

**Stakeholder Comments Template**  
**Subject: Modifications to the CAISO's 2012 GMC Cost  
of Service Straw Proposal**

<b>Submitted by (Name and phone number)</b>	<b>Company or Entity</b>	<b>Date Submitted</b>
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The City of Santa Clara, California, doing business as Silicon Valley Power ("SVP") thanks the California Independent System Operator Corporation ("CAISO") for the opportunity to submit comments concerning the CAISO's Modifications to the 2012 Grid Management Charge ("GMC") Straw Proposal.

SVP is pleased that the CAISO has responded to stakeholder comments by proposing to exclude Metered Subsystem ("MSS") Load Following instructed imbalance energy from the Market Services charge. As the CAISO explains, the cost causation impacts of the function are appropriately recovered through the System Operations charge. *CAISO Presentation* at slide 10.

Although SVP supports the CAISO's movement on the MSS Load Following issue, SVP remains concerned with the CAISO's revenue requirement proposal. Specifically, SVP echoes other stakeholders' concerns that: (1) the five-year term is too long, as it does not adequately account for the uncertainty in level of expenses when debt service for MRTU is retired in 2014; and (2) the one percent-per year escalator is unjustified, particularly given the continued downturn in the economy. The CAISO's expectation of an economic turn-around in the short-term seems overly optimistic, even with some economic indicators improving, given state and local budgetary issues. A shorter term proposal without a built-in escalator may give the CAISO and its stakeholders the flexibility and protection they need to adjust for costs as they occur.