

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. 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.

Market fails when supply is insufficient to meet the CAISO demand forecast in real-time. Under these scenarios, it is prudent to set the prices at the allowed price cap.

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.

Western believes that the issue of modeling the relative priorities of different ETCs owned by different entities still remain. In the parameter presentation made by CAISO on July 30, 2008 MSC meeting, the ETC right parameter is given as a range between 3200 and 4500. This range will be used to model the relative priority (the values of 1, 2, 3, etc, with 1 given the highest priority) in the TRTC instructions. Western requests clarifications of the use of relative priority. For example, what parameter would CAISO use if the relative priority is not specified by the PTO in the TRTC, what parameters would CAISO use for a give relative priority (such as priority 1, 2,3,...).

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.

Western has two ETC's which would be impacted by parameter tuning, PGAE_19 New Melones and PGAE_20 San Luis, along with scheduling on behalf of Redding for PGAE_11 SOTP Redding. Of which none have had a relative priority set. Western would like to request the testing of our priorities for each of these ETCs.

4. Other

The nature of parameter tuning is to administratively determine the market outcome in the event of insufficient economic bids available. As a result, experiments based on selected market scenarios were conducted, and heuristics were developed in order to justify the selected parameters to be used for MRTU startup. In a large system with complex network interactions, the task of developing a set of universal parameters for all scenarios will be daunting.

Western again encourages CAISO to explore methods of separating economic and uneconomic data in deciding the market outcome. A layered approach in which schedules are decided according to sequences of their priorities, system capacities and economics (if applicable) will allow a clear separation of economic and uneconomic data, potentially avoiding the heuristics and complications encountered in the parameter tuning efforts.