Attachment 2

Stakeholder Process

MRTU Resource Adequacy Import Capacity Tariff Filing

Stakeholder Process to Date

Activity	Date	Number of Stakeholder Representatives
FERC issues Order announcing FERC Technical Conference to be scheduled	September 21, 2006	N/A
ISO files motion requesting use of IRRP allocation process for MRTU	December 1, 2006	N/A
ISO files its initial proposal (to use IRRP process as the foundation)	December 11, 2006	N/A
FERC issues notice announcing FERC Technical Conference on February 1, 2007	December 27, 2006	N/A
FERC staff holds Technical Conference in Sacramento, California	February 1, 2007	62 people at conference
Stakeholders submit written comments to ISO	February 9, 2007	10 received
ISO posts written stakeholder comments received	February 12, 2007	10 sets of comments posted
ISO discusses tariff filing with members of Market Surveillance Committee	February 13, 2007	N/A
ISO posts draft tariff sheets and presentation for February 21, 2007 conference call	February 16, 2007	N/A
ISO holds conference call with stakeholders	February 21, 2007	55 people on conference call
ISO posts draft tariff sheets for review of tariff language, not policy	February 28, 2007	N/A
ISO distributes market notice for review of tariff language, not policy, comment period starts	February 28, 2007	N/A
ISO sends Board documents to Board of Governors and posts for stakeholders	March 1, 2007	N/A
ISO briefs Board of Governors and requests Board approval to make filing	March 7, 2007	N/A

Stakeholder Process Going Forward

Activity	Date
Stakeholder comment period ends on tariff language, not policy (comment period ran from February 28-March 9)	March 9, 2007
ISO holds conference call with stakeholders on tariff language, not policy	March 12, 2007
ISO makes filing	March 19, 2007

Entities that Participated in Stakeholder Process

NAME		COMPANY
1.	JOHNSON, KEITH - HOST	CALIFORNIA ISO
2.	ALMEIDA, KEONI	CALIFORNIA ISO
3.	ANDERSON, BRENDA	BONNEVILLE POWER ADMINISTRATION
4.	AOKI, ROD	CAC
5.	BENNETT, SEAN	FEDERAL ENERGY REGULATORY COMMISSION
6.	BLAIR, BONNIE	THOMPSON COBURN
7.	BOCKHOLT, GREG	RELIANT ENERGY
8.	BRAUN, TONY	CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION
9.	CHAMBERLAIN, JENNIFER	STRATEGIC ENERGY
10.	CONSIOLE, DAVID	CALIFORNIA PUBLIC UTILITIES COMMISSION
11.	CORR, THOMAS	SEMPRA GLOBAL
12.	CRONIN, HOLLY	CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER PROJECT
13.	DIETZ, DEBBIE	WESTERN AREA POWER ADMINISTRATION
14.	DORMAN, ELIZABETH	CALIFORNIA PUBLIC UTILITIES COMMISSION
15.	DOUGLASS, DAN	ALLIANCE FOR RETAIL ENERGY MARKETS
16.	DOUTHIT, CLAIRE	WESTERN AREA POWER ADMINISTRATION
17.	EVANS, MIKE	CORAL POWER
18.	FARROKHPAY, SAEED	FEDERAL ENERGY REGULATORY COMMISSION
19.	FLORIO, MIKE	TOWARDS UTILITY REFORM NETWORK
20.	GALLEGOS, CHRIS	AUTOMATED POWER EXCHANGE
21.	GARBER, DON	SAN DIEGO GAS & ELECTRIC COMPANY
22.	GENSLER, KATHERINE	FEDERAL ENERGY REGULATORY COMMISSION
23.	GIBSON, JED	ES&H
24.	GUSS, CHARLES	CITY OF ANAHEIM
25.	GUSTAFSON, ERIN	WILLIAMS POWER
26.	HITSON, BRIAN	PACIFIC GAS & ELECTRIC COMPANY
27.	HOLM, BRIAN	STRUCTURE CONSULTING
28.	JAFARI, JAMAL	SOUTHERN CALIFORNAI EDISON COMPANY
29.	KLOTZ, JASON SALMI	CALIFORNIA PUBLIC UTILITIES COMMISSION - ENERGY
30.	LAM, JEFF	POWEREX
31.	LAWLOR, JOE	PACIFIC GAS & ELECTRIC COMPANY

