

Discretionary Initiatives High Level Ranking Template

Brookfield's Comments and Ranking of the 2013 Stakeholder Initiatives Catalog

Brookfield selected the following three initiatives as high priority from the 2013 catalog:

- 1) Eliminate Unpriced Constraints (4.7)
- 2) Extended Pricing Mechanisms (4.9)
- 3) Improve Transparency (12.8)

In addition to the rankings below Brookfield offers the following additional comments:

- The Full Network Model expansion effort is flagged as non-discretionary when truly only a small portion of what the CAISO is proposing is actually FERC mandated. Brookfield supports the CAISO downsizing this effort to focus only on what is required to meet the FERC Order and what is needed to improve the modeling of loop flow through the exchange of data between balancing authorities. Since the additional modeling efforts the CAISO is proposing do not appear to have wide stakeholder support it seems the CAISO could better allocate their resources towards other initiatives
- Brookfield does not support the deletion of Extended Pricing Mechanisms from the catalog. This initiative received a high priority ranking from stakeholders last year and the benefits still stand.
- The CAISO as part of the Phase 3 Data Release stakeholder process committed to have an ongoing process in place for market participants to make the case for new data needs. This ongoing process was never developed and should be included as part of the improve transparency initiative.
- Brookfield supports enhancements to the CRR market being addressed separately rather than having to compete against other market initiatives as they involve different CAISO resources.

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Initiative 1: Extended Pricing Mechanisms

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	7
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	0
						Total	24

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Extended LMP pricing will more accurately reflect how cost are actually incurred in the electricity market by including commitment costs into the LMP in addition to dispatch costs. Currently commitment costs are captured through uplift and therefore the LMP does not accurately reflect the true cost and marginal price of dispatch. Proper price signals will better incent and signal the market to provide the resources where they are needed for reliability

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Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

See above

Market Participant Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

Impact to market participants would be moderate as far as stakeholder effort and implementation

ISO Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

The impacts to the CAISO to stakeholder and implement this initiative would likely require significant time and resources

Initiative 2: Improve Transparency

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	3
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	31

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Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Providing more information to market participants related to the actions the CAISO takes to maintain reliability will allow market participants to be informed and better provide the CAISO with the reliability tools that are needed.

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Additional information will allow market participants to better understand impacts to market models and LMPs and make more informed business decisions.

Market Participant Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

The implementation effort for market participants would be minimal other than providing input to CAISO on data needed and updating internal systems that interact with CASO to support new reports etc..

ISO Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

It is unclear what the cost and impact would be the CAISO for this effort but it should not be significant.

Initiative 3:Eliminate Unpriced Constraints

High Level Prioritization Criteria Matrix

	Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
		10	7	3	0	Use 0, 3, 7, or 10
A	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	3
B	Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C	Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X

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D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	23

Grid Reliability *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

Unpriced constraints lead to suppression of the LMP. Accurate price signals are needed to ensure the CAISO has the right resources at its disposal to maintain reliability of the grid.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

As stated above, unpriced constraints suppress the LMP and do not reflect the true cost of CAISO actions required to maintain reliability. This mutes the benefits the LMP market is designed to provide which is to communicate through accurate price signals where new transmission and generation development are needed

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

Implementation impact to market participants is minimal

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

This effort likely imposes moderate CAISO implementation costs

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Initiative 4: _____

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	
						Total	

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Market Participant Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

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ISO Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

Initiative 5: _____

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	
						Total	

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

Market Participant Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

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ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*