

COMMENTS ON SEPTEMBER 19, 2008 UNECONOMIC ADJUSTMENT PROPOSAL

October 3, 2008

In response to the CAISO's September 19, 2008 Draft Final Proposal on Uneconomic Adjustments in the MRTU Market Optimizations, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities") submit the following comments.

The CAISO's September 19 Proposal recognizes at pages 11-14 that the combined effects of Uneconomic Adjustment parameters, effectiveness factors, and differences between scheduling to Default LAPs versus custom or nodal LAPs may result in reductions to Self-Schedules for ETC or TOR rightsholders that are inconsistent with the priorities associated with ETC and TOR rights. The September 19 Proposal recommends development of settlement provisions to restore "financial firmness" to ETC and TOR rights consistent with the recognized priorities. The Six Cities request that the CAISO clarify that Self-Schedules for Converted Rights ("CVRs"), which are entitled to priorities comparable to those for ETC rights and may be affected in a similar manner by Uneconomic Adjustments, also will receive the benefit of the "financial firmness" mechanism applied for ETC and TOR Self-Schedules.

Submitted by,

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