

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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| Ellen Wolfe 916 791 4533 | Resero Consulting for WPTF | November 11, 2009 |

As a follow-up to the discussion during the November 4 stakeholder conference call, the ISO is requesting written comments on the Issue Paper and Straw Proposal for Ex Post Price Correction Make-Whole Payments for Accepted Demand Bids (“Issue Paper/Straw Proposal”) dated October 28, 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 Wednesday, November 11, 2009 to: dliu@caiso.com.

Based on the discussion during the November 4 stakeholder conference call, the ISO will extend the stakeholder process to allow more time to incorporate stakeholder input to develop the proposal and present it to the ISO Board of Governors for approval in **February, 2010**. An updated straw proposal incorporating stakeholders’ written comments will be posted for additional stakeholder input and discussion.

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

1. What is your entity’s view on the make-whole calculation methods discussed in Scenario 1 and Scenario 2 when 1) price is corrected upward to be outside of the bid curve, or 2) price is corrected upward but is still within the range of the bid curve. Please also submit any other calculation method your entity would like to propose.

WPTF believes that parties should not have to procure energy inconsistently with their bids. An SC should be made whole such that the price they pay is consistent with their bid curve. Scenario 2 does not satisfy this condition because it causes a party to buy more volume at a price than they were willing to buy. For example, had an SC bid for 500 MW at \$25 they would have been willing to pay up to \$12,500 for the energy they are procuring that day. With the CAISO proposed solution they would be required to pay \$18875 for their energy that day. This may violate their price preferences and also their

risk management and/or credit preferences. To make one whole in the example the CAISO proposed the make whole for the SC would have based upon a clearing price of \$25/MWh.

2. What is your entity's view on making participants whole on a per-interval basis versus a daily basis?

WPTF would like further information about the ultimate design of the charge before expressing a position for this issue.

3. Does your entity have other proposals to make participants whole other than those discussed in the Issue Paper/Straw Proposal?

The make-whole payment should not be limited to times when the CAISO makes ex-post price adjustments. Any intervention that causes one to clear their energy outside of the preferences expressed in an SC's bid curve – including for example exceptionally dispatched energy - should result in a such a payment.

4. What is your entity's view on the appropriate approach to allocate the revenue imbalance caused by make-whole payments?

At this time WPTF proposes that the cost be allocated to load. Our understanding is that there are relatively limited instances when the need arises for a make-whole payment and that the occurrences are also often limited to a particular location within the grid and likely to a limited set of the SCs. Allocating the cost to load smoothes the potentially large financial impacts to the SCs affected by the price change.

It is not appropriate to allocate the uplift to suppliers. When the CAISO upwardly adjusts the clearing at a location suppliers are also harmed because they would have wished to sell more energy at that price than the CAISO cleared in the IFM when it was using a lower price. It is our understanding that the CAISO is not considering making these suppliers "whole" for this loss. It would be unreasonable to allocate the costs of the make whole payments to suppliers.

5. Other comments: