

Stakeholder Comments Template
Subject: GMC Charge Code 4537 – Market Usage
Forward Energy Straw Proposal

Submitted by (Name and phone number)	Company or Entity	Date Submitted
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CAISO seeks written stakeholder comments on its GMC Charge Code 4537 – Market Usage Forward Energy Straw Proposal, which was posted on August 28, 2009 at <http://www.caiso.com/23f1/23f1eeab40a20.html>

Stakeholders should use this Template to submit written comments. Written comments should be submitted no later than Close of Business on Friday, September 4, 2009 to: csnay@caiso.com. Comments will be posted on the CAISO website.

The CAISO seeks stakeholder input on the following:

1. Do you support the ISO's straw proposal to eliminate ISTs from the MUFE calculation? Please explain why.

No - please see SVP's response to question number two below.

2. If you do not support removing ISTs from the MUFE calculation, what alternative do you propose? Please explain why your alternative is preferable to the ISO's straw proposal.

SVP supports the current design of charge code 4537 which is based on netting but appropriately accounts for the use of Inter-SC Trades (IST) within a Scheduling Coordinator's portfolio. FERC has determined that the current methodology, where ISTs are included within the calculation of netting of a Scheduling Coordinator's portfolio, is just and reasonable and SVP sees no compelling reasons to make a modification at this time. SVP understands that the current methodology is consistent with FERC orders and requires no change to CAISO settlement systems.

The accounting of netting within a Scheduling Coordinator's portfolio is a measurement of its net usage of the CAISO market. SVP and other market participants utilize ISTs to deliver power under long term contracts, and discounting of such ISTs could result in a negative impact to SVP and those market participants who have prudently contracted forward to serve their load. The existing just and

reasonable rate structure used to allocate charge code 4537 appropriately reflects this balance through the inclusion of IST transactions.

There has been much discussion and exchange of ideas, concepts and proposals on MUFE allocation. Before changing to an allocation method that is different from the current methodology, SVP believes the CAISO's stakeholder process should more thoroughly consider the alternative ideas and proposals offered by market participants – such as those offered by NCPA – as well as wait until MRTU moves through its first summer and fall seasons to allow for a more extensive MRTU market operation history that will enable a sufficient examination of the potential effects (of the considered options) on all scheduling coordinators.

3. Do you support the ISO's straw proposal to continue netting physical energy in the MUFE calculation? Please explain why.

Please see the response to question number two above.

4. If you do not support the netting option, what alternative do you propose? Please explain why your alternative is preferable to the ISO's straw proposal.

Please see the response to question number two above.