

Stakeholder Comments on CRR Issues

Submitted by (name and phone number):	Company or entity:	Date Submitted:
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The CAISO requests additional written comments on the Straw Proposals for various CRR-related issues discussed during the April 21, 2008 conference call.

The Straw Proposal Papers and presentations are posted at:
<http://www.caiso.com/1b8c/1b8cdf25138a0.html>

This template is offered as an easy guide for entities to submit comments; however, any participant should feel free to submit comments in any format. Submitted comments will be posted on the CAISO website unless participants expressly ask that their comments not be posted.

Stakeholder comments should be submitted by close of business on Monday, April 28, 2008 to: CRRComments@caiso.com

Please offer any comments on the following Straw Proposals:

A. CRR Year 2 Release Process

1. Using Season 1 2007 as the historical reference period for verifying Season 1 source nominations in the next annual CRR release process.

NCPA does not oppose the use of the CY 2007 historical reference period.

2. Treating CRR Seasons 2 and 3 as “Year 2” seasons that are eligible for the Priority Nomination Process in the next annual CRR release process.

NCPA does not believe that CRR Seasons 2 and 3 should be treated as “Year 2” seasons in the upcoming Nomination Process, but instead CRR Seasons 2 and 3 should be treated as “Year 1” seasons in the upcoming Nomination Process. This is appropriate to realize

the full benefits of increasing the CRR MW Granularity to adopt a 0.001 MW level for the next annual release of CRRs. When CRRs were nominated in the initial allocation process, the number and MW quantities of CRRs nominated at the Existing Zone Trading Hubs (“EZ Gen Hubs”) were directly influenced by the 0.01 MW Granularity limitation. For example, in some cases Market Participants that desired to nominate smaller quantities of CRRs at the EZ Gen Hubs elected not to do so because it was known that a notable percentage of their nomination would be rounded to zero. Implementing an increased CRR MW Granularity can improve a Market Participant’s ability to access smaller quantities of CRRs at the EZ Gen Hubs to hedge congestion associated with resources sourced at EZ Gen Hubs.

Treating CRR Seasons 2 and 3 as “Year 2” seasons could void much of the benefit of increasing CRR MW Granularity because as explained in the CAISO CRR Business Practice Manual:

Only during CRR Year One will the CAISO re-aggregate the awarded individual generator location CRRs back up to the Trading Hub Level. This is done only to satisfy the source verification requirements applied during CRR Year One for the CRR Allocation process. For the allocation process for all subsequent years Trading Hub nominations will remain at the individual generator PNode level.

Based on this information if CRR Seasons 2 and 3 are treated as “Year 2” a Market Participant will not be able to re-nominate the EZ Gen Hub CRRs that were awarded in the initial allocation process in an aggregated fashion (via the EZ Gen Hub), but instead will only be able to re-nominate the specific point-to-point CRRs that were originally awarded and reduced due to the current CRR MW Granularity limitation. The increased CRR MW Granularity will only apply to those new or incremental nominations that are sourced at the EZ Gen Hub, which may or may not be reflective of the original EZ Gen Hub allocation factors because a majority of the positively valued components of the EZ Gen Hub are likely to be re-nominated by others through the Priority Nomination Process. Treating CRR Seasons 2 and 3 as “Year 1” will enable all Market Participants to nominate source verified resources at the EZ Gen Hub points and receive the full benefit of the increased CRR MW Granularity.

3. Confirming that Season 4 CRRs will be eligible for the Priority Nomination Process in the next annual CRR release process.

It would be ideal to revisit the Season 4 CRR results to also take advantage of the increased CRR MW Granularity. At the very least, CRRs that were allocated during Season 4 of the initial allocation process can be recalculated to reflect the increased CRR MW Granularity to allow Market Participants to fully utilize the previously released CRRs in the upcoming Priority Nomination Process.

4. Confirming that Q1 LT-CRRs should be treated under the “Year 1” nomination limit, and Q2-4 LT-CRRs should be treated under “Year 2” nomination limit in the next annual CRR release process.

To the extent CRRs that were previously awarded for Seasons 2 through 4 are retracted, and the upcoming nomination and allocation process is treated as “Year 1” for all seasons, LT-CRRs based on those CRRs previously allocated should receive similar treatment. As a result, CRRs that were previously allocated for Seasons 2 through 4, and which were converted to LT-CRRs, should be retracted and market participants should be able to convert a proportionate share of their newly acquired CRRs into LT-CRRs.

B. CRR MW Granularity

5. Adopt the 0.001 MW level (1kW) for the next annual release of CRRs.

NCPA supports the CAISO proposal to adopt the 0.001 MW level for the next annual release of CRRs, and believes that this additional granularity should be implemented for CRRs that were previously allocated, as described above.

C. 30-Day Rule on Outage Scheduling

6. Modifying the 30-Day Rule so that outages initiated and completed within a 24-hour period are exempt (instead of one day).

No Comment at this time.

7. Eliminating the exemption criteria that are detailed in Section 10.3.1 of the BPM for CRRs until actual LMP market experience unfolds.

No Comment at this time.

8. Developing an analytical methodology for assessing the impacts of outages on CRR revenue adequacy, and assessing with stakeholders whether revisions to the 30-day rule exemption policy are appropriate.

No Comment at this time.

D. Monthly CRR Eligibility for LSEs Without Verifiable Load Forecasts

9. In the absence of a verifiable load forecast, using the historical load of the same month from the previous five years.

No Comment at this time.

E. CRR Credit Policy Enhancements

10.
 - a. Disallow netting between allocated CRRs and auctioned CRRs in the credit holding requirement calculation.

No Comment at this time.

- b. Require LSEs selling allocated CRRs to maintain sufficient credit coverage to cover the counterflow CRRs that offset the CRRs being sold.

No Comment at this time.

11. Including historical LMPs (a year after MRTU start-up) to improve the credit requirement for holding short-term CRRs.

NCPA supports this element of the proposal.

12. Adding a full credit margin to the bidding requirement for participation in CRR auctions.

NCPA supports this element of the proposal.

F. Other CRR Issues

13. Does your company or entity have further comments on these various CRR issues?

No additional comments at this time.