

Stakeholder Comments Template

Subject: Exceptional Dispatch – Straw Proposal

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the topic of Exceptional Dispatch and specifically the straw proposal paper related to this topic as posted on April 14, 2008 (at: <http://www.aiso.com/1f91/1f91cdbc12f0.pdf>) and discussed at the stakeholder meeting on April 15, 2008. Upon completion of this template please submit (in MS Word) to <mailto:jmclain@caiso.com>. Submissions are requested by close of business on April 24, 2008.

Please provide your comments to the areas below related to the two straw proposals and aspects of the proposals that you do or do not support in the space below. There is also a general comments section for any other comments you would like to provide.

1. Option 1 – Bid Adder Option

SCE supports the CAISO's position that mitigation of Exceptional Dispatch is required in those instances when an Exceptional Dispatch is needed to ensure local reliability as a result of the full network model not modeling a particular local reliability constraint. In these situations, the premise is that if the constraint had been modeled, the unit scheduled to address this constraint would have had its bid subjected to the LMPM criteria, thus eliminating the concern that a unit with a bid reflecting market power is scheduled to address a local reliability constraint.

SCE supports the ISO's Bid Adder option to pay an eligible (non-RA) Exceptionally Dispatched mitigated unit the DEB + \$24/mwh or the LMP, whichever is higher, until the supplemental revenue cap (defined as a value equivalent to the ICPM monthly payment) is reached. We believe that this option provides a generator with a revenue stream that is adequate to recover fixed costs incurred when exceptionally dispatched.

2. Option 2 – Relaxed Mitigation Option

SCE opposes the ISO's proposed relaxed mitigation option.

This option, which mitigates solely via a revenue cap, allows an exceptionally dispatched non-RA unit to receive its unmitigated bid price until the "quasi supplemental" revenues (bid revenues – DEB costs) equal the revenue cap.

3. Effect of the Exceptional Dispatch options on incentive to accept or decline ICPM designation

SCE believes that the criteria contained in the options being proposed for the Exceptional Dispatches tariff are necessary to ensure that a non-competitive constraint is properly mitigated. We believe that the effect of the proposed Exceptional Dispatch options will be to incent a non-RA unit to accept an ICPM designation.

4. Types of Exceptional Dispatch that should or should not be eligible for supplemental payments or subject to relaxed mitigation

SCE supports the rules for eligibility for supplemental payment to mitigated non-RA resources, with one such rule describing the Exceptional Dispatches that should and should not be eligible for supplemental payments or subject to mitigation.

5. Requirement to bid into the CAISO markets in order to be eligible to receive the Bid Adder option

SCE supports the eligibility criteria outlined in the CAISO's straw proposal, one of which requires that a non-RA unit must have bid into the CAISO market in order to be eligible to receive the bid adder.

6. General comments

To the degree the CAISO can make improvements to their model or MRTU software and avoid Exceptional Dispatches, SCE expects that CAISO will pursue such improvements.

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4/24/08