

# Stakeholder Comments Template

## Subject: 2012 GMC Cost of Service Straw Proposal

Submitted by (Name and phone number)	Company or Entity	Date Submitted
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EDF Trading appreciates the opportunity to provide comments on the grid management charge straw proposal. EDF supports the principles used for the new GMC structure. However, we question the rates at which they are currently proposed. The GMC structure is “simply a mechanism to recover ISO revenue requirements in a manner which minimizes market impacts.” The ISO must balance its’ cost recovery efforts with their impacts on the market. EDF feels that by setting the Market Services, CRR, and CRR Bid charges at their current levels, the negative impacts will outweigh the benefits to the market. The liquidity in the markets could be significantly lower should these charges be implemented at the proposed rates.

### **Market Services Charge**

No other ISO has such a high market services charge. This charge will have a negative impact on the liquidity of the market and convergence of the Day Ahead and Real Time prices. By imposing high charges on market activities, it is likely the activity in the financial markets will be significantly lower which will counteract the benefits of implementing convergence bidding. EDF believes this charge should be significantly lowered or taken out of the proposal all together.

### **CRR Charge on cleared MW**

When comparing the straw proposal to other ISO’s, PJM is the most appropriate since this is the most established and liquid market. The current CRR charge of .0126 per MWh is more than five times the rate of PJM of .0024 per MWh. EDF feels that this charge code should be brought down to a similar level as PJM.

### **CRR Bid Transaction fee**

No other ISO charges such a high fee on CRR transactions. At the current level the CRR charge will successfully deter phishing bids, but will hinder the market by causing a lack of liquidity in the CRR market. PJM charges .0012 per bid segment submitted and ISO-NE charges .0065 per bid segment. EDF believes there is a rate somewhere between these two numbers that strikes a balance between cost recovery and market efficiency.