

SUMMARY OF MRTU STAKEHOLDER PROCESS

Since January 2002, the CAISO has conducted an extensive stakeholder process to guide the Market Redesign & Technology Upgrade (“MRTU”) effort.¹ In fact, from January 2002 to July 2003, the CAISO devoted hundreds of hours to stakeholder activities, including but not limited to: (1) conducting meetings and conference calls with both individual and larger groups of stakeholders, as well as with FERC staff; (2) participating in Commission-sponsored technical conferences; (3) hosting multiple-day forums; and (4) maintaining an updated CAISO website containing current information and relevant documents for stakeholder review and consideration.

The CAISO instituted its “MD02” stakeholder process in January 2002. During the first few months of 2002, that process included the following:

Date	Event/Deadline
January 8, 2002	Release of a Preliminary Draft Comprehensive Design Proposal, which stated the goals and guiding principles of the MD02 project and presented CAISO staff’s preliminary design thinking in considerable detail. (On December 21, 2001, an initial Draft Comprehensive Design Proposal was released as advance notification of the objectives, scope, and initial activities of the MD02 project.)
January 14-17, 2002	A series of four six-hour public focus groups conducted to discuss the January 8, 2002 draft.
January 23, 2002	Due date, pursuant to a formal solicitation, for written comments following the January 14-17, 2002 focus groups.
January 28, 2002	Release of a Revised Draft Comprehensive Design Proposal indicating significant changes to the content and time frame of MD02 based on CAISO Management’s responses to comments received from stakeholders.
January 31, 2002	Due date, pursuant to a formal solicitation, for written comments on the January 28, 2002 draft.
March 18-20, 2002	A series of six-hour public focus groups conducted to discuss design elements

¹ The CAISO’s efforts to implement a market redesign and the accompanying stakeholder process in fact predate January 2002. In the spring of 2000, the CAISO commenced its “Congestion Management Reform” (“CMR”) project. That effort, however, was derailed by the California energy crisis. Thus, this Attachment summarizes the CAISO’s extensive stakeholder process beginning in January 2002.

March 29, 2002	Release of a draft paper concerning the market design elements proposed to be implemented on September 30, 2002.
April 3, 2002	Due date, pursuant to a formal solicitation, for comments on the draft paper released March 29, 2002.
April 3, 2002	Release of a revised draft Comprehensive Design Proposal, which includes explicit sections of stakeholder comments and CAISO responses for each major design element.
April 4-5, 2002	Two-day FERC-sponsored public meeting held on CAISO market design.
April 9, 2002	Stakeholder forum.
April 11, 2002	Due date, pursuant to a formal solicitation, for comments on the April 3, 2002 draft.
Spring 2002 and after	The CAISO provides regular MD02 updates at the monthly Market Issues Forum meetings.

During August 2002, the CAISO met with stakeholders by way of Commission-sponsored technical conferences and via the Working Group process established under the Commission’s direction. Following the August 13-15, 2002 technical conference, the four established Working Groups met regularly, generally on back-to-back days and on alternating weeks, in order to: (1) evaluate and refine the long-term market design elements; (2) identify issues raised by the CAISO’s Comprehensive Market Design Proposal; (3) explore alternative solutions to those proposed by the CAISO; and (4) seek stakeholder consensus where possible. Meetings were open to all who wished to attend, and representation included a wide range of stakeholders. The Working Groups resolved many issues that are reflected in the instant Proposal and also identified a number of issues for which there was no consensus resolution.

The CAISO also convened several Joint Application Design (“JAD”) sessions with stakeholders to resolve technical issues associated with numerous market design elements. The JAD sessions, primarily intended to resolve technical implementation issues, typically consisted of no more than a dozen Market Participants (representing a cross section of market interests) plus CAISO staff. These sessions focused on implementation and software development issues – the “how” as opposed to the “what” – and generally included technical representatives who understood the intricacies of design elements and software.

The CAISO held three two-day Phase II and Phase III JAD sessions between December 5 and December 18, 2002. There were two follow-up conference calls on January 6 and 8, 2003 to discuss and reach consensus on remaining JAD issues. The issues raised throughout the JAD sessions were documented and posted on the CAISO website, and updated as progress was made in addressing each issue. The purpose of

these JAD sessions was to present and resolve technical implementation issues associated with certain Phase II and Phase III market design elements prior to the release of the “Integrated Forward Market and Locational Marginal Pricing Using the Full Network Model Request for Proposals” (“IFM/LMP RFP”). The final Phase II and Phase III JAD Issues Matrix was filed with the Commission as Attachment F to the CAISO’s January MD02 Status Report.

