SCE Comments on 2012 Grid Management Charge Straw Proposal

Southern California Edison has the following comments on the "2012 Grid Management Charge Straw Proposal", dated November 11, 2010.

As SCE stated in its prior comments submitted on the initial "2012 GMC Cost of Service Study Discussion Paper" dated October 8, 2012, SCE is in general agreement with the principles that the ISO has set forth to guide the development of the 2012 GMC, and that the three service categories the ISO proposes (Market Services, System Operations, and CRR Services) are the appropriate services for a GMC structure that will achieve the principles set forth by the ISO.

In this latest discussion paper, the ISO has added details on how the ISO proposes to recover the costs allocated to these three service categories from market participants, by proposing billing determinants and also certain additional "administrative fees".

The Market Services charge is proposed to be assessed to gross amounts of "schedules and awards" in the ISO's markets. The discussion paper lists 18 specific quantities that would compose this billing determinant. SCE's preliminary review of these 18 quantities is that these seem to be proper.

In the current GMC structure in SCE has taken the position that an analogous charge to the Market Services charge should be assessed using to net amount of participation in the ISO's markets. For example, the "Market Usage – Forward Energy" charge was assessed to net participation in the Forward markets until it switched on June 1, 2010 to a "max of gross" method. SCE believes that netting of supply-side quantities against demand-side quantities appropriately measures a Scheduling Coordinators use of and benefits from the ISO's markets. Accordingly, at this time SCE supports netting for the Market Services charge.

The System Operations charge is proposed to be assessed to the "gross absolute value of actual real-time MWh energy flow". The ISO lists six specific quantities that would compose this billing determinant. SCE' preliminary review of these six quantities is that they seem to be proper.

The CRR charge is proposed to be assessed on each Scheduling Coordinator's total MW holdings of CRRs in each hour. SCE agrees that this proposed billing determinant is proper.

The discussion paper also proposes certain administrative fees, including: 1) a Bid Segment Transaction Fee; 2) a CRR Bid Transaction Fee; 3) an Inter-SC Trade Transaction Fee; and 4) an SCID Administrative Fee. SCE believes these proposed fees are in general appropriate. However, as SCE understands the SCID Administrative Fee, it would be assessed to SCs for any open SCID. Since settlement reruns may occur for a period of 36 months after the trading month, if an SC closed out an SCID the SC would continue to be assessed the $1,000 for a period of 36 months after it closed out the SCID. SCE is evaluating whether it supports this aspect of the SCID Administrative Fee.

The discussion paper acknowledges that the allocation of an administrative fee to TORs is an issue for further discussion and will be addressed during the stakeholder process to finalize the GMC design. SCE agrees that this should occur, as the cost impacts that TORs impose on the ISO are less than the cost impacts of energy scheduled in ISO markets and delivered over ISO-controlled transmission is lower than that over TORs.

SCE is also interested in the ISO's plans for the GMC as it would be applied to PIRP participants. In the current GMC structure, the charge for Energy and Transmission Services – Uninstructed Deviations is assessed to monthly netted amounts of Uninstructed Deviations. Under the proposed GMC rate structure, where the charges are assessed to gross measures of use of Market Services or System Operations, it appears to SCE that there should be no analogous treatment for PIRP schedules.

SCE looks forward to reviewing the GMC data to be distributed in early December and participating in the remainder of the GMC stakeholder process.