

From: Jeff.Nelson@sce.com
Sent: Wednesday, November 15, 2006 3:44 PM
To: Hinman, Cynthia
Cc: Rahimi, Farrokh; Market Surveillance Committee
Subject: SCE supports the proposed real-time LAP price calculation

SCE supports the CAISO proposal for changing the Real-time LAP price calculation.

In our April 26, 2006 comments to FERC on the MRTU tariff, SCE objected to the filed methodology in that it inappropriately penalized real-time deviations for CAISO modeling errors. We noted that "The CAISO proposal conflates two issues (true imbalances and modeling errors) that are happening at the same time (actual schedule deviations and modeling errors), and, as a result, assesses an imbalance price that is not related to the cost of imbalances." The new CAISO proposal addresses this issue and will provide some transparency of the modeling accuracy.

SCE also believes it would be beneficial to implement this new proposal on day-1 of MRTU if this is possible without causing a delay or extraordinary costs.

Thank you.

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