Attachment A

Template for Submission of Comments on MRTU Release 1A and Release 2

The CAISO is requesting that stakeholders use the following template for submitting comments regarding their high priority market enhancements for the MRTU Release 1A and Release 2 Scoping.

Comments are requested by close of business Friday, August 24th, 2007 and should be submitted to mmiller@caiso.com.
Please contact Margaret Miller at mmiller@caiso.com or 916 608-7028 with any questions.

Instructions:

1) At the top of the template please provide your name and the name of the company you represent.
2) Use a new row of the matrix for each market enhancement you want to propose. In the left-hand column identify the section number associated with the enhancement you want to propose, as identified in the Five Year Market Initiatives Roadmap. If you are proposing a new market enhancement that is not captured in the Roadmap please indicate "New" in the left-hand column.
3) In the middle column provide the name of the enhancement and a description of the important features you are proposing.
4) In the right-hand column provide justification for your proposed enhancement based on:
   - Grid Reliability
   - Market Efficiency
   - Specific business needs based on your company's business.
   - Implementation/cost impact to CAISO (High, Medium, or Low)
   - Implementation/cost impact to market participants (High, Medium, or Low)

   In providing your justification for a proposed market enhancement, the specific business needs of your company are extremely important and should be described as clearly and fully as possible.

Company represented: _PG&E_____ Person submitting comments: _Chris Fan_____

Date of submission: ___8/27/07_____

Roadmap section number, or specify "New"	Title and description of proposed enhancement	Justification for proposed enhancement based on criteria stated above
New	Seams Issues	High priority. Normalization of standards for the sale of RA, transmission and generation across ties. There are a variety of issues that complicate the import of RA, energy and ancillary services from the Northwest and other adjacent control areas. Some of these issues are the timing of transaction (T-20 vs T-75), variations in the treatment of firm energy, and the withholding of unused transmission. These problems are the backdrop for the more obvious problems around the import of intermittent resources, the exchange of scheduling Information and intertie transfer capability. The CAISO has not offered a priority for the former issues, because they are regional in nature and in some ways cannot be resolved with MRTU alone. This should not deter the CAISO from taking several steps toward normalizing transactions between control areas. First, A regional definition for characteristics of standard transactions and terms should be sought. Second MRTU design must accommodate those regionally defined transactions. Finally, a general agreement enabling the long term access to and reservation of transmission in the regional context (i.e. across ties) should be found. We expect that this will be a very difficult task, but it is a task that will require time and needs to begin immediately. In part to recognize the difficulty of this enhancement we

		propose making it a high priority topic in the MRTU Road Map and Release 2 Scoping.
New	Develop capacity set asides for CRR and LT CRR auctions	High priority. CRR Allocation Process may not allow sufficient access to needed CRRs and LT CRRs.
New	Re-examine local market power mitigation for ancillary bids	High Priority. There is currently no Ancillary Service mitigation; CAISO sub-regional procurement creates market power opportunities.
New	Re-examine local market power mitigation for RUC bids	High priority. There is currently no RUC mitigation; CAISO localized procurement creates market power opportunities.
New	Strengthen general market power mitigation provisions (anti-gaming measures)	High priority. Potential problems such as hockey stick bidding and evading LMPM need to be considered early in MRTU.
2.1.2	Application of methodology for Competitive Path Assessment	High priority. The Competitive Path Assessment is the only tool used to develop the trigger for market power mitigation.
2.1.4	Limits on Start-up/Minimum Load Costs	High priority. There is currently no mitigation at present, which opens opportunities for gaming.
2.1.5 d	Tracking and Reallocation of CRRs as Load Migrates	High priority. There are significant policy and implementation rules that still need to be developed.
2.2.1	Convergence Bidding: MRTU Release 1A	Low priority. Not a critical requirement for PG&E.
2.2.2	System-level Scarcity Pricing: MRTU Release 1A	Low priority. System-level Scarcity Pricing should not be implemented until adequate infrastructure exists to allow demand to actually respond.
2.2.3	Day-Ahead Market Power Mitigation and Unit Commitment issues. Release 1A	Low priority. There is better mitigation potential with use of forecast load (as done now) than bid in load.
2.2.4	Simultaneous Residual Unit Commitment (RUC) and IFM	Low priority. Little benefits if expected RUC is small

