

Stakeholder Comments Template
Subject: GMC Charge Code 4537 – Market Usage
Forward Energy Straw 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 Straw Proposal, which was posted on August 28, 2009 at <http://www.caiso.com/23f1/23f1eeab40a20.html>

Stakeholders should use this Template to submit written comments. Written comments should be submitted no later than Close of Business on Friday, September 4, 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 straw proposal to eliminate ISTs from the MUFE calculation? Please explain why.

Southern California Edison ("SCE") supports the California ISO's ("CAISO") Straw Proposal. Based on the information provided by the CAISO through the stakeholder process, SCE believes that the costs recovered through the Market Usage Forward Energy Charge Code are not related to costs that the CAISO incurs in performing the IST function. Accordingly, it is appropriate to eliminate ISTs from the MUFE calculation.

2. If you do not support removing ISTs from the MUFE calculation, what alternative do you propose? Please explain why your alternative is preferable to the ISO's straw proposal.

N/A.

3. Do you support the ISO's straw proposal to continue netting physical energy in the MUFE calculation? Please explain why.

Yes. Netting physical energy in the MUFE calculation is appropriate because a Scheduling Coordinator only relies upon the ISO's Forward Energy market for the difference between its supply and demand. The markets are 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 Straw Proposal asserts that a “con” of the netting aspect of Option 1 is that it “encourages SCs with both supply and demand to increase their use of self-scheduling”. SCE disagrees that this is the case. The netting aspect of the charge does not provide any incentive to self-schedule load and generation, since self schedule energy is included in the determination of net energy in the same manner as energy from accepted bids is included. Therefore, submitting bids rather than self schedules will not affect the amount of the charge.

4. If you do not support the netting option, what alternative do you propose? Please explain why your alternative is preferable to the ISO's straw proposal.

N/A.