

SCE Comments on 2012 Grid Management Charge Proposed Modifications to November 11, 2010 Straw Proposal

Southern California Edison (“SCE”) submits these comments in response to the “2012 Grid Management Charge Proposed Modifications to November 11, 2010 Straw Proposal” dated January 13, 2011. The proposed modifications to the initial GMC proposal that the ISO set forth in this document consist primarily of: 1) A phase in of the application of the System Operations charge to supply; 2) a proposal for treatment of Transmission Ownership Rights (“TORs”); and 3) a proposed revenue requirement cap.

SCE is supportive of the proposed treatment of TORs and the proposed revenue requirement cap. However, SCE does not support the proposal for a phase in of the assessment of the System Operations charge to supply.

It is appropriate to assess a lower GMC to TORs to reflect the limited services that TORs require from the ISO. SCE is also in agreement with the ISO on the proposed mechanics of assessing the GMC to TORs, by not assessing a Market Services charge and assessing the System Operations charge based on the minimum of supply or demand MWhs of energy.

The revenue requirement cap of \$197 million in 2012, increasing at 1% per year for five years through 2016 is reasonable and SCE supports it. This cap provision provides that as long as the ISO maintains a revenue requirement under the cap in a given year, the ISO will not be required to submit its annual GMC under a Section 205 filing to the Commission. The ISO would have to make a 205 filing for a revised GMC effective January 1, 2017.

SCE opposes the phase in of the System Operations charge to supply. The ISO has proposed to assess the System Operations charge to both supply and load based on its determination that both supply and load contribute to the ISO’s incurrence of costs allocated to the System Operations charge. From a cost causation perspective then, this System Operations charge should be assessed to supply and load on an equivalent basis without delay.