

The following text was copied from an e-mail received from Nancy Bougher of Roseville Electric on 5/6/2004.

1. Objective of CRR Study 2

The original objective of CRR Study 2 was to provide a preliminary assessment of CRR availability under ISO rules. Since the ISO has not yet provided even preliminary rules or validation procedures it would appear that the objective of this study is to be able to include it in the ISO's FERC reports.

2. Study Period

Use same year for all the scenarios - preferably 2006

8. LSE and Converted Rights Sink

WAPA as control area - assume that LSEs in non-CAISO control area who pay imbedded costs of CAISO transmission (access charge) can request CRRs. Settlement at nodal exit point.

12. CRR Nomination Validation

Nomination Validation rules need to be reviewed and finalized in stakeholder process before Study 2. If not the results of the Study are potentially meaningless.

18. Merchant Transmission

"CAISO to develop White Paper"

This is not a study parameter. As with Nomination Validation rules this issue needs stakeholder review and settlement before Study 2 proceeds, or risk meaningless results.

19. Non-ISO Transmission

Non-ISO transmission is just what the name implies - not part of the ISO controlled grid and not subject to any sort of CRR. Any proposal to include non-ISO transmission in the CRR process will be opposed by the owners of that transmission.

23. Breakdown of Large Aggregation Points for Allocation Purposes

Include a scenario with default aggregation and an "opt-out" provision.

26. Determining Yearly Financial Hedge Positions

This is acceptable in Study 2, only if every step of the process is transparent to all the stakeholders. The fact that it may be included in the Study does not automatically mean it is acceptable for implementation.