

## Comments on 2011 CRR Enhancements Issue Paper

Submitted By	Company or Entity	Date Submitted
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Powerex appreciates the opportunity to provide these comments on the CAISO's 2011 CRR Enhancements Issue Paper.

### Load Migration

Powerex has no position on this topic other than from a GMC rate design perspective, the costs incurred by the CAISO to maintain this administrative process should be allocated to those parties.

### Revenue Adequacy

Powerex believes the CAISO's proposal to analyze and make available CRR's up to the respective "break-even OTC" on interties is a useful improvement to the current process which utilizes a crude single Global De-rate Factor, GDF, for all transmission elements.

However, Powerex requests further clarification. Assuming the CAISO is determining a monthly break-even OTC by intertie by TOU period, how will the CAISO use these monthly break-even OTC values to create seasonal values to be released in the annual process? Is the seasonal OTC value a simple average of the monthly values, the minimum of the monthly values, or some other derivation?

Powerex also questions the need for a GDF to be applied at interties for the monthly process when the CAISO has already calculated a break-even OTC. The GDF was used as a crude tool to help "ensure" revenue adequacy and as defined by the CAISO, the break-even OTC is the amount of capacity that can be released while "ensuring revenue adequacy". Therefore, Powerex does not believe the CAISO should further reduce the OTC released for CRR allocation/auction by using even a minimal GDF.

### Streamline Allocation Process

Powerex believes a simplified allocation/auction process that reduces the number of tiers while maintaining valued elements, such as, the annual PNP and Tier LT allocations, would reduce the resources required to participate in the CRR annual/monthly process. Powerex believes combining the Annual Tier 2, Tier 3, and Auction into a single Auction has merit and should be examined further.

As Powerex has stated in previous CRR forums, an Auction process that awards CRRs to those market participants that value them the most will create the highest value for the LSE ratepayers.

Further, Powerex also believes that any savings from this simplification should be reflected in a reduction in the CAISO's operating costs and GMC charges.

#### Tariff Clarification Issues

In regards to the Tariff issues, Powerex offers the following comments:

- PNP Upper Bound Criteria – Powerex supports the CAISO seeking clarification on this issue.
- Reconfiguration of Previously Released Annual CRRs – Powerex believes the proposal is reasonable on the assumption that impacts on the availability of other CRRs are minimized.
- Remove mandatory CRR training requirement – Powerex supports this proposal.
- Allow manual SRS vs existing software process – Powerex has no objections at this time.
- Clearing Auction Price Calculation – Powerex has no objections at this time.

#### Additional Auction Functionality

Powerex strongly encourages the CAISO to consider adding a long term CRR auction to the process. A long term auction would provide LSE's and other market participants a useful tool to acquire CRRs in addition to Tier LT allocations and provide certainty for market participants trying to import energy into the CAISO.

The auction rules for awarding LT CRRs should be developed to maximize the value of the CRRs and to accommodate flexible terms of up to 10 years. Powerex urges the CAISO to develop the LT auction rules via a stakeholder process at the earliest opportunity.