

## Stakeholder Comments Template

### Subject: Setting Parameter Values for Uneconomic Adjustments

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics covered in the July 31 Market Notice regarding Setting Parameter Values for Uneconomic Adjustments. Upon completion of this template please submit (in MS Word) to [chinman@caiso.com](mailto:chinman@caiso.com). Submissions are requested by close of business on August 6, 2008.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. Please propose or comment on the appropriate principles or rules for setting prices in the Real Time Dispatch when supply is insufficient to meet the CAISO demand forecast.

*(Submit Comments Here)*

2. Multiple priority levels for ETCs. The CAISO believes that MRTU Tariff Section 16.4.5 (8) adequately covers possible priority differences for ETCs, i.e., that the service types identified in this section are the only relevant basis for establishing different priority levels in the MRTU software for ETCs. Parties are asked to comment on whether they agree with this assessment, or if not, to specify any further needs that must be addressed.

*ETC rights are outside of market, therefore ETC self schedules should be excluded from adjustment based on economics and removed from the "Parameter Tuning" priority list.*

3. Parties are asked to describe any specific types of test cases they would like the CAISO to run and analyze in relation to the parameter tuning effort. Please explain the proposed case in enough detail to make it clear what question or issue is being addressed. In addition, please identify any particular Market Simulation cases you have encountered in the Market Simulation process and believe are important to examine for parameter tuning issues, and explain the relevance of such cases.

*(Submit Comments Here)*

4. Other

SMUD concerns detailed below involve the priority level of firm schedules proposed to be adjusted for economic reasons at the interties.

The table “Integrated Forward Market (IFM) Parameter Values,” shows that Self Scheduled Exports *using* “identified non-RA supply resource” and Self Schedule Exports *not using* “identified non-RA supply resource” are listed in lower priority range for energy schedules, as shown by the lower Scheduling and Pricing Run Values. In the table “Real Time Pre-Dispatch Parameter Values” Self Scheduled Exports not using identified non-RA supply are again in the lower priority range for energy bids. SMUD does not believe these values ensure the firmness of exports for which SMUD customers pay a premium, nor ensure firm schedule flow up to the contract transfer capability at the interties.

Prior to MRTU, interchange schedules up to the contract transfer capability limits at the SMUD interties would flow, barring system emergency. Due to the economic adjustments proposed, SMUD must at a minimum address the CAISO application of so-called “compensating injections,” which are non-transparent interchange schedules of largely PG&E flows across the SMUD BA with absolute priority at the interties.

The CAISO claims that it needs to have schedules equal actual flows at separate intertie points in their IBAA modeling. See <http://www.caiso.com/1f56/1f56eb9739860.pdf>. In this presentation, the CAISO introduced that it was going to schedule PG&E power flow through the SMUD Balancing Authority in the Real Time Market. The CAISO refers to these non-transparent schedules as “compensating injections,” for which there has been little discussion and details provided to market participants. It appears that these schedules (compensating injections) will have absolute priority at the SMUD ties as they are not transparent to the market and therefore not listed among the schedules subject to economic adjustment by the CAISO.

First, SMUD requests that the PG&E “compensating injection” schedules be communicated to SMUD for reliability and congestion pricing evaluation, and further requests these schedules be scheduled and tagged in the DAM and RTM to meet NERC eTag requirements. As the value of these schedules is noted historically to reach several hundred MWs, the reliability issues surrounding the non-transparency of these schedules is of grave concern to SMUD under the construct of MRTU. Tagging these interchange schedules also meet the CAISO need for schedules to equal actuals at the separate ties under MRTU.

Second, SMUD requests that compensating injections be included among the parameter values, at a lower priority than the Self-Scheduled Exports. In no way should these compensating injections be afforded a higher adjustment priority simply because the CAISO has chosen to make them non-transparent.