32.	LYNCH, MARY	CONSTELLATION ENERGY COMMODITIES GROUP
33.	MAGUIRE, TED	PACIFIC GAS & ELECTRIC COMPANY
34.	MARA, SUE	RTO ADVISORS FOR ALLIANCE FOR RETAIL ENERGY MARKETS
35.	METTLING, RICH	PACIFIC GAS & ELECTRIC COMPANY
36.	MUEHLER, LEANNE	CITY OF RIVERSIDE
37.	NEAL, SEAN	DUNCAN WEINBERG
38.	NELSON, TIFF	SAN DIEGO GAS & ELECTRIC COMPANY
39.	OLSSON, RAY	CALIFONIA ELECTRICITY
40.	OTT, ROBERT	RELIANT ENERGY
41.	PETTINGILL, PHIL	CALIFORNIA ISO
42.	ROSENBLUM, GRANT	CALIFORNIA ISO
43.	RUBIN, DAVID	TROUTMAN SANDERS
44.	SAGE, JENNY	CALIFORNIA ISO
45.	SCHIADA, DAVID	SOUTHERN CALIFORNIA EDISON COMPANY
46.	SCHLEIMER, STEVE	BARCLAYS CAPITAL
47.	SCHNEIDER, SUSAN	PHOENIX CONSULTING
48.	SRINIVASAN, SEEMA	CAC AND EPUC
49.	STRAUSS, BOB	CALIFORNIA PUBLIC UTILITIES COMMISSION - ENERGY
50.	TANG, BOB	CITY OF AZUSA
51.	THEAKER, BRIAN	WILLIAMS POWER
52.	THOMPSON, VIRGINIA	CONSTELLATION
53.	TIMSON, DAVE	CALIFORNIA ISO
54.	WHITEHEAD, JEFF	CES
55.	WOLFE, ELLEN	WESTERN POWER TRADING FORUM
56.	WOODRUFF, KEVIN	CONSULTANT FOR TURN
57.	WRIGHT, KATHLEEN	CALIFORNIA DEPARTMENT OF WATER RESOURCES
58.	YOHO, LISA	CITI GROUP
59.	ZIMMER, TONY	NORTHERN CALIFORNIA POWER AGENCY

Issues Addressed to Develop Final Proposal Sent to Board

Written Stakeholder Comments on February 1, 2007 Draft of ISO Proposal

(ISO summarized its proposal orally at February 1, 2007 FERC Technical Conference; comments were due February 9, 2007)
(Documents available at: http://www.caiso.com/docs/2004/10/04/2004100410354511659.html)

Stakeholder	Comment	ISO Response
Northern California Power Agency	IRRP Process: Generally supports the proposal as filed and implemented under the IRRP.	ISO agrees the IRRP is a superior framework to what was included in the initial MRTU Tariff filing on February 9, 2006. IRRP process is reflected in ISO proposal, with several revisions made to address stakeholder concerns.
	Existing contracts and rights: Strongly supports the concepts adopted in proposed process for treatment of Existing Contracts and encumbrances and transmission ownership rights.	ISO believes it is appropriate to conform the methodology to FERC's prior finding that first honoring, to the extent possible, existing transmission and resource commitments and then accounting for remaining import capacity in a uniform manner is equitable.
	Allocations Solely by Load Ratio Share: Does not support the suggested approach put forth by a limited number of stakeholders that all RA import capacity be allocated to each LSE based on their coincident load-ratio share, and believes that the purpose of this allocation process is to ensure that resources are deliverable for RA purposes, and that during real-time operations all market participants will have fair access to the grid regardless of the outcome of RA counting.	ISO believes it is appropriate to conform the methodology to FERC's prior finding that first honoring, to the extent possible, existing transmission and resource commitments and then accounting for remaining import capacity in a uniform manner is equitable.
	Load Ratio Share Based Cap: Does not believe that a load ratio share type cap, especially at individual branch groups, is needed or appropriate, and should not limit or devalue existing contracts and commitments. Does not believe that a type of cap is needed in the allocation process, but believes that the current proposal is more appropriate than the suggested pure load-ratio share cap because it does recognize existing resource commitments.	The ISO supports honoring existing contracts and commitments, but also the equity associated with applying load ratio share cap. This hybrid solution both preserves the value of prior commercial arrangements while accounting for import capacity in a manner consistent with the distribution of cost responsibility for the ISO Controlled Grid.

