

Stakeholder Comments Template

Subject: 2011 CRR Enhancements Revised Draft Final Proposal of May 20, 2011

Submitted by	Company	Date Submitted
<i>Rich Mettling 626.302.9712 rich.mettling@sce.com</i>	SCE	5/27/11

Introduction

SCE is appreciative of the efforts that the CAISO has made to reach consensus on the 2011 CRR Enhancements Proposal. However, SCE still has unaddressed reservations on the changes proposed by CAISO. Specifically, SCE has three questions that remain unaddressed. First, are paths that are subject to Annual OTC derate the only paths to which Local Derate Factors (LDF) will be applied in the Monthly CRR Process? Second, how will the LDF be developed? Third, what is the expected magnitude of the change in CRR volumes expected to be released in the annual and monthly CRR processes?

The CAISO should apply LDFs based on the best available information rather than only Annual OTC breakeven data.

SCE supports considering monthly constraints on paths that are shown to be binding in the annual process. It is not clear though that it should automatically be assigned an LDF. Similarly, a path that does not bind in the Annual Process may require scrutiny in the Monthly Process due to unforeseen events or changes in scheduled outages. SCE believes that each path should again be tested in the Monthly Process prior to an LDF being developed and applied to the path regardless of the annual assessment.

The CAISO should develop guidelines for the development of LDF values.

The methodology for choosing the LDF appears to be a two-step process. First, some analysis will provide a starting point, then judgment will be used to adjust the derate. What calculations will ballpark the LDF and what elements will be used to justify the judgment used? Answers to these questions will be critical to decisions made when nominating CRRs. Without this key element of the proposal it is difficult to predict the impact of the proposed changes. SCE understands that the CAISO will not address this issue in the tariff, but nevertheless it should be revealed prior to submission to the board.

The CAISO should provide numerical estimates of CRR monthly and annual releases.

SCE has requested numerical estimates showing the likely outcome of using OTC Breakeven in the annual allocation process and how that process will impact the monthly allocations. SCE believes that, in the interest of fairness, such analysis should be provided by the CAISO prior to adoption of the proposed changes.

Conclusion

SCE thanks the CAISO for its work thus far and asks only that, before submittal to the Board, the CAISO provide answers to the questions SCE poses.