more optimal solution over current minimum operating constraint solutions.

Thank you for your consideration.

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