

From: Kehrein, Carolyn
Sent: Monday, October 05, 2009 11:36 AM
To: Lo, Edward
Subject: EUF & CMTA Comments on Real-Time Energy Imbalance Offset Charge

Importance: High

Ed,

I apologize that this is tardy and brief; I was on vacation out of state on Thursday and Friday.

Note: due to the short amount of time to consider and study the materials and poll leadership and members, the organizations reserve the right to change their opinions or submit additional comments.

Summary:

Both organizations, EUF and CMTA, prefer the ISO's proposed two tier allocation scheme that creates two allocation tiers for collecting the "missing money" and uses Positive Uninstructed Deviations as the basis for Tier 1. This alternative would be the better method as it allocates cost based on how they are incurred. Between the two options, charging costs based on how they are caused is clearly the better choice.

Further Discussion and Identification of Policy Issues:

- (1) We agree with the ISO proposal to continue to allocate the RT Marginal Cost of Losses Credit on a pro-rata basis to measured demand.
- (2) Although the proposed two tier allocation scheme is the better option, the fact that it is needed signifies that there is a design flaw in the new market. The amount of "missing money" is significant and is a reallocation of wealth between entities that may or may not be justified.
- (3) The magnitude, and volatility, of these charges to use the markets are sending the wrong signal: it is expensive to participate in the ISO markets.
- (4) The ISO's market design and operations are creating significant costs that are inappropriately hidden from end users customers. Just as we assert that all costs for renewable integration and infrastructure should be transparent, also should be all the costs of the ISO, its new market design and its markets in general.

Process Comment:

Please assume that at least some participants are not in the net meeting and ask the presenter to say when he or she changes slides and the number of the slide being used. If the presenter spends more than a few minutes on one slide, please ask that he or she repeat what slide is being used every few minutes in case someone comes on late or someone returns after being accidentally disconnected.

Question:

Would the Positive Uninstructed Deviation or "PUD" charge be based on net difference as the NNUD charge is and thus really be a NPUD charge?

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