

Southern California Edison ("SCE") hereby submits its comments on the California Independent System Operator's (CAISO's) paper on Supplementary Discussions of MRTU Market parameters, dated February 10, 2009.

Submitted by (Name and phone number)	Company or Entity	Date Submitted
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Introduction

SCE appreciates the CAISO efforts in providing transparency to market participants on four additional configurable elements ("administrative parameters") associate with the MRTU market systems. It is paramount that administrative parameters that have direct impact on prices be discussed openly and be allotted sufficient time for review in order for stakeholders to obtain a complete understanding proposed parameters values and the implications those value have on market outcomes. SCE respectfully provides comments on each of the four supplemental market parameters.

Inter-Interval Ramping Constraints

SCE thanks and supports the CAISO in recognizing the market benefits of allowing the MRTU market software to share generation ramping capability between inter-interval energy schedule and awards of Ancillary Services. Failing to allow ramp sharing in the IFM, RTUC, and RTED markets has the potential, as was seen during Mid West ISO's Ancillary Service market redesign testing, to create transitory shortage conditions for Regulation and Operating Reserve services.

SCE ask the CAISO to provide stakeholders with the rational behind why the CAISO decided to set the ramp sharing parameter for Regulation service to $1/3$ ($\alpha = 1.00$) and not a value which would allow for a greater sharing of ramp such as $1/2$ or $2/3$. At a minimum SCE encourages the CAISO to continuously evaluate the ramp sharing parameter values and remain open to future modifications to these ramp sharing parameters as the CAISO and stakeholders gain actual market experience.

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RUC procurement Constraints

SCE supports the CAISO's proposed final parameter values for the RUC maximum energy constraint and short-start capacity limit constraint. We note simply adjusting these parameters will not address SCE's core concern that the price formation approach used in RUC has fundamental shortcomings. As a result, we continue to advocate that RUC should be run "off-line" using only RA resources until the RUC process can be redesigned and is no longer sequential to the IFM.

Protection of Day-Ahead Ancillary Service Awards

SCE has concerns that the approach proposed by the CAISO may distort dispatch and prices in the HASP and real-time markets. SCE requests the CAISO allow additional time to discuss this issue with stakeholders. If the CAISO decides to move forward without further stakeholder discussion, at a minimum, we believe these parameters should be set below the power balance parameters, rather than above that parameter as currently being proposed.

Minimum Effectiveness Threshold for Congestion Management

SCE objects to the CAISO's proposal to implement a minimum effectiveness threshold of 0.5% when determining whether to adjust non-priced quantities in the IFM, RUC, and Real-Time markets. SCE feels that an effectiveness factor of 0.5% is operationally unrealistic and thus may create operational issues as well as artificially high prices. In actual market operations the potential for real-time operations to dispatch a generation with a 1/200 effectiveness factor in southern California to relieve a 66kv constraint in northern California is just not reality. Furthermore, the 0.5% effectiveness threshold is inconsistent with representations made by CAISO staff to their Board of Governors on July 9th 2008 of using a 10 % effectiveness factor. Even throughout market simulation CAISO staff has represented using an effectiveness factor of 10% and has not once discussed with stakeholders an effectiveness factor of 0.5%. SCE understands that other ISO's use at least 3% effectiveness factor and requests at a minimum for the start of MRTU the CAISO set its effectiveness parameter to that level.