

January 23, 2019

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE
USE OF MORE UPDATED GAS PRICE INDEX FOR MONDAYS IN
TEMPORARY DAY-AHEAD MARKET WHITE PAPER**

In response to the CAISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide their comments on the January 11, 2019 Use of More Updated Gas Price Index for Mondays in Temporary Day-Ahead Market White Paper (the "White Paper"):

The Six Cities support the proposal in the White Paper to utilize the Intercontinental Exchange ("ICE") Monday-Only gas price index, when the Monday-Only index is available, for Day-Ahead market calculations for Monday Trading Days. The Six Cities generally support use of the most up-to-date gas prices available for market calculations and understand that the ICE Monday-Only index is likely to provide the best approximation of gas prices for Monday Trade Days when the Day-Ahead Market for Monday Trade Days is run on the preceding Sunday.

Further, although the White Paper indicates that the tariff amendment to implement use of the Monday-Only index would be anticipated to remain in effect only until December 31, 2019, the Six Cities understand that the CAISO expects to propose application of this feature on a permanent basis through subsequent stakeholder processes and tariff amendments. White Paper at 4. The Six Cities support that plan, subject to consideration of an even more up-to-date index for Monday gas prices should such an index become available.

In addition, the Six Cities request that, as part of this initiative, the CAISO clarify which index will apply when one or more of the Trade Days adjacent to a weekend is a holiday. It appears from the ICE 2019 U.S. Next Day Gas Trading Calendar that such circumstances occur approximately ten times during a year. As noted above, the Six Cities support the use of the most up-to-date gas prices available for market calculations. If the ICE Monday-Only index is available and provides the best approximation of gas prices for a Tuesday Trade Day that follows a Monday holiday, that index should be used for the Tuesday Day-Ahead Market. The Six Cities recommend that the CAISO frame its policy for selection of the appropriate index in terms of

utilizing an available index that best approximates gas prices likely to apply for the Trade Day at issue.

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