

SWP's Comments to the California Independent System Operator on the Issue Paper-Updates to CAISO's Station Power Protocol for MRTU

November 1, 2007

The California Department of Water Resources State Water Project (SWP) appreciates the opportunity to comment on the California Independent System Operator's (CAISO) issue paper-"Updates to CAISO's Station Power Protocol" published on its website on October 19, 2007.

CAISO has proposed the following three options for the station power settlement under Market Redesign and Technology Upgrade (MRTU):

1. Settle all station power loads including that supplied by third party at the Default Load Aggregation Point (LAP).
2. Settle on-site and remote self supply at the Custom LAP and third party supply at the Default LAP.
3. Settle all station power loads including that supplied by third party at the Custom LAP.

SWP understands the need to update the protocol to match the MRTU design and believes that option 3 is the best among the three options for settlement because 1) it can prevent potential market manipulation because the same LMP is used to calculate both generation payments and station power load charges; 2) it will not cause any additional complexity for the existing LMP calculations for regular load charges at Default LAPs and for the Day-Ahead and Real Time neutrality charge calculations at Default LAPs. Consequently, SWP supports settling all station power loads, including that supplied by third party, in the same way the corresponding generation is settled, which is at the PNodes or at the Custom LAPs.