



Comments of Pacific Gas and Electric Company on CAISO's IBAA Draft Tariff Language

Pursuant to the market notice dated January 30, 2008, PG&E submits these comments on draft tariff language concerning Integrated Balancing Authority Areas (IBAA). PG&E appreciates the opportunity to comment on the CAISO's draft tariff language.

General Comments

We reiterate our comments made on January 4, 2008 on the CAISO white paper regarding the IBAA. While there has been more time to review the staff proposal, PG&E continues to believe that more study would be helpful in assessing the impacts of the proposal. While still not necessarily adverse to the CAISO staff proposal, PG&E urges a more thorough examination of the possible impacts to reliability, congestion and pricing. Additional analysis from the CAISO staff and a reasonable stakeholder review process must be provided.

Comments on Draft Tariff Language

PG&E comments specifically on the sections in the tariff that are changing. Other parts of the tariff may need to be adjusted to accommodate the proposed IBAA structure.

Section 27.5.3 addresses the general approach to IBAA's and is clear in its description. The reference to the Business Practices Manuals raises the question of exactly how the BPMs will be adjusted for this treatment of the IBAA's. It is difficult to assess whether the proposed changes to the tariff are adequate without having a better idea about how the BPM will reflect the detailed modeling specifications.

Subsections, 27.5.3.1 spells out how resource IDs will be designated within IBAA's, including a designation of sub-IBAA's and how resources will be identified. Presumably,

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the details of how distribution factors will be determined are included in the relevant BPM.

Subsection 27.5.3.2 is confusing. It is not at all clear from the first sentence how (or why) dynamic resources are treated differently than non-dynamic resources, and how each type of resource fits into the over all resource-specific designations under IBAA modeling. Much more clarity is needed in this section.

Section 27.5.3.3 addresses the processes that the CAISO will take in evaluating requests for the creation of resource IDs associated with IBAA. This process is important given the nature of the process.

Section G.1 describes the pricing for the scheduling points in the IBAA. This section states that the congestion and losses are modeled as described in 27.5.3; however, the referenced section only describes how the overview of the IBAA modeling framework and does not provide much detail as to how the congestion and losses are modeled. The remainder of the pricing description is clear.

Conclusion

PG&E recommends that the CAISO adopt the tariff clarifications outlined above.

Please contact Peter Griffes at (415) 973-3335 or Brian Hitson at (415) 973-7720 for questions concerning these comments.