

Stakeholder Comments Template

Subject: GMC Charge Code 4537 – Market Usage Forward Energy Final Proposal

Submitted by (Name and phone number)	Company or Entity	Date Submitted
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CAISO seeks written stakeholder comments on its GMC Charge Code 4537 – Market Usage Forward Energy Final Proposal, which was posted on October 2, 2009 at <http://www.caiso.com/2417/2417891c4ad50.html>

Stakeholders should use this Template to submit written comments. Written comments should be submitted no later than Close of Business on Monday, October 12, 2009 to: csnay@caiso.com. Comments will be posted on the CAISO website.

The CAISO seeks stakeholder input on the following:

1. Do you support the ISO's final proposal to change the market usage forward energy charge calculation to:

Max [abs(Generation+Imports),abs(Load+Exports)]

SCE does not support the ISO's final proposal.

This stakeholder process was initiated because of issues that several Scheduling Coordinators had with the inclusion of Inter Scheduling Coordinator trade energy ("IST Energy") as part of the billing determinant upon which the Market Usage Forward Energy ("MUFE") GMC charge is assessed. In SCE's view, the Straw Proposal issued on August 28 would properly resolve this issue. That Straw Proposal would have eliminated IST Energy from the billing determinant, but maintained the netting aspect of the charge.

SCE supports maintaining the netting aspect of the MUFE charge because the use of the ISO's Forward Market by a Scheduling Coordinator is properly measured by the difference between that Scheduling Coordinator's supply and demand. The ISO's Forward Energy market was created for the purpose of matching incremental long or short positions of Scheduling Coordinators, so that Scheduling Coordinators with long positions may receive the benefit of being able to sell that energy at the market price, and Scheduling Coordinators with a short position may benefit by purchasing that

position at the same market price. A Scheduling Coordinator with matching supply and demand positions does not receive that benefit and should not pay for that service.

The proposal to modify the MUFE charge to the “max” approach is a significant change from the current methodology and is likely to have significant impacts on the incidence of MUFE costs to many Scheduling Coordinators, including SCE. As such, it should be addressed in the comprehensive discussions that will take place next year -- rather than in the very limited scope of this discussion – when many other portions of the GMC will be discussed.