

**Comments of Bear Valley Electric Service to the California Independent System
Operator Corporation's
"Draft Final Proposal - Detailed Ranking of High Priority Market Enhancements"**

Bear Valley Electric Service (BVES)¹ appreciates the opportunity to provide comments to the California Independent System Operator Corporation's (CAISO) draft final proposal for "Detailed Ranking of High Priority Market Enhancements," within its market initiatives roadmap (MIR) process. BVES is limiting these comments to the CAISO's proposed ranking of Load Aggregation Point (LAP) Granularity, which, for reasons briefly explained, BVES believes should not be a high priority at this time.

BVES is a small investor owned utility located within the Southern California Edison (SCE) Default LAP. As such, it could be profoundly impacted by, even harmed, by increasing LAP granularity. BVES therefore shares the concerns raised by numerous load serving entities (LSE) and the California Public Utilities Commission (CPUC) in this process.

Noting the proposal's significant legal and policy implications and the potential for "economic harm," the CPUC also observed that increasing LAP granularity is premature, stating *inter alia*, that, prior to moving in this direction, the "MRTU market should be at a point where its operations are not subject to substantial adjustment . . ." (CPUC July 31, 2009 MIR Comments, at 6.) BVES agrees and therefore urges the CAISO to rethink its ranking of LAP granularity. Instead, the CAISO should focus its efforts on ensuring its existing market structure and market systems are fundamentally sound and have stood some reasonable test of time.

Should the CAISO nevertheless decide to proceed with its proposal to impose greater LAP granularity, it should do so through a thoroughly vetted and transparent stakeholder process. This means that the CAISO must take the requisite time to ensure the impacts of further LAP granularity are understood to the extent practicable by both the CAISO and LSEs, including the proposal's impact on congestion revenue rights allocations. Moreover, whether the benefit of moving towards more granular LAPs clearly outweighs its costs and the risks it imposes on consumers.

¹ BVES is an affiliate of Golden State Water Company.