Stakeholder Comments Template

Subject: Setting Parameter Values for Uneconomic Adjustments

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics covered in the July 31 Market Notice regarding Setting Parameter Values for Uneconomic Adjustments. Upon completion of this template please submit (in MS Word) to chinman@caiso.com. Submissions are requested by close of business on August 6, 2008.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. Please propose or comment on the appropriate principles or rules for setting prices in the Real Time Dispatch when supply is insufficient to meet the CAISO demand forecast.

SVP Response: SVP declines to specifically respond to this question because it is not willing, at this point and through this process, to engage in a policy discussion that may allow CAISO to use its proposal as a mechanism to renegotiate bid caps, ETC rights, and other Tariff language. SVP is concerned that by manipulating penalty prices, CAISO may be able to circumvent the bid caps that are contained in the FERC-approved Tariff. SVP contends that any price that is inconsistent with existing bid caps is a violation of CAISO's Tariff.

2. Multiple priority levels for ETCs. The CAISO believes that MRTU Tariff Section 16.4.5 (8) adequately covers possible priority differences for ETCs, i.e., that the service types identified in this section are the only relevant basis for establishing different priority levels in the MRTU software for ETCs. Parties are asked to comment on whether they agree with this assessment, or if not, to specify any further needs that must be addressed.

SVP Response: As it has consistently stated throughout this process, SVP is concerned that the Parameter Tuning proposal fails to protect the rights of ETCs. It is encouraging to see that CAISO is assessing this concern. However, SVP believes considerable changes are necessary, not only among ETCs, but among Self-Schedules and TORs as well. For example, SVP is increasingly concerned by the combination of adjustment priorities with effectiveness factors. By allowing effectiveness to impact priorities, CAISO is compromising the value of the priorities it proposes. A specific example is that an ETC with a higher priority than a Self-Schedule (*i.e.* the ETC should be curtailed only after the Self-

Schedule has been curtailed) could be adjusted before the Self-Schedule based on the effectiveness rating. This result is inconsistent with obligation to honor ETCs.

3.   Parties are asked to describe any specific types of test cases they would like the CAISO to run and analyze in relation to the parameter tuning effort. Please explain the proposed case in enough detail to make it clear what question or issue is being addressed. In addition, please identify any particular Market Simulation cases you have encountered in the Market Simulation process and believe are important to examine for parameter tuning issues, and explain the relevance of such cases.

SVP Response: SVP is concerned that as currently proposed, the parameter values are far too compressed and lead to curtailments that fail to honor ETCs. While SVP does not propose specific types of test cases, it has reviewed the parameter values that CCSF will provide today and believes that, for demonstrative purposes only, CAISO should run additional market simulations with CCSF's larger variances to identify potential issues with the CAISO's proposal.

4. Other

SVP Response: SVP reiterates its general concerns regarding Parameter Tuning that it has consistently raised throughout this process and incorporates those comments herein. *See* SVP's June 19, 2008 Comments and June 30, 2008 Comments. Specifically, SVP is fundamentally opposed to any proposal that compromises the rights of ETC holders. However, SVP will consider proposals that effectively respect ETC rights and help CAISO meet its goals. As stated above, SVP believes the currently-proposed values are far too compressed and lead to curtailments that do not honor ETCs. Thus, SVP does not support the current proposal, but will consider proposals that include larger variances in parameter values that would result in ETC rights being honored.