Attachment A

# Stakeholder Process: CRR Load Migration

# Summary of Submitted Comments

**Stakeholders submitted three rounds of written comments to the CAISO on the following dates:**

- Round One, June 4, 2007
- Round Two, June 20, 2007
- Round Three, early July 2007

**Stakeholder comments are posted at:** http://www.caiso.com/1b8c/1b8cdf25138a0.html

**Other stakeholder efforts include:**

- Two conference calls with stakeholders: May 29, 2007, June 28, 2007
- In Person Stakeholder Meeting: June 14, 2007

| Management Proposal | Alliance for Retail Markets | CPUC Staff | PG&E | SCE | CDWR | Management Response |
|---|---|---|---|---|---|---|
| Create equal and opposite sets of CRRs. Give "positive" set to load gaining LSE and "counterflow" set to load losing LSE | Support | Support | No comment | Conditional support | Support | The management proposal simplifies the mechanism in the existing MRTU tariff and provides an objective and accurate way to transfer the appropriate share of the financial value of the load-losing LSE's allocated CRR portfolio. It is fair to all LSEs, is feasible to implement for MRTU start-up, and is compatible with the overall MRTU market design. |
| Transfers comprised of proportionate share of CRR portfolio | Agrees with management recommendation | Agrees with management recommendation | Instead, permit the LSE to retain CRRs of their choosing related to long-term supplies, and transfer others. | Conditional agreement with management recommendation | Support | Management disagrees with PG&E's proposal because it does not provide an objective and accurate way to ensure that the transferred CRRs have a fair value to the receiving LSE. |
| The right to renew CRRs through the priority nomination process that were transferred for load migration will carry over to the load-gaining LSE. | Agrees with management recommendation | No comment | Neither the load-gaining nor the load-losing LSE should be allowed to renew CRRs that were transferred due to load migration, and the ISO should not withhold capacity associated with transferred CRRs from the priority nomination process | | Support | Management does not believe that allowing LSEs to recover transferred CRRs is fair to the load-gaining LSE that received fair economic value in the original transfer. Overall, the proposal is fair to all LSEs, is feasible to implement for MRTU start-up, and is compatible with the overall MRTU market design. |
| Credit management policies for CRR-related defaults consistent with other ISO credit management policies | Agrees with management recommendation | CAISO's credit and risk management staff are best situated to evaluate the potential magnitude of this problem, and must incorporate a solution in their overall credit and risk management plan. | No comment | Avoid market participant defaults by applying an additional credit requirement whenever an LSE sells or voluntarily transfers allocated CRRs. This covers the possibility that the LSE will have to accept counterflow CRRs when some of its load migrates. | All market participants could be potentially impacted by slow response to any new credit requirements as a result of the required transfer. CAISO must thoroughly address how it will handle timeframes and approvals for final transfers. | The alternative advocated by SCE would require adding another credit requirement and calculation to the implementation requirements for MRTU startup. Also, the impact of possible defaults should be small for two reasons: (1) current state policy limits the overall volume of load participating in retail access to the status quo, and (2) LSEs cannot sell or bilaterally transfer long-term rights beyond the current year of their term. Therefore CAISO recommends retaining the credit management as proposed. |