

# Stakeholder Comments Template

## Subject: Setting Parameter Values for Uneconomic Adjustments

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics covered in the July 31 Market Notice regarding Setting Parameter Values for Uneconomic Adjustments. Upon completion of this template please submit (in MS Word) to [chinman@caiso.com](mailto:chinman@caiso.com). Submissions are requested by close of business on August 6, 2008.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. Please propose or comment on the appropriate principles or rules for setting prices in the Real Time Dispatch when supply is insufficient to meet the CAISO demand forecast.

TANC Response: As an entity that interacts with the ISO through its South of Tesla Principles ("SOTP") Existing Transmission Contract ("ETC") rights, defined under MRTU as Self-Schedules, TANC is concerned that the ISO's Uneconomic Adjustment and Parameter Tuning efforts will fail to honor TANC's contractual rights. TANC believes, as it indicated in its June 20, 2008 Comments to the ISO, that the Uneconomic Adjustment proposal would subject ETCs to greater risk of curtailment; is incomplete and unclear without all parameter values included in the anticipated Federal Energy Regulatory Commission ("FERC") Tariff filing; and, as proposed, would not allow adequate time for testing.

Although TANC is not convinced that the Uneconomic Adjustment policy is necessary with regard to ETCs, TANC urges the ISO to develop parameters that not only honor existing priorities for ETC rights but also fully honor those ETC rights as negotiated. As has been pointed out by other stakeholders, ETCs were fully negotiated and litigated through a long and involved process. Despite a Member of the MSC's indication to the contrary during the July 30, 2008 MSC/Stakeholder call, many ETCs are firm rights and must be honored. During their negotiation the possibility that TANC ETC rights could be curtailed for economic reasons was never entertained. Therefore, the ISO must ensure that ETC rights, that were paid for, negotiated and litigated will be fully honored as they are today and never adjusted for economic reasons.

During the July 30, 2008 MSC/Stakeholder meeting the ISO verbally renewed its existing obligation to provide ETC rights holders the same level of priority and rights that they currently enjoy. The ISO must uphold this pledge in developing appropriate parameter values that prevent ETCs from ever being curtailed for economic reasons and must allow for sufficient time to test those values to fully understand their potential affect on the market.

2. Multiple priority levels for ETCs. The CAISO believes that MRTU Tariff Section 16.4.5 (8) adequately covers possible priority differences for ETCs, i.e., that the service types identified in this section are the only relevant basis for establishing different priority levels in the MRTU software for ETCs. Parties are asked to comment on whether they agree with this assessment, or if not, to specify any further needs that must be addressed.

TANC Response: TANC does not agree with this assessment. The TRTC instructions provide a curtailment priority for ETCs on the same path, but not a mechanism to rank ETCs on one path against ETCs on other paths. Because each ETC is an individually negotiated contract, it may prove to be difficult to assign priorities among them. The ISO should work with ETC holders to develop a method to address this issue while fully honoring the ETC rights and priorities.

3. Parties are asked to describe any specific types of test cases they would like the CAISO to run and analyze in relation to the parameter tuning effort. Please explain the proposed case in enough detail to make it clear what question or issue is being addressed. In addition, please identify any particular Market Simulation cases you have encountered in the Market Simulation process and believe are important to examine for parameter tuning issues, and explain the relevance of such cases.

TANC Response: In order to guarantee that ETC rights are fully upheld as discussed above, extensive testing of the parameter levels to be utilized at MRTU start-up must be conducted. TANC urges the ISO not to rush to implement a proposal it does not fully understand the ramifications of, just to meet a self-imposed deadline. TANC believes that the current scheduling priority values are far too compressed to provide ETCs the level of service they currently enjoy. TANC suggests that the ISO run scenarios employing much larger variances between the scheduling run priorities.

4. Other

TANC Response: See above.