

Comments from SCE  
Regarding Implementation of 'Partial Loop' Intertie Network Configuration for MRTU  
January 4, 2008

SCE appreciates the opportunity to comment on the CAISO's whitepaper entitled "Implementation of 'Partial Loop' Intertie Network Configuration for MRTU" dated January 2, 2008.

While SCE supports the CAISO's efforts to improve the accuracy of their network model we offer the following questions and comments on the paper.

1) It is unclear to SCE what the CAISO's plans are for future modeling and settlement changes for MRTU. Specifically, this paper only address a very limited situation of modeling the "partial loop" near Palo Verde and Westwing. While the paper indicates this change will not result in any scheduling or settlement changes, the paper also characterizes this change as "interim". Between this model change and the "ultimate" desired end-state of fully modeling activities in Arizona and Nevada, does the CAISO have any plans that will impact scheduling and settlements at any of the current import paths?

2) This paper does not address any potential treatment of other interconnection such as those with LADWP or IID? What does the CAISO propose for those areas?

3) While we strongly support enhancements to the FNM that will improve its accuracy, that whitepaper does not provide enough data for us to conclude the proposed change will, in fact, be beneficial. While the paper shows an improvement in the accuracy of the modeled Palo Verde flows, other portions of the grid such as the Miguel cut plane (920 MW actual vs 1473 MW simulation) and N.Gila to Imperial Valley (279 actual MW vs 543 MW simulation) remain highly inaccurate. Importantly, the paper provides a single data-point for only a single day. Given this limited sample, it is difficult to draw any substantiated conclusions. SCE requests that the CAISO provide additional "modeled vs. actual flow" data for other cases. For example, what does the data look like for Summer on/off peak, Winter on/off peak, Fall on/off peak, and Spring on/off peak scenarios? If all of these cases show an improvement over the existing model, the CAISO can make a strong case this is a beneficial model change.

4) Again while changes to improve the FNM should be pursued, we note our concern over model changes that will be used to run the daily IFM that were not part of the FNM released to market participants as part of the CRR auction/allocation process. This is a particular concern if such model changes have a material impact in the valuation of CRRs, which may be the case here if the price changes shown in Figures 10 and 11 are reflective of typical conditions. Where possible, changes in the FNM model should consider the timing of the various CRR processes so that CRR participants can incorporate the model changes in their analysis prior to the auction and/or allocation process.