

**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](mailto: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.

Yes. The current MU-FE rate is unreasonable, especially as applied to ISTs. Further, it makes no sense to apply this rate to ISTs when physical supply and demand can avoid the rate by self-scheduling. If the MU-FE rate were reasonable and billed on a gross basis, it could be applied to ISTs.

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.

NA

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

No. The premise that a Scheduling Coordinator (SC) that submits "balanced" schedules for its load, generation, imports and exports does not benefit from any of the CAISO's Market Services Market Usage functions, and therefore should be exempt from the MU-FE charge, is specious. Regardless of whether SCs submit "balanced" schedules, the CAISO must still perform all of the Market Usage sub-functions: maintain an OASIS, allocate CRRs, mitigate market power (presumably both seller and buyer), monitor

market performance, etc. Allowing scheduling coordinators to insulate themselves from these charges by “netting” transactions does not follow sensible cost-causation principles.

The argument that the *status quo* method of allocating these charges (on a net basis) is preferred because implementing Option 2 would substantially increase GMC costs for certain stakeholders ignores many things. First, it ignores that those “certain stakeholders” are likely best suited to absorb any increase in charges. Second, it ignores the fact that many market participants cannot avoid this charge because they cannot net load and generation transactions. Third, it ignores that it is fundamentally inequitable to allow certain stakeholders to avoid costs incurred because of the mere existence of the market (such as maintaining an OASIS).

Billing this rate on a net rather than a gross basis almost certainly contributes to the fact that the CAISO’s \$0.30/MWh MUFE rate, while an improvement on the prior \$0.43/MWh MUFE rate, still appears to be roughly an order of magnitude above a similar rate in PJM, and four times a similar rate in the MISO, as noted in the table in the CAISO presentation at <http://www.caiso.com/2407/2407daa62c440.pdf>, shown below.

<h2>Benchmarking with other ISOs</h2> <p>Attempt to align Administrative Cost Recovery to CAISO GMC service charges</p>						
	CRS + ETS + CRS/ETS TOR	FS	MU	MU-FE	SMCR	Tariff
PJM	NO	\$0.0577 Bid/Offer Segment	N/A	\$0.0399 + AC2 per MWh	N/A	Schedule 9
NYISO	NO	Variable \$0.10 per Bid \$0.05 Rebate if Cleared	NO	TBD	N/A	TBD
MISO	NO	NO	NO	~\$0.085 per MWh	N/A	Schedule 17
ISO-NE	NO	\$0.0050 Submitted \$0.06 Cleared	NO	NO	N/A	Section 2
CAISO*	NO	\$1.0963 per Schedule	NO	\$0.3000 per MWh	\$1000 per month	Appendix F Schedule 1 Part A

\* Current rates do not include CB in denominator.

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.

Dynegy supports billing MUFE charges on a gross basis. This billing would better reflect the fact that the functions performed under the market usage sub-function benefit

all participants in the CAISO's markets on an energy basis, as noted in Ben Arikawa's testimony (as cited in the August 28 straw proposal).