

**Brief Comments of Pacific Gas and Electric Company
On Exceptional Dispatch Tariff Language**

PG&E provides these brief comments in response to the June 3, 2008 CAISO request for stakeholder comments on the CAISO staff's proposed tariff language for new Exceptional Dispatch provisions.

1) Additional clarification is needed with respect to ICPM Capacity Payment Caps - Availability

Sections 39.10.1.3 (Eligibility for Supplemental Revenues) and 39.10.3.3 (Interim Requirements to Be Eligible for an Adder to the Default Energy Price) specify that supplemental revenues will be capped at levels equal to the monthly ICPM Capacity Payment.

Note however that the ICPM Capacity payment includes an "availability" component. The proposed ICPM tariff 46.3.1 states

"... the formula for determining the capacity price payment would be as follows:

$$(\text{ICPM Capacity}) \times (\text{Availability Factor}) \times (\text{ICPM Capacity price})$$

The CAISO shall determine the Availability Factor and Monthly ICPM Charge in accordance with Appendix F, Schedule 6. For purposes of the ICPM, the Availability Factor shall be calculated as the ratio of: (1) the sum of the ICPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO shall be substituted for ICPM Capacity MW for each hour the resource is not on an authorized Outage, to (2) the product of ICPM Capacity MW and the total hours in the month.

This methodology for determining the availability and the subsequent Availability Factors (which reflect availability premiums and discounts) does not appear workable for payment calculations used for Exceptional Dispatch resources that are not necessarily under obligations to make capacity available to the CAISO.

An alternative will be required (possibly utilizing historic unit specific availabilities if available) as well as tariff changes to reflect this ICPM based payment exception.

2) Additional clarification is needed with respect to ICPM Capacity Payment Caps – 30 day rolling totals

Two sections of the tariff outline the process to cap supplemental payments at the equivalent ICPM monthly limits. Section 39.10.3.3 addresses the first 4 month period

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where the DEB plus \$24/mwhr bid adder is used, and Section 39.10.1.3 addresses the period after the first 4 months where the Energy Bids become applicable.

The level of detail provided with respect to the calculation of Supplemental Revenues under these two tariff sections is inconsistent and added details are needed for Section 39.10.3.3 (first 4 months) to better describe the 30 day rolling reset of supplemental payment calculations. A similar section to 39.10.2 (outlining the calculation of supplemental revenues for the post 4 month period) should be added to better address first 4-month period (now partially addressed as provisions under 39.10.3.3 (iv)).

For follow-up or questions, please contact Brian Hitson (415-973-7720) or Glenn Goldbeck (415-973-3235).