From October 2003 until the present, stakeholder activities have included the following:

Date	Stakeholder Activity
October 20, 2003	Stakeholder meeting to discuss preliminary the Congestion Revenue Rights (“CRR”) Study Report.
October 24, 2003	Web-based conference call on Locational Marginal Pricing (“LMP”) Study results.
January 26, 2004	CRR conference call.
February 13, 2004	CRR conference call.
February 17, 2004	First Settlements and Market Clearing (“SaMC”) User Group conference call to solicit feedback on participants’ requirements prior to finalizing the SaMC design. The CAISO has held 29 conference calls to date to obtain stakeholder feedback on design issues and provide updates on the SaMC project.
March 22, 2004	CRR Study stakeholder meeting.
April 1, 2004	CRR stakeholder meeting.
May 11, 2004	Reliability Must-Run (“RMR”) Studies stakeholder meeting.
May 13, 2004	Stakeholder meeting to discuss the Existing Transmission Contract (“ETC”) proposal, pre-CAISO management of ETCs, an overview of LMP, and an overview of and comparison to the Midwest ISO’s proposal.
May 24, 2004	RMR Methodology stakeholder meeting.
June 9, 2004	Stakeholder meeting to discuss the ETC proposal, summary and categorization of Existing Contracts, Recallable Transmission Service, and review of Scheduling and Settlement examples.
June 15, 2004	CRR stakeholder meeting.
June 30, 2004	Stakeholder meeting to discuss the ETC proposal, ETC analysis and re-Dispatch costs, and ETC Settlement examples.

July 15, 2004	Stakeholder meeting to discuss the ETC proposal and allocation of the costs of Congestion for ETC Schedules.
July 24, 2004	RMR Criteria Methodology stakeholder meeting.
July 28, 2004	LMP Study 3A stakeholder meeting.
August 17, 2004	Stakeholder summit.
August 31, 2004	Stakeholder meeting to discuss the ETC proposal and non-firm transmission product.
September 17, 2004	Transitional Alternative Pricing and Settlement (“TAPAS”) meeting.
September 21, 2004	Stakeholder meeting to discuss Trading Hubs and LMP Study 3A.
November 3, 2004	FERC Technical Conference – Attended by FERC and CPUC Commissioners, the focus of which was to discuss the compatibility of the CPUC Resource Adequacy framework with MRTU with particular focus on revenue adequacy and market power mitigation.
November 5, 2004	Conference call to discuss CRR Study 2.
November 5, 2004	Conference call to provide an ETC update.
November 17, 2004	SaMC Technical Workshop for stakeholders.
November 17, 2004	Stakeholder meeting to review the CAISO’s market power mitigation proposal and provide a MRTU policy update.
December 9, 2004	Stakeholder meeting to discuss the CAISO’s proposed rules for Inter-Scheduling Coordinator (“Inter-SC”) Trades under LMP.
December 22, 2004	Stakeholders comments due on the CAISO’s proposed Inter-SC Trade design under LMP.
December 22, 2004	Conference call to discuss the proposed treatment of Metered Subsystems (“MSS”) relative to MRTU.
January 11, 2005	Stakeholder meeting to discuss the CAISO’s proposed market rules for physical Inter-SC Trade validation.
January 24, 2005	Conference call to provide a CRR Study 2 update.
February 22, 2005	Conference call to discuss Minimum Load Costs.

February 23, 2005	The CAISO circulates the following documents to stakeholders for review: (1) the LECG Report; (2) a White Paper entitled “Comprehensive Market Redesign Update” (“Draft Design White Paper”); and (3) a White Paper entitled Proposed MRTU “Market Power Mitigation Provisions” (“Draft MPM White Paper”). The Draft Design White Paper includes, <i>inter alia</i> , a discussion of CAISO proposals for an Hour-Ahead Scheduling Process (“HASP”) and the clearing of demand bids at the load aggregation point (“LAP”) level. The Draft MPM White Paper sets forth the CAISO’s proposed market power mitigation measures under MRTU.
March 1-2, 2005	Stakeholder conference to discuss, <i>inter alia</i> , (1) the CAISO’s HASP, market power mitigation, and demand clearing proposals; (2) the elements that would be included in the initial release of the MRTU design that will be implemented on February 1, 2007 and those items that would not be included until MRTU Release 2; and (3) the main findings of the LECG Report.
March 9, 2005	The CAISO holds a stakeholder conference call to address further questions on the LECG Report.
March 11, 2005	Stakeholders provide their written comments to the CAISO on the Draft Design White Paper and Draft MPM White Paper.
March 15, 2005	The CAISO’s Market Surveillance Committee (“MSC”) holds an open meeting in San Francisco to discuss issues pertaining to the CAISO’s proposed market design and market power mitigation measures, as well as Resource Adequacy.
April 12-13, 2005	The CAISO holds a second stakeholder conference which includes a discussion of the issues raised in stakeholders’ March 11, 2005 written comments pertaining to the CAISO’s demand clearing, HASP, and

