

Integrated Balancing Authority Area (“IBAA”) Compliance Language, Comments of the Modesto Irrigation District (“MID”)¹

November 7, 2008

MID herein submits its comments in response to the California Independent System Operator Corporation’s (“CAISO”) October 29, 2008 market notice, requesting comments regarding the CAISO’s proposed IBAA Compliance Tariff language. Before formulating a position regarding the draft compliance language, MID has several questions regarding the language. MID has reviewed the comments to be submitted by the Transmission Agency of Northern California (“TANC”) and supports those comments.

Entities That May Execute a Market Efficiency Enhancement Agreement (“MEEA”)

In draft Section 27.5.3.2, the proposed listing of data requirements describe information such as “total generation within the IBAA.” Given this language, would these data requirements effectively preclude MID from executing an MEEA, assuming MID does not have that data?

Alternative Pricing

Please define what the CAISO means by “alternative pricing” in draft Section 27.5.3.2.2. Specifically, what values or kinds of pricing does the CAISO contemplate? Please also define what the CAISO means by “alternative modeling and pricing” in draft section 27.5.3.2. What is the alternative pricing for imports into the CAISO, and what is the alternative pricing for exports from the CAISO? What does the CAISO mean by “alternative modeling”?

Form of MEEA

What does the CAISO mean by “form of MEEA” in draft Section 27.5.3? Does the CAISO contemplate a *pro forma* agreement?

Marginal Losses Adjustment

In draft Section G.1.2, does the CAISO propose that if TANC and the Western Area Power Administration (“Western”) charge less than the default price for losses for use of the California Oregon Transmission Project, then the CAISO will charge the difference to the applicable Scheduling Coordinator?

¹ MID submits these comments in the spirit of open discussion, and reserves the right to change its position on the above matters in the future, as well as reserves the rights to comment on any other issue in this process.

In draft Section G.1.2, what is the CAISO's rationale for requiring verification of losses charged by TANC and Western under penalty of perjury? Does the CAISO propose to require such verification only once or periodically?