



the Commission in its September 21, 2006 Order in the above captioned proceeding.<sup>2</sup> The Commission's acceptance of this initial design was conditional on the ISO's development of more disaggregated demand settlement three years after the start of its new market design.<sup>3</sup> On February 16, 2011, the ISO submitted a motion for an extension of time to further disaggregate the LAPs. Based on its preliminary analysis of locational pricing trends during the first 16 months of its new market design and in anticipation of significant market enhancements likely to further alter these trends, the ISO concluded that insufficient data exists to support redefining the default LAPs at a more granular level at this time. Further, the ISO's recent stakeholder process has revealed a near consensus opposing implementation of more granular LAPs in 2012, and that this opposition rests, in part, on the value of forging greater alignment between ongoing retail rate and wholesale market design. As such, the ISO requested an extension of time, which will provide the ISO and stakeholders additional time to incorporate the potential changes to pricing patterns anticipated from pending ISO market enhancements into more refined technical studies and, ultimately, a proposal for more granular demand clearing and settlement in the ISO markets. The ISO requested that the Commission grant its motion for an extension of time to the last quarter of 2014 for the ISO to implement greater LAP disaggregation.

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<sup>2</sup> *Ca. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 611 (2006) (*MRTU September 2006 Order*); *order on reh'g*, 119 FERC ¶ 61,076 at PP 323-331 (*April 2007 Rehearing Order*).

<sup>3</sup> The new ISO market went into effect on the April 1, 2009, trading day. The Commission's prior orders approving the ISO's market design called for the implementation of LAP disaggregation by three years after the start of the ISO's new market design, which would be April 1, 2012.

## II. ANSWER

A number of parties submitted comments in support of the ISO's motion and no party objected to the ISO's motion.<sup>4</sup> SWP also did not object to the motion, but requests that the Commission ensure that the ISO and the Commission continue to resolve a number of issues in the interim.<sup>5</sup> SWP recognizes the need for further assessment of default LAP disaggregation but also cautions that it is important to avoid delay beyond that proposed in the ISO's Motion and notes its expectation that the ISO and the Commission continue to address problems that would have been solved through greater load granularity.

The ISO submits that SWP's comments should not be read to suggest that the Commission should condition any extension of time on the ISO and Commission's resolution of the issues listed by SWP before it moves to more disaggregate LAPs. While SWP requests that the ISO and the Commission continue to address their issues, SWP appropriately does not state an extension should be conditioned on resolution of the stated issues. First, SWP has not established that its issues are all caused by the current LAP definitions. Secondly, it is not clear how the ISO would engage in any process to address the totality of SWP's issues in the intervening time given that, under the ISO's stakeholder plan, the ISO and stakeholders will, before long, be focusing their efforts towards further disaggregation of the LAPs. Therefore, the Commission should grant the extension

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<sup>4</sup> See fn 1.

<sup>5</sup> SWP states that the Commission and the ISO should continue to focus on solving the following problems: optimize use of market resources to improve reliability; reduce the existing financial burden to market participants due to lack of granular prices; revise the Proxy Demand Response (PDR) program; encourage price-responsive demand; devise additional means of localized demand response and market mitigation.

and allow the ISO and stakeholders additional time to develop an appropriate proposal to address whatever market issues that may exist as a result of the current degree of aggregation.

### **III. CONCLUSION**

For the reasons provided herein, the Commission should grant the ISO's motion for an extension of time without further conditions.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service lists for the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 5<sup>th</sup> day of April, 2011.

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