	market power mitigation proposals. In addition, the CAISO discusses the rationale for including certain design elements in MRTU Release 1 and deferring others to MRTU Release 2. The CAISO also identifies remaining MRTU policy issues that need to be resolved and the schedule for resolving such issues.
April 29, 2005	The CAISO issues a white paper containing a revised MRTU market power mitigation proposal that includes several modifications in response to stakeholder comments.
May 18-19, 2005	Stakeholder conference to discuss issues related to Resource Adequacy, market power mitigation issues, the Tariff preparation process, CRR allocation rules, and MRTU policy issues.
June 21-23, 2005	Stakeholder conference to discuss CRR allocation rules, Resource Adequacy, MRTU integration, treatment of Use-Limited Resources, Frequently Mitigated Units (“FMUs”), criteria for raising the Energy Bid cap, competitive transmission constraints, gas price indices, emission cost for start-up, minimum load and default bids, and pricing of Ancillary Services procured in HASP and real time. The CAISO provides an MRTU Tariff update.
July 13-14, 2005	Stakeholder meeting to discuss CRR allocation rules and preliminary study results and provide an MRTU Tariff update and schedule. Work Groups for Resource Adequacy/MRTU integration, Competitive Path, and FMU Bid Adder issues meet and provide a summary of their discussion to stakeholders.
August 16-18, 2005	Stakeholder conference to discuss proposed RMR designations for 2006, Tariff process and update, review of MRTU Tariff language – Parts 1 and 2, Resource Adequacy/MRTU integration issues, Competitive Path assessment, the FMU Bid Adder, Default Energy Bids, outstanding ETC issues, outstanding

	Transmission Owner Rights issues, Intertie pre-Dispatch pricing, Trading Hubs (stakeholders proposal), CRR Study 2 Report and results, CRR allocation rules for LSEs serving internal Load, out-of-Control Area Load, and proposal for Merchant Transmission.
August 30-September 1, 2005	Stakeholder conference to discuss Resource Adequacy, Day-Ahead, and Real Time Market design issues, Participating Intermittent Resources, losses on ETC Schedules, CRR allocation, and market power mitigation.
September 16, 2005	Web-based conference call to discuss LMP Study 3B with stakeholders.
September 16, 2005	Conference call to review MRTU issues related to the treatment of losses on ETC Schedules.
September 22, 2005	The CAISO files the Simplified and Reorganized Tariff.
October 5-6, 2005	Stakeholder conference to discuss CRR allocation, Resource Adequacy, Participating Intermittent Resources, Inter-SC Ancillary Service Trades, ETCs, HASP Intertie-pricing, and Trading Hubs.
October 10-13, 2005	MRTU Technical Specifications workshops.
October 11, 2005	CAISO posts comprehensive draft of MRTU Tariff language and comments from stakeholders on MRTU issues.
October 19, 2005	The CAISO Governing Board meets and unanimously approves the MRTU policy proposals for this Tariff filing.
October 20, 2005	The CAISO conducts a conference call to discuss LMP Study 3A, portfolio management of RA Resources, and the Trading Hub White Paper.
October 24-28, 2005	The CAISO holds a five-day page turn for stakeholder review of the draft MRTU Tariff language.
October 26-November 3, 2005	The CAISO received a number of comments from stakeholders on its Trading Hub proposal.
November 3-4, 2005	The CAISO holds additional sessions to review the proposed tariff language.
November 7-8, 2005	The CAISO posts an annotated draft of the

	comprehensive MRTU Tariff based on the comments received at the meeting on November 3-4, 2005.
November 21-22, 2005	The CAISO posts a revised, comprehensive draft of the MRTU Tariff.
November 28-December 2, 2005	At the stakeholders' request, the CAISO holds another five-day page turn for review of the revised draft MRTU Tariff language.
December 6, 2005	The CAISO posts an annotated draft of the comprehensive MRTU Tariff based on the comments received at the meetings on November 28-December 2, 2005.
January 20, 2006	The CAISO hosts a stakeholder conference call to discuss clarification of MRTU design features based on reconciliation of the MRTU Tariff with the MRTU software specifications.