Stakeholder	Comment	ISO Response
	Branch Group Over-Requests: Does not believe that it is appropriate to allocate based on load-ratio share in over-request situations because it creates an intrinsic disadvantage to small LSEs and will likely result in disproportionate cost increases to smaller LSEs. As an alternative, NCPA recommends that over-requested branch groups be allocated pro-rata based on the amount requested at that branch group.	Based on input from members of the Market Surveillance Committee, the ISO believes NCPA's alternative proposal permits greater gaming or other abuse opportunities.
	Trading of Allocated Capacity: Unused capacity should be made available to LSEs that can demonstrate a need. Does not support the concept of, and has major concerns with, assigning a financial value to this product, which is simply allocated capacity for RA counting purposes, or creating an organized trading platform or mechanism to facilitate financial trades. NCPA's understanding is that the ISO was not planning to develop a type of financial trading mechanism; supports this position of the ISO.	The ISO believes a tradable right is most consistent with the expedited schedule necessary to implement the proposed changes for 2008 as well as the general structure of the RA program which makes "use it or loose it rules" difficult to administer. Nevertheless, the ISO is sensitive to parties concerns regarding the potential for abuse of any secondary market for import capacity and will be prepared to modify its current approach as experience is gained and state decision-makers evaluate the potential development of a capacity market.
Pacific Gas and Electric Company	IRRP Process: Supports the revised proposal to base the allocation of import capacity on the IRRP, subject to additional changes.	ISO agrees the IRRP is a superior framework to what was included in the initial MRTU Tariff filing on February 9, 2006. IRRP process is reflected in ISO proposal, with several revisions made to address stakeholder concerns.
	Load Ratio Share Based Cap: Supports allocations capped by load share, with grandfathered contracts counting against the allocation.	This provision is included in the proposal.
	Initial Term for Grandfathered Contracts: Grandfathered contracts should count for their initial term only.	This provision is included in the proposal.
	Preference for Long-Term Contracts: Preferences to particular branch groups should be provided for long-term contracts that are executed within a LSE's allocation on a particular branch group.	The ISO believes that excluding such a preference achieves the appropriate balance among LSE business models. On the one hand, LSEs that desire certainty to promote long-term transactions can execute long-term commitments up to their expected load share on any particular branch group. On the other hand, those LSEs that have a more difficult time predicting their load share will continue to receive access on desirable branch groups on a year-to-year basis.

