

**Comments of the Modesto Irrigation District (“MID”) as to
September 19, 2008 Draft Final Proposal on
Uneconomic Adjustments in the MRTU Market Optimizations¹**

October 2, 2008

MID submits the following comments in response to the California Independent System Operator Corporation’s (“CAISO”) September 19, 2008 Draft Final Proposal on Uneconomic Adjustments in the MRTU Market Optimizations (“Proposal”).

MID submitted comments on June 27, 2008 to the CAISO Market Surveillance Committee (“MSC”) raising concerns as to the CAISO’s proposed Uneconomic Adjustment policy as regards Existing Transmission Contracts (“ETCs”) and Transmission Ownership Rights (“TORs”).² Among the concerns raised was that the CAISO proposed a mechanism that would adversely impact the property rights and investment of MID and others into TORs and ETCs.

MID continues to have concerns with regard to the CAISO’s Proposal. The Proposal provides the CAISO with unwarranted authority to curtail ETCs and TORs. ETC and TOR holders are not assured compensation for their investments. Nothing has changed to the CAISO’s obligation to honor ETCs (nor has the CAISO gained a right to take for its own purposes property rights under TORs).

In addition, MID is concerned that a process of submitting to the Federal Energy Regulatory Commission MRTU Tariff revisions outlining the Uneconomic Adjustment Policy, absent parameter values, would not provide interested entities and persons with sufficient detail to understand the Policy’s implications.

¹ MID submits these comments in the spirit of open discussion, and reserves the right to change its position on the above matters in the future, as well as reserves the right to comment on any other issue in this process.

² The CAISO’s September 29, 2008 Market Notice requested comments on the treatment of ETCs and TORs.