

**California Department of Water Resources State Water Project Comment on  
California Independent System Operator Approaches to IFM Supply Bid Pool  
Issues**

**Submitted August 18, 2009**

We appreciate California Independent System Operator (CAISO) efforts to maintain reasonable market clearing prices in the IFM, but similar to our comments submitted June 23, 2009, CAISO is still requesting a change after presenting limited data. As noted in the Straw Proposal dated August 7, 2009 a two hour “event” that occurred on July 26, 2009 is the impetus behind pushing for a “fix”. The California Department of Water Resources State Water Project (CDWR-SWP) would like to see additional data representing days when Bid-in Demand is greater than CAISO Forecast of CAISO Demand (CFCD).

Absent additional study, Approach 4, where the pre-IFM run would be cleared against Bid-in Demand as opposed to the as current CFCD, would be a logical next step. This approach as noted in the proposal is also in line with a September 21, 2006 FERC Order which may allow the change to be implemented concurrently with Convergence Bidding (CB). Although CB is currently proposed to be operational in February 2011, the additional time may allow for further study of spikes in market prices.