

## Release of 2009 CRRs Revised White Paper Comments

1. The 2009 CRR Market schedule proposed in the revised white paper continues to specify a premature 2009 CRR Market run. A reasonable and equitable 2009 CRR Market run must be scheduled for a date subsequent to the FERC decision on IBAA and, if needed, subsequent to the associated SMUD Hub distribution factor methodology being negotiated and finalized. The “*MRTU Release 1 Implementation of Preferred IBAA Modeling and Pricing Options*” white paper states, and the CAISO staff confirms,<sup>1</sup> that SMUD’s IBAA model distribution factors will change *after* the IBAA designation. Analysis of SMUD’s CRR value using either the single scheduling points or the white paper distribution factors, therefore, is futile. And running the CRR Market prior to a finalized model is again, patently unfair and prejudicial to the entities targeted under the CAISO’s IBAA proposal.
2. The CRR Market for Year One Priority Nominations, in all fairness, must be rerun in the event that the IBAA model is approved by FERC. SMUD would have nominated and been allocated additional CRRs in the year one priority nomination process had the IBAA model filing been revealed to SMUD prior to nominations. The CAISO had stated in its July 15<sup>th</sup> market notice that an election of a sink may in some way mitigate the effect of the CAISO’s modification of its IBAA model proposal between May and when it was filed in July, but in fact, SMUD’s discussions with the CAISO staff make clear that this option is completely illusory. SMUD informed the CAISO staff that SMUD had elected to retain the single LMPs of Rancho and Lake for the year one sink in CRR allocations – exercising the “option” the CAISO has offered. Shortly after SMUD informed the CAISO staff of its choice, however, SMUD was told that the model maps these points back to the SMUD Hub. In other words, the SMUD Hub under the CAISO IBAA proposal will be the sink regardless of IBAA sink election SMUD makes.

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<sup>1</sup> Per July 29, 2008 email from Keoni Almeida to Rosemary Hart noting that the distribution factors would change “sometime after the FERC decision on the IBAA proposal.”