



California Wind Energy Association

March 10, 2006

Ben Arikawa
Senior Financial Analyst
California Independent System Operator
P.O. Box 639014
Folsom, CA 95763

Dear Mr. Arikawa:

The California Wind Energy Association (CalWEA) appreciates the opportunity to provide the California Independent System Operator (CAISO) with comments on whether the CAISO should maintain the present structure for its Grid Management Charge (GMC). The CAISO's report on "Grid Management Charge Options for 2007," released February 24, 2006, asked stakeholders to submit such comments by March 13, 2006.

CalWEA recommends one change to how the GMC is charged to renewable, intermittent generators that participate in the CAISO's Participating Intermittent Resource Program (PIRP). As you know, the purpose of PIRP is to encourage intermittent renewable generators to schedule their output with the CAISO using state-of-the-art forecasting tools. The central element of PIRP is that participating renewable generators agree to schedule their output using the CAISO forecasting protocol, and in exchange are allowed to net their uninstructed deviations across a calendar month, with any net deviation settled at a weighted-average price. This allows intermittent generators to schedule their output with the CAISO using the best available forecast information, without the substantial penalties that could result from intermittent wind and solar resources whose availability is beyond the generator's control, if deviations were priced on the standard ten-minute settlement interval. CalWEA supports the PIRP as an important tool for integrating significant amounts of new wind generation into the CAISO system.

CalWEA understands that a portion of the GMC charges for Energy Transmission Service (Charge Code 4506) and Market Usage (Charge Code 4536) are billed according to the absolute values of uninstructed deviations, calculated using the standard 10-minute settlement interval. Not surprisingly, CalWEA members participating in PIRP have experienced substantial GMC costs under these charge codes, because these GMC charges are assessed without netting deviations across a calendar month. CalWEA believes that it is contrary to the basic design of PIRP for renewable generators to be charged such excessive GMC costs, not as a result of their own actions, but due to the intermittent nature of their resources. Instead, CalWEA recommends that, for PIRP participants, these GMC charges should be assessed based on deviations netted over the calendar month, as are imbalance energy charges. With this change, intermittent generators would contribute to these components of the GMC in a manner that is fully consistent with the underlying purpose of PIRP to allow intermittent resources to schedule with the CAISO without being penalized unduly as a result of the variable nature of these resources.

CalWEA appreciates the CAISO's consideration of these comments.

Sincerely,

Nancy Rader

Nancy Rader
Executive Director

