

SDG&E Comments
Near Term Enhancements to
Congestion Revenue rights (CRR)

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SDG&E appreciates the opportunity to comment on the CRR Issue Paper on near term enhancements.

CRR Related Credit Issues:

SDG&E's only comment on this section of the issue paper is on liquidation of the defaulting CRR holder's position. Rather than liquidating the defaulting CRR holder's position through a sale, why not simply void those CRR going forward, whether they be annual, long term and monthly. Removing the grid constraint that those CRRs represent going forward would increase the available CRRs that could be awarded to all MsP, and serve to offset any default charges that might accrue to those MPs.

Non-Credit Policy Issues:

SDG&E has a concern with the proposed revision to the load migration process. By having the ISO responsible for processing the data provided by the IOUs, quality control and independence is to be maintained. These assurances cannot be provided when the three IOUs are performing the processing task.

SDG&E is in favor of simplifying the treatment of awarded trading hub CRRs, where a trading hub nomination results in a trading hub award and not a disaggregated number of individual point-to-point CRRs. More definition of the revised process is still required.

SDG&E can support elimination of multi-point CRRs.

SDG&E is very much in favor of the weighted least square objective function to CRR award on binding paths. SDG&E can support the move to a single tier monthly allocation, but it should be instituted in conjunction with the weighted least square objective function.

Non-Credit Business Process Issues:

SDG&E is in favor of sale of CRRs, acquired through the allocation, in the CRR Auction. More details are required on how this process would be implemented.

SDG&E believes that the ISO needs to fully study and report to MPs what were the causes of the initial CRR revenue inadequacy in the first months after market launch, realizing that the underlying cause may go back several years. SDG&E is in favor of resolving the problem, but is concerned the fix may be too "blunt", as experienced with the current derate factor "fix".

SDG&E cannot support the issue as described in Section 4.3.3 until more detailed information on the problem and proposed solution is provided.