COMMENTS OF THE TRANSMISSION AGENCY OF NORTHERN CALIFORNIA ON THE CALIFORNIA ISO's DRAFT INTEGRATED BALANCING AUTHORITY AREA COMPLIANCE FILING TARIFF LANGUAGE

November 7, 2008

The Transmission Agency of Northern California ("TANC") hereby submits its comments on the California Independent System Operator Corporation's ("ISO") October 29, 2008 draft Integrated Balancing Authority Area ("IBAA") compliance filing Tariff language.

TANC finds essential components of the ISO's draft IBAA compliance filing Tariff language vague, including as to the applicability of the ISO's proposed terms to transactions with the California-Oregon Transmission Project ("COTP") involving entities within the "IBAA" and those located outside the "IBAA". The draft IBAA compliance filing Tariff language appears inconsistent with the FERC's September 19, 2008 Order in the IBAA proceeding, Docket No. ER08-1113. Since the ISO's intent in various sections is unclear, TANC has identified information it would require to meaningfully comment on the draft compliance filing Tariff language. After TANC receives the ISO's explanation, TANC will be prepared to provide comments on the draft Tariff language.

TANC raises the following questions concerning the ISO's proposed compliance filing Tariff language:

Draft Tariff Section 27.5.3.2 (Information Required for IBAA to Obtain Alternate Pricing Under a Market Efficiency Enhancement Agreement ("MEEA")):

1. What types of entities are eligible to enter into MEEAs with the ISO? For instance, would TANC (which does not own or control any generation facility) be eligible to enter into an MEEA with the ISO? Would TANC Members, such as the City of Santa Clara, California d/b/a Silicon Valley Power or Modesto Irrigation District be eligible to enter into MEEAs? Could transmission customers of TANC that use the COTP for imports into the ISO enter into an MEEA even if they own no facilities in the "IBAA"?

2. What does the ISO mean when it uses the terms "Alternate", "alternative" and "alternate pricing" in this draft tariff section? Given that the FERC's September 19, 2008 Order at P 182 required that the ISO provide "actual" pricing, what type of pricing will the ISO offering to comply with this ruling? With respect to transactions between the ISO BAA and COTP, what pricing would apply?

3. This draft tariff section appears to provide that the ISO may require an entity seeking to enter into, but that has not yet executed, an MEEA with the ISO, to provide the ISO with "historical hourly metered generation data…and metered load data." Is this a correct interpretation of the ISO's draft Tariff language? If so, under what circumstances does the ISO envision requiring such an entity to provide the historical data? How would this apply to TANC, or an entity that is using the COTP?

4. With respect to the information specified in sub-parts (a)-(f) of draft tariff Section 27.5.3.2, does the ISO intend for entities that have executed an MEEA to provide historical data or forward-looking data?

Draft Tariff Section 27.5.3.2.2 (Purchases from the ISO Balancing Authority Area):

1. Does the ISO propose in sub-part (a) to limit the ability of an MEEA entity to receive alternative pricing to hours in which the MEEA entity is not simultaneously making sales to the ISO BAA?

2. Does the ISO propose in sub-part (b) a cap on the amount of purchase transactions that qualify for MEEA alternative pricing for hours in which the MEEA entity is not simultaneously making sales into the ISO?

3. What is the ISO's proposal for MEEA entities that sell into the ISO BAA from the SMUD and TID BAAs, including the COTP?

Draft Tariff Section 27.5.3.3 (Process for Establishing a New MEEA):

1. What does the ISO mean by "form of MEEA"? Will this be a standard, *pro forma* MEEA?

Draft Tariff Section G.1.2 (Marginal Losses Adjustment):

1. Does the ISO propose that if the TANC/Western charge for losses is less than the applicable losses at the Captain Jack default, the ISO will charge the COTP user's Scheduling Coordinator for the difference?

Business Practice Manuals

1. When does the ISO intend to post draft Business Practice Manual language corresponding to the draft IBAA Tariff provisions?