

Stakeholder Comments Template

Subject: Ex Post Price Correction Make-Whole Payments for Accepted Demand Bids

Submitted by (name and phone number)	Company or Entity	Date Submitted
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As a follow-up to the discussion during the December 23 stakeholder conference call, the ISO welcomes written comments on the Straw Proposal for Ex Post Price Correction Make-Whole Payments for Accepted Demand Bids ("Straw Proposal") dated December 16, 2009. This template is offered as a guide for formulating stakeholder comments and for any additional comments that participants may have based on the discussion during the call. Documents related to this meeting are posted at: <http://caiso.com/2453/2453ab8e10ff0.html>.

Written comments should be submitted by close of business on Tuesday, January 5, 2010 to: dliu@caiso.com.

Please comment on the following design issues and the proposed solutions discussed in the Straw Proposal.

1. What is your entity's view on the make-whole payment calculation method?

The Six Cities support the ISO's proposed calculation method for make-whole payments for demand.

2. What is your entity's view on the proposed make-whole payment approach for virtual bids?

The question of whether make-whole payments should be made for virtual bids raises complexities that the Cities have not had adequate time to consider. The ISO should provide additional explanation as to why make-whole payments to virtual bidders are appropriate and an analysis of potential impacts, including analysis of opportunities for gaming.

3. What is your entity's view on the proposed make-whole payment settlement?

The Six Cities oppose the ISO's proposal to recover the costs of make-whole payments through neutrality charges. The ISO's conclusion that make-whole payments will be minimal may not be accurate if make-whole payments for virtual bids are considered. As a general rule, cost responsibility for make-whole payments should lie with the beneficiaries of the price correction that created the need for the make-whole payments. As a number of entities have commented in previous rounds, only supply benefits from upward price corrections, and supply should bear the cost of make-whole payments to demand that result from upward price corrections. If make-whole payments are made to virtual bidders, supply should bear the cost responsibility for make-whole payments resulting from upward price corrections, and demand should bear the cost responsibility for make-whole payments resulting from downward price corrections.

4. Other comments: