

**COMMENTS OF THE  
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA  
ON THE CALIFORNIA ISO'S MAY 19, 2008 REVISED DRAFT  
INTEGRATED BALANCING AUTHORITY AREA TARIFF LANGUAGE**

**MAY 27, 2008**

Pursuant to the California Independent System Operator Corporation's ("ISO") March 19, 2008 Market Notice, the Transmission Agency of Northern California ("TANC") provides these comments concerning the ISO's May 19, 2008 Revised Draft Integrated Balancing Authority Area ("IBAA") Tariff language ("Draft Tariff").

At the outset, TANC reiterates its opposition to the implementation of the IBAA Proposal. The IBAA modeling and pricing proposal is flawed and will not serve to meet the ISO's purported objectives. Rather than repeat its yet unresolved significant concerns with the IBAA proposal, TANC refers the ISO to TANC's prior comments and presentations dated January 4, January 14, February 4, February 20, February 29, March 6, April 28 and May 2, 2008 where these concerns are more fully explained.

On the issue of Tariff language, TANC and certain of its Members, namely the Sacramento Municipal Utility District ("SMUD"), the City of Santa Clara, California ("SVP"), the City of Redding, California ("Redding"), the Modesto Irrigation District ("MID") and the Turlock Irrigation District ("TID"), and other impacted entities previously provided comments on the ISO's January 22, 2008 proposed IBAA Tariff language. Since those comments were submitted, the ISO changed its proposal from a multi-hub pricing proposal to the single hub pricing proposal. However, some of the general concepts and concerns outlined in those TANC and TANC Member comments continue to apply to the Draft Tariff. For instance, the Draft Tariff language proposed by the ISO is vague and ambiguous. It leaves too much discretion to the ISO, and further, the Draft Tariff improperly relegates to the Business Practice Manuals details that would significantly impact rates, terms and conditions related to IBAA matters that should be filed with FERC.

This is a matter for mutual agreement with neighboring Balancing Authorities ("BAs"), not unilateral action that will adversely affect resources not controlled by the ISO. The SMUD/Western Area Power Administration ("Western") BA, TID BA, TANC and TANC Members have presented an Alternative Proposal to the ISO's IBAA proposal on May 8, 2008, and TANC urges continued discussion on an alternative proposal.