Stakeholder	Comment	ISO Response
	Allocations for Forward Resources: Forward allocations should be available for capacity from contracted or LSE owned planned generation in development that is not yet on-line; priority could be allocated using contract execution dates (i.e., a queue).	The ISO believes that excluding such a preference achieves the appropriate balance among LSE business models. On the one hand, LSEs that desire certainty to promote long-term transactions can execute long-term commitments up to their expected load share on any particular branch group. On the other hand, those LSEs that have a more difficult time predicting their load share will continue to receive access on desirable branch groups on a year-to-year basis.
Constellation	Grandfathering of Contracts: Contracts entered into before March 10, 2006 should receive no further preferential allocation beyond that already granted, which is for this year only. Grandfathering of existing contracts and rights should end when the primary term of the underlying contract expires.	The proposal allows existing contracts and resource commitments executed prior to March 10, 2006 to receive a preferential allocation going forward, and in the case of resource commitments, only for the initial term of those resource commitments.
	Preference for Long-Term Contracting: The ability to seek preferential allocations based on newly executed resource contracts should be discussed in a future stakeholder process; until that process has concluded space will be allocated on an annual basis.	The ISO will consider moving beyond a one-year term based on input from the CPUC, and after the MRTU and its products are fully implemented. I
	Trading: ISO should facilitate a process by which a LSE with a specific allocation can confer its allocation to another party.	The proposal includes provisions that allow trading.
	Un-Requested Available Capacity: Available space should be posted and allocated to entities that request it on a first come first serve basis.	The proposal includes this provision.
	Posting of Information: Amount of branch group space allocated due to grandfathering of ETCs and TORs should be posted. Neither the identities of LSEs that have received an allocation nor the exact amount of capacity allocated be posted. Maintaining confidentiality is appropriate because disclosure would permit other parties to calculate their LRS, which is highly proprietary, market sensitive information.	The proposal includes provisions that provide for both of these items.
	Calculation of Load Ratio Shares: Does not object to proposal to use the coincident forecast information prepared by CEC to determine load ratio shares.	The proposal includes this provision (would use CEC data to determine load ratio share).

Stakeholder	Comment	ISO Response
San Diego Gas & Electric Company	Basis for Allocation: Allocations should be based on the magnitude of the load being served. Giving LSEs with existing contracts as of March10, 2006 a priority for the duration of contract will permit entities to use more than their LRS of the underlying capacity and other LSEs may be foreclosed in future years from including a proportionate share of imported resources in their RA demonstrations. ISO is placing too much weight on the commercial arrangements existing on March 10, 2006 and too little weight on the general rule designed to keep grid benefits bestowed in alignment with grid costs incurred (the date is not representative of the broader data set, and a snapshot of history can produce a distorted picture).	ISO believes it is appropriate to conform the methodology to FERC's prior finding that first honoring, to the extent possible, existing transmission and resource commitments and then accounting for remaining import capacity in a uniform manner is equitable. Further, most existing contracts arrangements are within the respective load ratio share of LSEs holding such arrangements.
	Alternate Basis for Allocation: ISO should consider allocating between the transmission service territories of SDG&E and SCE on approximately a 20/80 basis to restrict the use of March 10, 2006 contracts to validate priorities, thereby limiting entities serving load in SCE's historic service territory to establishing priorities over at most 80 percent of the import capacity.	The ISO agrees that moving to a pure load ratio share basis is preferable over time and is generally consistent with SDG&E's alternative basis for allocation.
	Allow Substitution for March 10, 2006 Contracts: ISO should allow LSEs to substitute known future contracts for March 10, 2006 contracts that are set to expire or otherwise be removed from the portfolio by the end of 2007. The investor-owned utilities filed long-term procurement plans in December 2006, and should be allowed to substitute signed contracts in those plans for resource verification purposes.	This does not appear consistent with SDG&E's objection to "grandfathering" prior resource commitments and moving to a load share basis. Moreover, the ISO believes that excluding such a preference achieves the appropriate balance among LSE business models. LSEs that desire certainty to promote long-term transactions can execute long-term commitments up to their expected load share on any particular branch group.
	Allocations beyond Load Ratio Share: The priority mechanism for awarding capacity rights beyond applicable load ratio share could be restricted to situation where the extra measure of capacity rights is not being sought for use by LSEs that are below their load ratio share.	The ISO believes its proposal achieves the goal of efficiently assigning unused capacity.
Sempra Energy Solutions	General Comment: Supports the comments submitted by The Alliance for Retail Energy Markets.	Comment noted.
	Value of Capacity: There is no way for an LSE to realize the full RA value of an allocation unless a congestion hedge is also allocated along with the capacity allocation. When the MRTU market rules come into effect, the CRR allocation process may provide the needed congestion hedging tools.	Comment noted.

