

SVP Comments on CRR Assumptions Document

1. **Page 3 Section 1.1 second bullet.** Will estimated LMP prices be available at the nodal level?
2. **Page 4 Section 1.3, first comment.** Thus, would all ETC-related congestion costs go to PTOs instead of ETC holders? If so, what would happen if the PTOs made "pass-thru" filings to transfer such charges to ETC holders? Such potential pass-thru filings would then defeat the purpose.
3. **Page 4 Section 1.3, second comment.** In Appendix A (p. 18) of this document, there are proposed pricing alternatives for MSSs. The ISO is apparently defaulting to Pricing Option B. The ISO should instead focus on MSS Pricing Option A (gross generation and gross load) for CRR allocation purposes. This is consistent with the FERC-endorsed conceptual design proposal filed by the ISO. The ISO should also study the other three MSS Pricing Options in sensitivity analysis as a part of CRR Study 2, not after the study is complete. Also, if MSS Pricing Option B is studied, what assumptions on MSS internal bubble generation levels will be made in the CRR Study 2?
4. **Page 4 Section 1.3, third comment.** The text here talks about allocating CRRs to PTOs, Converted Rights holders, and to LSEs. Do MSSs come under the "LSE" category? We assume so.
5. **Page 5 Section 2.2** Will the ISO be creating a new load metric spreadsheet with more columns for all twelve months (as opposed to the original four months), in the "Forecasted Load Data" tab, to aid in the calculating of the monthly CRRs that LSEs can request for 2005?
6. **Page 6 Section 2.4** We are concerned that this example seems to require a "fudge factor" to approximate reality.
7. **Page 8 Section 2.7.1** In recent discussions, the ISO mentioned that it was beginning to re-think its position on this item - that ETC sinks should perhaps be included as a part of a standard load aggregation. The ISO should include ETC sinks as part of a standard load aggregation, and then consider modeling ETC sinks at the nodal level in a sensitivity run instead.
8. **Page 9 Section 2.7.3** Hub? Just because the portfolio of a specific seller's SC (that contains generator IDs as well as a healthy dose of SC trade imports) contains a generator schedule doesn't mean that a non-source-specific bilateral contract is being served by that particular generator. Sorting out the buy/sell chains for each contract could be quite a chore.
9. **Page 10 Section 2.7.4, first comment.** Please see our earlier comment on Table 1.3 for Metered Subsystems.
10. **Page 10 Section 2.7.4, second comment** It does not appear to make sense to have MSS CRRs be allocated to a MSS Load Aggregation Point, while settlements are made at the UDC standard load aggregation - both CRR allocations and settlements should be made at the standard load aggregation. It also appears unnecessary to use MSS Load Aggregation Points, as the ISO will be using LDFs to spread the load of all LSEs. Using an MSS Load Aggregation Point appears to be discriminatory against MSSs as compared to non-MSS LSEs (See BAMx comments.)

11. **Page 12 Section 2.9, first comment** See earlier comments in Table 1.3. Also, we understand that the ISO is not planning to treat the COTP as an ETC in its current MD02 plan - that it will continue to reserve unscheduled COTP capacity in the forward market for COTP participants. Can the ISO confirm this understanding?
12. **Page 12 Section 2.9, second comment** How will the IFM provide priority for certain types of energy schedules? Will balanced self-schedules receive any priority?
13. **Page 15 Section 3.1, first comment** What sort/kind of outages are modeled or considered during the allocation process, and how do such outages affect the allocations? See BAMx comments.
14. **Page 15 Section 3.1, second comment** Achieving sufficient CRR coverage for each LSE will be tough to do when the ISO is looking at a specific set of CRR allocation requests for each LSE. What if, under a different set of assumptions, an LSE would change its CRR allocation requests, slightly or significantly - shouldn't these altered CRR allocation requests also need to be studied? Or, what if scheduling realities (or necessities) in late 2005 or in 2006 do not mask the initial amounts of CRRs studied or allocated?
15. **Page 16 Section 3.2.3** From what time-period would data be used, and from what data sources? Will LSEs' be able to review such data (if the data doesn't come from the LSEs' themselves)?
16. **Page 17 Section 3.2.4** The ISO appears to want parties to be "revenue neutral" when studying CRRs - as opposed to looking at whether or not there are enough CRRs to cover load. We are concerned as to how the ISO scaling processes will work. We are also concerned about the scaling process, especially in relation to the ISO's preference to model MSS Pricing Option B. As we stated earlier in our Table 1.3 comments, we prefer that MSS Pricing Option A be utilized, where CRRs are allocated based on gross generation and gross load. This will allow for the proper signals and incentives to be in place for MSSs to locate generation in constrained areas. We fear that MSS Pricing Option B could result in a reduction of generating plant value for MSSs who choose (or have chosen, since the ISO's formation in 1998) to build generation in congested areas.
17. **Page 18 Section 4(MSS)** Note: In our review of Appendix A, we did not see much difference in the 2/05/04 posting versus what the ISO shared with MSS parties in late 2003. We, in late January 2004, already submitted questions and comments (to the ISO) on the late-2003 version of Appendix A, and thus we will not repeat those questions here.
18. **Page 19 Section 4.3 (MSS)** Option 1 seems to make the most sense for us, where the ISO would not concern itself with any alleged MSS congestion. This would be similar to other bubble areas or control areas.