

Additional Stakeholder Comments on CRR Enhancements for 2009-2010

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A. CRR Related Credit Issues

1. **CRR Credit Policy Changes:** The ISO will review and refine current credit requirements for participation in CRR auctions to improve the ISO's credit coverage. The ISO will seek to implement these enhancements prior to the November 2009 annual auction.

In its prior comments dated August 28, 2009, SVP had suggested allowing netting between allocated CRRs and auctioned CRRs in the credit holding requirement calculation. During the September 8th meeting (slide #21), the ISO stated that it would continue to monitor load migration and might consider SVP's suggestion in the future. SVP is encouraged by the ISO's response and would appreciate the ISO developing a timeline on when the ISO would use the actual market performance data, at least for LSEs that do not have any migrating load.

B. Non-Credit Policy Issues

1. **Move to Single Tier in Monthly Allocation:** The current monthly CRR allocation uses two tiers even though the incremental amount of CRRs released after the annual CRR process is limited. A single allocation tier would make the monthly allocation process more streamlined.

The ISO's September 8th presentation (slide #54) included a stakeholder suggestion to modify the monthly allocation rules to allow Sub-LAPs to be nominated as sinks in Tier 1, whether or not the monthly CRR allocation process is changed to a single tier. SVP would support such a modification, as doing so would likely allow for more CRRs to be allocated in the monthly process.

2. **Implementation of Auction Revenue Rights (ARRs):** The ISO has asked Market Participants to provide general comments regarding whether they would support or oppose the implementation of Auction Revenue Rights (ARRs) and why. The ISO is currently looking for general comments on ARR. The ISO believes that many of the issues currently under consideration could be resolved with the implementation of ARR, such as, load migration, weighted least square and trading hub.

SVP has serious concerns about moving to ARR, including that there hasn't been enough of a historical period (less than six months) to properly determine the effectiveness of the current CRR process under MRTU. Moving to an ARR regime would require a separate stakeholder process, and a whole host of issues and related details would need to be discussed with the stakeholders before moving forward with any implementation plans. One key, and potentially complicated, set of issues would revolve around how ARRs would be allocated. The interactions of potential alternative ARR allocation schemes and their impacts on currently allocated LT CRRs, and the ramifications of potential future changes to the level of LAP granularity could present potentially serious challenges that would need to be carefully considered and addressed. Moving to an ARR regime should not be viewed as a panacea.