

COMMENTS OF THE CITY OF SANTA CLARA, CALIFORNIA
D/B/A SILICON VALLEY POWER
IN RESPONSE TO CAISO'S PROPOSED
INTEGRATED BALANCING AUTHORITY AREA TARIFF

May 27, 2008

The City of Santa Clara, California d/b/a Silicon Valley Power ("SVP") appreciates the opportunity to provide the following comments in response to the CAISO's May 19th market notice regarding its proposed Integrated Balancing Authority Area (IBAA) tariff language. SVP has previously submitted comments to the ISO Staff assigned to the IBAA project, to the Market Surveillance Committee, and to the ISO Board of Governors expressing its concerns regarding the flaws in the CAISO IBAA modeling and pricing. SVP's concerns appear to have largely been ignored. Thus, SVP will not restate its concerns here in any detail. SVP notes the following with respect to the revised tariff language.

First, the tariff language remains vague in many respects, and will leave too much discretion to the CAISO. For example, the tariff lacks objective criteria for determining what constitutes an IBAA and how the CAISO will model any given IBAA.

Second, the draft tariff language would leave significant information to the Business Practice Manuals ("BPMs") of a type that must be included in the tariff. Most notably, the tariff indicates that the default pricing provisions themselves will be left to the BPMs.

In addition, instead of providing for consensual negotiation of provisions between neighboring BAAs, the CAISO tariff provisions would enable the ISO to unilaterally determine pricing points based on the ISO's sole determination of what it deems to be proper based on the information available to it. This approach has been evident throughout the stakeholder process, during which the ISO has, to date, failed to address the concerns raised by numerous entities.

Unfortunately, SVP feels that stating additional detailed comments at this stage is pointless. SVP has previously attempted to explain how this proposal will be harmful to SVP, how it will abrogate existing contract rights, and how it will harm the CAISO markets, and by necessity, the consumers served by load serving entities within the CAISO and in the neighboring BAAs. As the CAISO appears to have resigned itself to litigation, SVP will reserve its additional comments for that process.