2.2.5	Dispatchable Demand Response	High priority. Dispatchable Demand Response provides resources that can be used in situations where sufficient generation is lacking, so it has a high reliability value. It can provide the additional resources that can cap the market price from generation and thus has market efficiency value. It is demand side market component that has been missing thus far and technologies are becoming available to make this a reality. That makes it imperative that demand is properly accommodated in MRTU. Dispatchable Demand Response has business needs from the CAISO that include transparent pricing in markets that is readily accessible for automated use in controlling load. Estimate the implementation cost to CAISO and market participants as Low.
2.2.6	The CEC's proposal on rebate of loss over-collection for renewable resources	Low priority. CAISO socialization of benefit costs should be minimized.
2.2.7	Consideration of a full Hour-Ahead settlement market	Low priority. Full hour-ahead market should only be considered after the long term success of the two settlement system.
2.2.8	Dynamic pivotal supplier test for market power mitigation	Low priority. Mitigation could be relaxed only after the two settlement markets are proven workable.
2.2.10	Consideration of import energy in the RUC process	Low priority. RUC is expected to be small, system RUC even smaller, therefore accommodating RUC imports should not displace other higher impact work.
2.2.11	Multi-day unit commitment in the IFM	High priority. Better optimization may result in lower costs. 24 hour start remains a concern particularly if convergence bidding is implemented.
2.2.12	DEC Bidding Activity Rule on Final Day-Ahead Resource Schedules	High priority. FERC mandated, but important to not create gaming

		opportunities.
2.2.14	LMPM for COG units; provision for daily bidding of minimum load	Low priority. Since minimum load mitigation is not yet in place, LMPM could aggravate concerns about dispatch of COG units.
2.2.17	Reservation of transmission capacity for Ancillary Service exports	Low priority. Providing for export of A/S would likely increase in area costs.
2.2.18	Hourly designation of Ancillary Service Contingency Only Flag	High priority. Hydro resources need hourly flexibility.
2.2.19	Multi-Segment Ancillary Service Bidding	Low priority. Added complication, the need for this is not clear.
2.2.21	Treatment of use-limited resources with limited number of hours or start ups	High priority. Improved functionality may improve the ability to bid more energy and A/S for use limited resources.
2.2.23	Automation of sub-LAP adjustments in step 3 of LAP clearing validation	Low priority. Rare circumstances, it is unclear why automation is needed.
2.2.24	LAP Load Settlement	Low priority. LAP implementation should be stable prior to the use of sub-LAPs.
2.2.25	Partial RA Units	Low priority. Complex rules, start up gaming concerns will require undue resources.
2.2.26	Sale of CRRs in CRR Auctions	Low priority.
2.2.27	RUC Self-Provision	Low priority.
2.2.28	Two-Tier rather than single-tier Teal-time bid cost Recovery Allocation	High priority. Two-tier will better follow cost causation and may be less expensive for participants.
2.3.1	Import and Export of Intermittent Resources High increasing problem	High priority. Increasing problem that requires attention. It will continue to grow as more resources are available.
2.3.3	Import and Export of Ancillary Services	Low priority. This may provide an additional motivation for export of capacity. It may have adverse impacts to energy

		markets.
2.3.5	Exchange of Day Ahead Scheduling Information	High priority. This may improve available intertie transmission
2.3.7	Maximizing Intertie Transfer Capability	High priority. This may improve available intertie transmission
2.4.1	Forward Price and Real-Time Price Convergence	Low priority.
2.4.2	Scheduling Accuracy	Low priority.
2.8.1	Increased MW Granularity of CRR Tracking	High priority. Current limits of 0.1mw do not allow for accurate transactions.
2.8.2	Sale of CRRs in the CRR Auctions	Low priority. Present work around provides functional equivalent.
2.8.3	Mulit-period Optimization Algorithm for Long Term CRRs	High priority. Will improve availability of LT CRRs.
2.8.6	Flexible Term Lengths of Long Term CRRs	High priority. Greater flexibility will increase value of LT CRRs.
2.8.7	Long Term CRR Auction	High priority. Lack of auctions limits ability to obtain LT CRRs.
3.2.4	Demand Response CAISO	High priority. Provides resources that can be used in situations where sufficient generation is lacking, so it has a high reliability value. Provides additional resources that can cap the market price from generation and thus has market efficiency value. DR has business needs from the CAISO that include reasonable requirements so that DR can participate in the ancillary services and other markets without undo telemetry and control requirements. Estimate the implementation cost to CAISO and market participants as Medium to Low.