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Sent: Wednesday, January 14, 2009 6:17 PM

To: Standard Capacity Product Mailbox

Subject: Comments on January 8, 2009 Proposal

I look forward to the stakeholder call tomorrow but wanted to provide some brief highlights of the concerns I still have with this proposal. The two big issues are:

1. The proposal is changing the existing product which is a yearly/monthly capacity planning tool into an operating reserve obligation; this is an entirely different product and should be so recognized/named. It is a very different service/product than capacity reserves which is what RA provides. The CAISO seems to be trying to convert existing contracts that provide the first product into the second without any compensation which is neither just nor reasonable given the increased costs and risks the new product is proposed to have.
2. The proposal does not satisfactorily take into account existing contracts. In fact, the proposal is likely to result in voluntary participation in the RA program ending. The new requirements and performance penalties, without appropriate compensation for the costs/risks, are likely to cause thousands of MW to stop providing RA when it is not required under the existing contract. I believe many of the DWR contracts may fit into this category.

I understand that the new service/product is needed by the CAISO to manage the system but the CAISO must not try to get that product by interfering with contracts it is not party to and for which the new service is not justly compensated.