

Stakeholder Comments Template

Subject: Exceptional Dispatch – Issues Paper Release 1

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the topic of Exceptional Dispatch and specifically the issue paper related to this topic as posted on March 21, 2008 (at: <http://www.aiso.com/1f91/1f91cdbc12f0.pdf>) and discussed on the stakeholder conference call on March 28, 2008. Upon completion of this template please submit (in MS Word) to <mailto:jmclain@caiso.com>. Submissions are requested by close of business on April 4, 2008.

Please provide your comments to the areas below related to the proposals and aspects of the proposals that you do or do not support in the space below. There is also a general comments section for any other comments you would like to provide.

1. Option 1 – Daily Capacity Payment

SCE does not support Option 1 – A Daily Capacity Payment.

While SCE agrees with the intent to have the supplemental capacity payment for an Exceptionally Dispatched unit to be consistent with the supplemental capacity payment for an ICPM designated unit, we are concerned with how the analysis results of this option may be impacted based upon the final resolution of the pricing schemes that will be contained in the FERC approved ICPM Tariff.

1a. The daily capacity payment would be a percentage of the ICPM monthly capacity payment amount:

- While SCE does not specifically offer suggestions to this issue, should this option be pursued, we point out that
 - given that the Exceptional Dispatched supplemental capacity payment is to compensate for fixed cost recovery and the supplemental capacity payment under ICPM is also to compensate for fixed cost recovery, and
 - that the total payment under either Exceptional Dispatches or ICPM would not exceed the monthly equivalent value,

SCE believes that in those situations where an Exceptionally Dispatched unit accepts an ICPM contract, the supplemental payments under ICPM should terminate when the total (i.e. Exceptional Dispatch + ICPM) supplemental payments for one calendar month equal the ICPM monthly equivalent value.

2. Option 2 – Bid Adder

SCE supports this option to pay an eligible Exceptionally Dispatched mitigated unit the larger the DEB + \$24/mwh or the LMP, whichever is higher. We believe that this option provides a supplemental payment that reflects actual dispatched operation and also incorporates a pricing scheme that has already been approved by FERC.

2a. Which energy should be subject to the bid adder?

SCE supports using the actual amount of energy that is Exceptionally Dispatched.

As mentioned within the whitepaper, the CAISO is required by FERC to publish all instances of Exceptional Dispatches, with such reports including, at a minimum, total hourly volumes and hourly weighted average prices, by transmission operator service territory. In order to determine aggregate values, SCE believes that the CAISO should have access to the actual Exceptional Dispatched MWH for each unit on an hourly basis. SCE believes that the benefits (to all stakeholders) of using the actual Exceptional Dispatched mwh will more than compensate for administrative efforts required to perform such calculations

3. Other Supplemental Payment Options

SCE does not at this time offer additional supplemental payments options.

4. Eligibility aspects

SCE supports the five proposed eligibility rules contained in the CAISO's whitepaper.

However, SCE is concerned that the frequency of units being Exceptionally Dispatched may occur more than is currently anticipated by the CAISO. As such, SCE emphasizes the importance of all stakeholders properly understanding the basis for each Exceptional Dispatch. Otherwise, SCE is concerned that a supplemental payment may incorrectly become synonymous with (any) Exceptional Dispatch.

5. Mitigation aspects

SCE supports the mitigating aspects outlined in the ISO's whitepaper.

We also believe that imposing mitigating measures on all units, i.e. those with and those without capacity contracts (i.e. RA/RMR/ICPM) is appropriate for Exceptional Dispatch situations and that, in this instance, the administrative simplicity of doing otherwise is not warranted.

6. General comments

SCE offers no additional comments at this time.