

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: ___ CDWR State Water Project ___ Person submitting comments: _ Mohan Niroula _____

Date of submission: ___ 8/24/2007 _____

Roadmap section number, or specify "New"	Title and description of proposed enhancement	Justification for proposed enhancement based on criteria stated above
2.2.28	<p>Two-Tier rather than single tier real-Time Bid Cost Recovery Allocation</p> <p>This issue is FERC mandated, but ISO is seeking reasons for inclusion or exclusion by Release 2. SWP had requested in its filing to FERC the implementation of 2-tier method that follows cost causation more accurately than single tier. This should have been very much a part of the MRTU initial implementation for the reason that MRTU also incorporates cost causation principles in its design. Charging in 2-tiers would discourage under-scheduling and improve reliability. It improves market efficiency also. As FERC ordered for consideration in Release 2, it should be a high priority item in Release 2.</p>	<p><i>Grid reliability:</i> improves because under-scheduling would be discouraged by 2 tier application.</p> <p><i>Market Efficiency:</i> will improve.</p> <p><i>Business needs:</i> cost causation for cost allocation to all participants.</p> <p><i>Implementation cost impact to ISO :</i> unknown</p> <p><i>Implementation cost impact to market participant:</i> None.</p>
2.5.3 (NEW)	<p>2.5 Reliability Products:</p> <p>2.5.3 <u>Spinning Reserve from Participating Load</u>: Some of the ISOs/RTOs allow spinning reserve from loads. On July 27, CAISO filed its comments to CPUC on Docket No. R.07-01-041-Order Instituting Rulemaking regarding policies and protocols for demand response, load impact estimates, etc. An excerpt from CAISO comment:</p> <p>"Demand resources can offer reliability services to the CAISO. Currently, reliability services offered by demand resources include imbalance energy and non-spinning reserve capacity for use by the CAISO in its real-time operations. <u>In the future, demand resources</u></p>	<p><i>Grid reliability:</i> SWP believes that introducing high quality ancillary service product would enhance reliability.</p> <p><i>Market efficiency:</i> will improve because of liquidity in the spinning reserve market.</p> <p><i>Business needs:</i> promote demand response.</p> <p><i>Implementation cost impact to ISO:</i> Unknown</p> <p><i>Implementation cost impact to market participant:</i> Some</p>

	<p><u>could potentially be eligible to provide additional ancillary services, such as spinning reserve and regulation, to the CAISO.</u> These services are generally considered higher quality in nature, given their inherent response times.”</p> <p>Loads can and are providing valuable reliability product such as spinning reserve. CAISO itself has recognized that such product may be feasible and are of higher quality. However, this important product is not listed in the sections 2.5 (Reliability Products) and 2.2.5 (Dispatchable Demand Response). Therefore, a new section 2.5.3 representing Spinning Reserve from load should be created in the Reliability Products section 2.5.</p>	
<p>3.3 (NEW)</p>	<p>3.3 Miscellaneous issues: Issues that are not covered by any of the sections listed in the 5-year Market Initiative road-map.</p> <p>3.3.1 <u>Consideration of UFE as demand for cost allocation</u>: SWP in its MRTU filing to FERC requested that UFE be allocated load based costs also. In the filing SWP provided concept of “Gross Demand” incorporating metered demand and UFE that would replace Metered Demand for the purpose of cost allocation. FERC did not disagree with the concept but rejected the case because the issue was raised late. Please note that in a similar request made by SWP with respect to WECC/NERC cost allocation, FERC accepted SWP’s proposal and ordered CAISO to file compliance with the provision that metered demand and UFE would be allocated WECC/NERC charges. A new section 3.3 should be created for miscellaneous issues.</p>	<p><i>Grid reliability</i>: Application of charges to UFE would discourage UFE and improve reliability.</p> <p><i>Market efficiency</i>: follows cost causation and improves market efficiency.</p> <p><i>Business needs</i>: consistent with the FERC order on WECC/NERC cost allocation and follows cost causation.</p> <p><i>Implementation cost impact to ISO</i>: Unknown</p> <p><i>Implementation cost impact to market participant</i>: None</p>