Stakeholder	Comment	ISO Response
California Municipal Utilities Association	IRRP Process: Generally supports using the allocation methodology contained in the IRRP.	ISO agrees the IRRP is a superior framework to what was included in the initial MRTU Tariff filing on February 9, 2006. IRRP process is reflected in ISO proposal, with several revisions made to address stakeholder concerns.
	Existing Commitments: Will vehemently oppose any proposal that does not allow LSEs to count capacity resources to which they are already committed.	ISO believes that the methodology should comply with FERC's prior approval of policy to first honor, to the extent possible, resource commitments and then account for remaining import capacity in a uniform manner.
	Cap on Allocations: Supports the higher of load ratio share or Preexisting Commitments approach, with additional allocations possible if not used by other LSEs above these levels. Would not support an artificial cap if there is additional import capability available.	The proposal includes this approach by allowing all unused capacity after the iterative assignment process to be obtained by LSEs on a first come first served basis regardless of the capacity amount previously received by the LSE.
	New Long-Term Contracting: Supports concept of if a LSE requests import capability for a multi-year commitment and the capability is available, that LSE should be allocated the capability for duration of that resource commitment.	The ISO believes that excluding such a preference achieves the appropriate balance among LSE business models. On the one hand, LSEs that desire certainty to promote long-term transactions can execute long-term commitments up to their expected load share on any particular branch group. On the other hand, those LSEs that have a more difficult time predicting their load share will continue to receive access on desirable branch groups on a year-to-year basis.
	Posting of Information: The following should be transparent: (1) import capability associated with ETCs and TORs; (2) import capability associated with pre-existing resource commitments (those made prior to March 10, 2006), including the duration of the pre-existing resource commitment and identity of counterparty.	The ISO believes the posting of information should serve a pragmatic purpose, while maintaining the confidentiality of commercially sensitive material. Accordingly, the ISO intends to be "conservative" in this regard and provide only information necessary to facilitate secondary transactions. This will include the suggested information other than the duration of the pre-existing resource commitments and counterparty. Entities interested in trading will be able to contact other interested entities whether or not they have pre-existing resource commitments.

Stakeholder	Comment	ISO Response
	Trading: Import capability allocations that are unused by certain LSEs should be made available to other LSEs, through some queuing process. Have major concerns about any proposal that puts a price on these "rights" that are created by this import counting exercise. Suggest a simple queuing process rather than a tradable right with an associated market price.	The ISO believes a tradable right is most consistent with the expedited schedule necessary to implement the proposed changes for 2008 as well as the general structure of the RA program which makes "use it or loose it rules" difficult to administer. Nevertheless, the ISO is sensitive to parties concerns regarding the potential for abuse of any secondary market for import capacity and will be prepared to modify its current approach as experience is gained and state decision-makers evaluate the potential development of a capacity market.
Alliance for Retail Energy Markets	Preferential Access: Opposes all preferential access as discriminatory (such as preferential access to both RA import capacity and transmission branch groups). ISO should adopt the fundamental principle that all LSEs are treated equally: have equal access to RA import capacity. ISO should provide information to stakeholders regarding the extent of the preferential access prior to the Section 205 filing. AReM opposes granting any preferential treatment to LSEs on branch groups.	ISO believes it is appropriate to conform the methodology to FERC's prior finding that first honoring, to the extent possible, existing transmission and resource commitments and then accounting for remaining import capacity in a uniform manner is equitable.
	Allocation Mechanism: The only equitable allocation method for LSEs is by load ratio share.	ISO believes it is appropriate to conform the methodology to FERC's prior finding that first honoring, to the extent possible, existing transmission and resource commitments and then accounting for remaining import capacity in a uniform manner is equitable
	Cap on Allocation: Strongly supports a cap at the load-ratio share but may be willing to live with the distortion created by pre-existing rights for a very short period of time. Requests that the ISO establish a specific date by which all LSEs will be treated equally and receive an import allocation no greater than their load-ratio shares. Believes that the load-ratio cap should apply to the 14,000 MW of total RA import capacity calculated by the ISO.	Most existing contracts arrangements are within the respective load ratio share of LSEs holding such arrangements.
	Alternative Allocation Methodology: If the ISO is unable to provide the information necessary to determine the extent of the excess allocation problem, suggest that AReM's original proposal should be adopted, divide the total import capacity in MWs into two categories – (i) capacity available for LSEs subject to the CPUC RA and (ii) capacity for LSEs not subject to the CPUC RA.	The ISO will provide the information necessary to determine the extent of the purported "excess allocation problem."
	Evergreen Provisions: There should be no "evergreening" of contract terms.	The proposal includes this provision.
	Term of Allocations: Allocations should continue to be made annually.	The proposal includes this provision.

