

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

May 27, 2008

In response to the California Independent System Operator Corporation’s (“CAISO”) May 19, 2008, request for comments on its proposed IBAA Tariff language, MID submits the following statement:

MID continues to oppose the CAISO’s IBAA proposal. The draft Tariff language submitted by the CAISO is vague and ambiguous. It leaves too much discretion to the CAISO, and further, the CAISO does not provide the details of the Business Practice Manuals (“BPM”) that would relate to IBAA matters. MID’s comments are not meant to impair discussions concerning an alternative to the CAISO’s IBAA proposal, which the Western Area Power Administration (“WAPA”) has provided, and which MID supports. MID urges continued discussion on an alternative proposal to help align the CAISO’s proposal with cost causation principles, and achieve certainty that the CAISO’s proposal lacks in terms of a future pricing scheme that will have an adverse impact on the investment made by public power to help maximize the utilization of transmission assets.

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.