

Roseville Electric
Proposal for Allocation of CRRs to Non-grid Entities
CRR Allocation Study #2

Study #2 Guidelines

This is an update to Roseville Electric's proposal for CRR allocations for non-CAISO loads in CRR Allocation Study #2. (The original proposal was submitted to ISO staff 7/28/04.) While it is understood that the adoption of study parameters is not the final determination of this issue, we do believe that to the extent practical the assumptions utilized in this study should mirror possible future outcomes. For this reason Roseville proposes that the following standard be adopted, for Study #2, for non-CAISO entities requesting CRRs.

Contribution to Embedded Costs

Market participants and CAISO staff/consultants have reached agreement that for purposes of CRR Study #2 an MSS with internal generation may choose to model itself as opting for net settlement of congestion costs. In order to calculate an appropriate load duration curve for CRR allocation requests, the load metric for an MSS choosing this option will be decremented by internal generation and, if appropriate, by intertie capacity. We believe that this is a reasonable approximation of a "net" MSS's contribution to the embedded costs of the CAISO grid. A non-ISO, for purposes of determining their contribution to the embedded costs of the CAISO grid, is equivalent to an MSS electing to settle on a "net" basis. Load which is served by generation which does not utilize (or pay for) the CAISO grid would be excluded when calculating the LSE's load duration curve in the same manner as is utilized for an MSS. In both instances that portion of the LSE's load which is served over the CAISO grid, and which pays a portion of the embedded costs of the grid, would be eligible to request CRRs.

This methodology is consistent with the FERC determination that entities making a significant contribution to embedded transmission costs should be allowed to request CRRs ¹, including instances where the load being served is not located in the same control area.

Please contact me if you have any questions.

¹ Docket ER02-2330, New England Power Pool and ISO New England, September 20, 2002