

**Subject: Stakeholder Comments on GMC 2012 Cost of Service Study
Discussion Paper Issued January 20, 2011**

Submitted by	Company	Date Submitted
<i>Steve Williams 858 650-6158</i>	<i>SDG&E Regulatory Affairs</i>	<i>January 27, 2011</i>

INTRODUCTION

SDG&E appreciates the opportunity to comment on the California Independent System Operator's (CAISO) GMC 2012 Cost of Service Study Discussion Paper issued January 20, 2011.

In response to CAISO's "GMC 2012 Cost of Service Study Discussion Paper", issued on October 7, 2010, SDG&E shared its concern about the impact of the initial GMC proposal on TORs, and along with other comments, stated that "The TOR allocation needs to be based upon cost causation as otherwise this class will subsidize other classes". In response to SDG&E's concern, the CAISO stated on December 16, 2010, that it "acknowledge[s] that TORs have been treated as "other supply and demand" in the initial development of the design and billing impacts." Furthermore, the CAISO stated that "We will review other options in an attempt to accommodate TORs within the proposed GMC structure."

The CAISO's latest GMC proposal presented on January 20, 2011, now includes distinct treatment for TORs. SDG&E believes this proposal more closely reflects cost causation, one of the guiding principles of this 2012 Grid Management Charge Initiative. SDG&E appreciates the CAISO's efforts in responding to our concerns related to the TOR issue.