

Western Area Power Administration's comments on CAISO issue paper "Parameter Tuning for Uneconomic Adjustments in the MRTU Market Optimizations" Dated on May 6, 2008

Western appreciates the opportunity to comment on CAISO issue paper "Parameter Tuning for Uneconomic Adjustments in the MRTU Market Optimizations" dated on May 6, 2008

Western supports CAISO's efforts to guard against "extreme, unreasonable outcomes" in computing market schedules and prices. While it is very unclear what constitutes extreme unreasonable outcomes, Western suggests that one of the objectives in the parameter tuning is to protect consumers from extreme high prices as Western is not sure the impact of the parameters on the final prices.

Further, Western understands that when uneconomic adjustments take place in the schedule and price runs, some of the parameters will be used to administratively determine the prices. Therefore we believe that a process should be developed by CAISO to explain or document how these parameters influence the resulting prices when uneconomic adjustments take place.

Western is concerned over the co-mingling of economic data and uneconomic adjustments, which complicates the modeling and adjustment processes. We encourage CAISO to explore options to separate them into distinct stages or processes if possible.

Western also requests additional clarifications of the following issues or examples

- Pseudo-tie layoff energy
- Export priority cases on non-congested ties
- Day-Ahead Pre-IFM LAP Load Reduction
- Western's TEA treatment in the uneconomic adjustment. We believe that our TEA rights should be treated the same as TOR rights in assigning priorities.
- CAISO's perspective on the requirements and value of continuing to adjust the parameter values during the first 12 months of operation of the new markets.