

January 13, 2015

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,  
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA  
ON THE COMMITMENT COST ENHANCEMENTS PHASE 2  
REVISED STRAW PROPOSAL**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's Commitment Cost Enhancements Phase 2 Revised Straw Proposal, posted on December 22, 2014:

Definition of Use-Limited Resource: The Six Cities support the definition of Use-Limited Resource proposed at page 8 of the Revised Straw Proposal as clarified by the examples on page 9. However, there is a spelling error in the second line of the proposed definition; "statue" should be changed to "statute".

Updates to the Opportunity Cost Model: The Six Cities support the ISO's proposed criteria for initiating intra-quarterly updates to the opportunity cost model as described at pages 29-30 of the Revised Straw Proposal.

Greenhouse Gas Costs: There is ambiguity in the Revised Straw Proposal concerning the treatment of greenhouse gas costs. At the end of the third paragraph on page 40 of the Revised Straw Proposal, the ISO states that it "proposes to allow all natural gas-fired resources to reflect greenhouse gas costs in commitment costs" assuming that greenhouse gas costs are not reflected in the gas price indices used for the determination of proxy gas costs. However, in the fifth paragraph on page 40, the Revised Straw Proposal states

. . . given the current regulatory uncertainty, the ISO proposes no policy changes until there is clearer direction from the Commission. The ISO needs more regulatory clarity in order to propose market design changes that will be acceptable to the Federal Energy Regulatory Commission.

The two statements do not appear to be consistent, and the Six Cities request that the ISO clarify the proposed treatment of greenhouse gas costs for gas-fired resources.

Submitted by,

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