

Stakeholder Comments on 2011 CRR Enhancements

Submitted by	Company	Date Submitted
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Silicon Valley Power (SVP) appreciates the opportunity to provide comments in response to the **2011 CRR Enhancements** draft final paper posted by the CAISO on May 13, 2011 and the subsequent stakeholder conference call held on May 20, 2011. The CAISO has proposed several changes under the scope of 2011 CRR Enhancements. SVP **supports** the changes in the CAISO draft final proposal that **removes** from the CAISO's earlier proposal the concept of applying the annual OTC to determine the monthly allocation capacity and **eliminates** the proposed merger of the two monthly tiers.

SVP **supports** the CAISO's proposal of retaining the capacity released in the annual process at 75% and not applying global de-rate factor (GDF) in the annual process. As stated earlier, SVP also **supports** retaining existing two-tier structure of the monthly allocation process. We **support** the CAISO proposal of accounting for only planned outages and applying local de-rate factors (LDF) on certain interties and significant paths in the monthly allocation process where the OTC breakeven duration curve methodology was used to set the annual capacity. We are **concerned**, however, that the CAISO's draft final proposal envisions applying a single GDF to all other paths as is done under the current design, rather than limiting monthly derates to LDF on certain interties and significant paths. We caution the CAISO against applying the blunt GDF tool to restrict the market capacity in the monthly allocation process. We understand that historically the main source for revenue deficiency has been the volume of CRRs released across specific paths in the annual allocation process. The combination of applying the OTC breakeven methodology in the annual process and LDFs on certain inter-ties/significant paths in the monthly process should eliminate the need for applying GDFs in the monthly process.

SVP **supports** the CAISO proposal of using the historical hourly OTC data for the last three-year period for the derivation of the breakeven points for individual transmission interfaces. We request the CAISO provide all the details associated with this methodology and the process in the next version of the CRR Business Practice Manual (BPM). The CAISO staff had mentioned during the April 22nd stakeholder conference call that the OTC breakeven methodology would be applied not only to the inter-ties, but also to some major paths within the CAISO such as Path 15 and Path 26. SVP has previously requested a list of all such paths and other facilities within the CAISO on which the CAISO intends to apply the OTC breakeven methodology. Such a list was not included in the draft final proposal. It would be informative and helpful if the CAISO could include this list in the final proposal.

SVP appreciates the opportunity to comment on the 2011 CRR Enhancements and acknowledges the significant effort of the CAISO staff in developing the draft final proposal.