

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.

Yes. ISTs should be removed from the MUFE calculation because it is not appropriate for IST transactions to be charged both a per-schedule forward services rate and a per-MWh MUFE rate for net energy in the day ahead market.

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.

No, because it is not aligned with cost causation principles, as indicated by WPTF members' prior comments. In fact, the CAISO acknowledges that this option is not aligned with cost causation principles, and that it will encourage self scheduling. Nevertheless, the CAISO proposes to adopt this mechanism, claiming that it will

eliminate a potentially “substantial increase” in GMC charges for certain stakeholders, potentially affecting ratepayers.

It is a fact that adopting any option that changes billing determinants will impact one or more stakeholders.

The proper rate design approach is to determine the appropriate cost-causation-based design and then address whether there is a need to manage cost shifts or severe rate changes. WPTF is willing to consider interim mitigation strategies if affected stakeholders make a demonstrable case that such mitigation is actually necessary to avoid significant rate impacts. Such transitional measures should be viewed just as transitional, however, and not as the preferred market design.

WPTF believes it would be a significant design flaw for the CAISO to implement Option 1. As a result, should the CAISO continue to propose Option 1 WPTF members may reconsider support for extension of the GMC settlement.

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.

WPTF urges the CAISO to implement Option 2 from the straw proposal for the reasons WPTF members identified in prior comments and consistent with the discussion under question 3, above.