Stakeholder	Comment	ISO Response
	Trades: An LSE should be free to trade its RA import allocation without oversight from the ISO or FERC. ISO should allow LSEs to register RA trades on its Secondary Registration System.	The proposal allows trading, but includes basic information regarding the transaction to account for the trade and, if necessary, permit some level of monitoring by the ISO. Trading would be done bilaterally between entities, reported to the ISO, and the ISO would record the information manually. The ISO intends to monitor the level of activity and complexity needed for recording trades over the next year. Manual recording of trades may be replaced by a more robust solution at some point in the future, if warranted.
	Un-requested and "Unused" Capacity: ISO should post any unallocated capacity by transmission branch group and allow LSEs to request it on a first-come, first-served basis for use during that year. There is no strong need to address "unused capacity" in the near term.	The proposal includes a provision that addresses the first comment. The ISO agrees that there is no need to address "unused capacity" in the near term.
	Posting of Information Several parties argued that LSE allocations should be made public by posting them on the ISO's web site. Oppose this proposal because it would make public competitive market information.	The proposal does not include posting LSE allocations due to confidential information concerns.
Western Power Trading Forum	Priority of Contracts: Incumbent contracts should not be given priority over new procurement contracts for purposes of allocating the capacity for RA deliverability counting purposes. ISO should either: (1) provide a multi-tier allocation process where each LSE can request their load ratio share on particular branch groups, or (2) if contract treatment is considered, all contract holders should be given equal access to capacity on a branch group.	ISO believes that the methodology should comply with FERC's prior approval of policy to first honor, to the extent possible, resource commitments and then account for remaining import capacity in a uniform manner.
	Posting of Information: Supports the posting of the allocation results by Schedule Coordinator, similar to how the results are currently posted for FTRs.	The proposal does not include posting LSE allocations due to confidential information concerns.
	Use of Allocations: ISO should review and report upon the level of utilization of the capacity to ensure efficiency and transparency. One proposal is to implement a "use-it-or-lose-it" approach where additional capacity is released for parties' monthly showing if not used in the year-ahead showing beyond the capacity needed (up to 25%) for the month-ahead showing, based on an additional allocation processes.	The ISO will seek to review utilization of the capacity. However, the ISO believes that a use or lose it feature is not advisable at this time without a sufficient record regarding how LSEs intend to utilize the capacity.

