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WPTF respectfully submits the following comments on the open CRR issues.

Hub/CRR Resolution:

Option 1: WPTF opposes option 1 because it would significant and adversely affect market participants' ability to hedge and would thereby adversely affect market liquidity critical trading points.

Option 2: WPTF opposes option for several reasons: (1) It does not translate to the auction process in that a CRR auction participant would have no way of valuing a right when what is returned could be any fraction of the right that was requested, (2) the desegregation would eliminate the fungability of a hub product on the secondary market, (3) the possibility that the CAISO's system could not manage fractions of CRRs implies that smaller ESPs would be disproportionately disadvantaged in the event that the ISO had to "ignore" small fractional CRRs.

Option 3: WPTF finds Option 3, creating a more simple proxy hub CRR, to be the most desirable of the three options and to warrant the additional policy design work needed for its implementation. This option resolves some of the disadvantages of the above options, namely that it would provide an easy to understand, consistently defined, stable hedge product that would offer a hedge product in the allocation and auction processes. It also thereby supports liquid bilateral trading at the trading hubs.

Source Verification Rules:

WPTF encourages the ISO to not broaden its source allocation rules. WPTF also advocates a process whereby long-term rights are not overly "locked in" based on a narrow representative view of the marketplace at a "snapshot" in time.

Set Aside for Import Capacity

WPTF encourages the CAISO to consider options whereby the set aside amounts are more certain and offers some substantial set aside amounts. However, the specific proposal offered in the ISO proposal requires additional consideration to ensure that the set aside amount under any fixed result is not significantly lower than it would have been under the CRR dry run.

Set-aside of Grid Capacity Generally

WPTF advocates for the allocation of transmission rights through auctions. WPTF encourages the ISO to apply some processes to protect against allocating rights – especially long term rights – in an inefficient or inequitable manner. WPTF would support further consideration of a grid-wide set aside at this time.

Merchant Transmission

WPTF urges the ISO to draft tariff language that addresses all critical issues at this time. With respect to providing counter-flow CRRs, WPTF believes that the time to address undesirable impacts is as part of the interconnection evaluations. Investors will not invest based on the CRR rights if doing so creates open-ended risks of uncertain counterflow obligations. Any such obligations have to be crystal clear at the time of the investment and cost-recovery, not at some later point and not subject to reconsideration based on subsequent CRR requests/outcomes.