

**Comments on CAISO Updated Straw Proposed  
Standard Resource Adequacy Capacity Product  
Powerex Corp.  
December 18, 2008**

Powerex appreciates the opportunity to comment on the Updated Straw Proposal posted on December 4, 2008 and the presentation made on December 11, 2008 at the joint MSC and Stakeholder meeting.

Powerex is in general agreement with the enhancements outlined in the Updated Straw Proposal, including defining the SCP tag, implementation of an availability standard, and implementation of performance incentives.

Powerex believes all RA resources, including imports, should be subject to the same standards to ensure that the SCP is a fungible/tradable product that brings reliability, transparency, and liquidity to this RA product.

Aside from these general comments, Powerex offers the following specific comments in regards to imports:

- Powerex agrees that “standard rules” should apply to Resource Specific Imports and suggests that to the extent possible those “standard rules” should also apply to Non-Resource Specific Imports and LD contracts, which includes being subject to an RA MOO, availability standard, and performance incentives.
- On the subject of SCP tagging, Powerex still believes that the CAISO needs to clarify how tags are assigned to imports and the interaction of the SCP with the Import Capability Allocation process. Powerex believes that importers can self-limit their SCP sales based on their resource and transmission portfolios outside of the CAISO system so that they can reliably deliver RA resources to the CAISO system but Powerex’s experience is that certain LSE’s do not have sufficient Import Capability to enter into contracts even though Import Capability appears to remain unused.
- On the subject of an availability standard, Powerex believes the availability should be at a relatively high level for all RA resources, such as 95%, since this is a reliability product. Moreover, Powerex suggests that if the availability standard only applies to “peak hours” the availability standard should be higher than 95%.
- On the subject of performance incentives, Powerex believes that performance incentives should be applied uniformly to all RA resources including imports. However since imports rely on the availability of transmission, Powerex believes that importers should not be unduly penalized when interties are de-rated.

- On the subject of RA MOO, Powerex agrees the RA import has a Day Ahead MOO but absent a RUC commitment or DA schedule, Powerex believes the RA import would have no Real Time MOO.
- Powerex also believes the CAISO should clarify the interaction between the SCP availability and performance standards and the Declined Pre-Dispatch penalty provisions. Powerex believes the Declined Pre-Dispatch penalty provisions should not apply to the SCP – there should be no option to decline an RA dispatch. Powerex believes RA imports have an obligation to deliver on their RA dispatch and are subject to the SCP standards for availability and performance.

If you have any questions or require any clarification on these comments, please contact Gifford Jung at 604-891-6040.