Stakeholder	Comment	ISO Response
California Department of Water Resources State Water Project	Existing Contracts and Rights: Concurs with ISO's proposal to calculate available import capacity based on individual branch groups, by first recognizing the rights inherent under Existing Transmission Contracts and other contractual resource commitments.	ISO believes that the methodology should comply with FERC's prior approval of policy to first honor, to the extent possible, resource commitments and then account for remaining import capacity in a uniform manner.
	IRRP Process: Supports process as a methodology to determine the amount of imports that can be counted for RA purposes. As a counting methodology only, there is no need for discussions here to address the characteristics of a physical product, the related concept of a multi-year product, or a market where such physical rights would be traded or exchanged. However, the desire for such products does demonstrate the continuing need for development of Long-Term Physical Transmission Rights.	ISO agrees the IRRP is a superior framework to what was included in the initial MRTU Tariff filing on February 9, 2006. IRRP process is reflected in ISO proposal, with several revisions made to address stakeholder concerns.
	Expedited Process: An expedited process is necessary. Encourages ISO to dedicate time and resources necessary to investigate and develop criteria for physical transmission products over short and long timeframes, as well as platform for trading under a separate investigation.	During the February 1, 2007 FERC Technical Conference, FERC staff and stakeholders agreed that an expedited process is needed to meet the procurement deadlines for compliance year 2008.
Southern California Edison Company	IRRP Process: Supports using the IRRP methodology with some modifications.	ISO agrees the IRRP is a superior framework to what was included in the initial MRTU Tariff filing on February 9, 2006. IRRP process is reflected in ISO proposal, with several revisions made to address stakeholder concerns.
	Existing Resource Commitments: SCE supports the continuation of grandfathering priority for existing commitments (as of March 10, 2006).	ISO believes that the methodology should comply with FERC's prior approval of policy to first honor, to the extent possible, resource commitments and then account for remaining import capacity in a uniform manner.
	Longer-Term Counting Certainty: The IRRP methodology should be modified to provide greater longer-term RA counting certainty. SCE provides three recommendations. First, recommend the establishment of a higher RA import allocation priority for long-term (greater than 1 year) RA contracts. LSEs that have signed long-term RA contracts as of a given date would receive a lower priority for RA import capacity than grandfathered contracts, but would receive a higher priority than LSEs who signed long-term contracts at a later date or that have not signed long-term contracts at all.	The ISO believes that excluding such a preference achieves the appropriate balance among LSE business models. On the one hand, LSEs that desire certainty to promote long-term transactions can execute long-term commitments up to their expected load share on any particular branch group. On the other hand, those LSEs that have a more difficult time predicting their load share will continue to receive access on desirable branch groups on a year-to-year basis.

Stakeholder	Comment	ISO Response
	Second, total RA import capacity available for allocation should be the greater of 1) the historically scheduled import quantities under peak conditions for the most recent year prior to the RA compliance year for which data is available or 2) the amount of RA import capacity that was used in the previous year's RA import capacity allocation process.	This issue relates to the underlying deliverability test, rather than the accounting methodology, which is the subject of this proposal.
	Third, incorporate into the ISO Tariff the evergreen priority for RA import capacity allocation adopted by the CPUC in D. 05-10-042.	The ISO believes that rejecting evergreen provisions preserves the balance sought by the ISO between providing equal access to import capacity to all LSEs while conforming to the FERC prior finding that respecting existing resource commitments is equitable.
	Cap for Allocations: Supports the establishment of a "soft" cap on total RA import allocation. Supports the ISO's proposed "higher-of" cap based on total quantity of RA import capacity, provided, however, that an LSE would be permitted to exceed that cap if there was available (unallocated) RA import capacity after the final step of the allocation process. Does not support a load ratio share cap on individual branch groups.	The proposal is consistent with this comment. Unused capacity after the iterative assignment process may be obtained by LSEs on a first come first served basis regardless of the capacity amount previously received by the LSE.
	Treatment of Unused Capacity: No need for a "formal" mechanism to be created that would result in the "release" of "un-used" allocated RA capacity LSEs should not be required to release RA import capacity after the year-ahead RA compliance filing because this would impose an undue risk upon them in meeting their month-ahead RA compliance filing.	The ISO agrees that there is no need to address "unused capacity" in the near term.
	Trading: Supports the trading of RA import capacity among those entities to which the RA import capacity was allocated provided those trades are registered with the ISO. Encourages ISO to consider designing their registration tracking system to accommodate the registration of RA Net Qualifying Capacity as well. In conjunction with the tracking system, the ISO could develop RA import certificates that would be conveyed to LSEs.	The ISO recognizes that its registration capability should evolve over time to accommodate market participant needs.
	Expedited Process: Supports the ISO's proposal schedule for developing and filing Tariff changes with FERC.	During the February 1, 2007 FERC Technical Conference, FERC staff and stakeholders agreed that an expedited process is needed to meet the procurement deadlines for compliance year 2008.