

## Template for comments

Please use the template below to submit comments to the CAISO. Comments are due by close of business Thursday, October 21, 2010 to [gmc@caiso.com](mailto:gmc@caiso.com).

### **Stakeholder Comments Template** **Subject: 2012 GMC Cost of Service Straw Proposal**

<b>Submitted by (Name and phone number)</b>	<b>Company or Entity</b>	<b>Date Submitted</b>
John Childress 832-209-2358	Mercuria Energy	11/29/2010

ISO seeks written stakeholder comments on its 2012 GMC Cost of Service Straw Proposal Paper located at: <http://www.caiso.com/281a/281ac7f165ad0.html>

Stakeholders should use this Template to submit written comments and or suggestions. Written comments should be submitted no later than Close of Business on Monday, November 29, 2010 to: [gmc@caiso.com](mailto:gmc@caiso.com). Comments will be posted on the ISO website.

The subject areas upon which ISO seeks stakeholder input are:

1. Please comment on the billing determinants listed in the straw proposal paper, and suggest any others you believe should be considered.

We are opposed to the CRR billing determinants in the straw proposal paper. The reasons are as follows.

1. Regarding the proposed CRR bid fee of \$1.00/bid. This fee in our opinion is too high compared to similar fees proposed for the convergence bidding process, which is \$0.005/bid. We certainly understand the desire of the ISO to recover expenses incurred in processing the bids in CRR auctions, as well as in convergence bidding processes. However, since the ISO only processes the bids in one single CRR monthly auction, the amount of work load/expenses incurred should be in similar magnitude to that of convergence bidding. Certainly 200 times more (\$1.00 vs. \$0.005) seems excessive and inconsistent.
2. Regarding the proposed CRR charge of \$0.0126/MWh, we believe the fee structure is not in line with the actual expense structure incurred in maintaining the CRR system. Namely, once a CRR bid is cleared, the amount of system maintenance cost to the ISO is neither a function of MW quantity nor number of hours of such contracts. A 1 MW path awarded takes up the same amount of resources to process/invoice as a 100 MW path. The number of hours the paths involved in should be irrelevant to the system maintenance cost by the same token.
3. Overall, the proposed structure is inconsistent with the cost recovery spirit of the initiative. This is especially true when we compare the proposed fee structure to the practices of other ISOs, in whose FTR/CRR markets we also participate. If adopted, it would force financial market participants like ourselves to re-align capital allocation

among all the ISOs and risk significantly reduction in participation/liquidity in the CAISO CRR market.

Therefore, we propose the following fee structure,

1. Adopt a lower CRR bid fee structure to truly reflect the amount of administrative work related to such activities, in line with that being proposed in convergence bidding, to \$0.005/bid.
  2. Adopt a CRR charge structure that is independent of both the MW quantity and number of hours of the related path. The exact amount can be determined by the ISO after consideration of the true cost involved in maintaining such paths.
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2. Please comment on the options the ISO has described for the billing determinants for allocating charge codes to users. Please describe any other options you believe should be considered.