

# Attachment B

## Stakeholder Process

### Stakeholder Process to Date

Activity	Date	Number of Stakeholder Representatives
First white paper posted	December 11, 2006	N/A
Written comments due	December 18, 2006	15 received
Conference call	December 20, 2006	45 by conference call
Addendum to the White Paper posted	December 22, 2006	N/A
Written comments due	January 5, 2007	12 received
Memo from ISO Staff to Board of Governors	January 24-25, 2007	N/A

### Stakeholder Process Going Forward

Activity	Date
Distribute draft tariff language	
Written comments due	
File ISO tariff amendment	

# Entities that Participated in Stakeholder Conference Call

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<u>NAME</u>	<u>COMPANY</u>
1. COOPER, BRAD - HOST	CALIFORNIA ISO
2. BOWEN, GRAHAM	CITY OF ANAHEIM
3. CASEY, KEITH	CALIFORNIA ISO
4. CHEN, BILL	CONSTELLATION
5. CLEATH, LARS	STRATEGIC ENERGY
6. COLETTI, JULIE	STRATEGIC ENERGY
7. COMNES, ALAN	NRG
8. CONSTANTINE, MICHAEL	CONSTELLATION
9. COOK, GREGG	CALIFORNIA ISO
10. CORR, THOMAS	SEMPRA
11. DECOTEAU, LISA	CONSTELLATION
12. DIETZ, DEBBIE	WESTERN AREA POWER
13. DORMAN, ELIZABETH	CPUC
14. EVANS, MIKE	CORAL POWER
15. GENSLER, KATHERINE	FERC
16. GODDARD, BILL	SEMPRA ENERGY SOLUTIONS
17. JYLKKA, CHRIS	EDISON MISSION
18. KAPLAN, KATIE	I E S
19. LAM, JEFF	POWEREX
20. LITTLE, ERIC	SOUTHERN CA EDISON
21. LLOYD, DEBRA	CITY OF PALO ALTO
22. LYNCH, MARY	CONSTELLATIONS ENERGY COMMODITIES GROUP
23. MARA, SUE	RTO ADVISORS
24. MARTIN, JULIE	B P ENERGY
25. MARTINEZ, JESUS	CITY OF RIVERSIDE
26. MCINTOSH, JIM	CALIFORNIA ISO
27. MCNAUL, MARGARET	THE SIX CITIES
28. MORRISON, ANDREA	STRATEGIC ENERGY
29. NELSON, TIFF	SAN DIEGO GAS & ELECTRIC
30. PAK, ALVIN	SEMPRA ENERGY
31. SANDERS, WILLIE	CITY OF PASADENA
32. SANDOVAL, EFRAIN	CITY OF VERNON

33. SCHNEIDER, SUSAN	PHOENIX CONSULTING
34. SHEA, KAREN	P U C
35. SHERIF, LINDA	CALPINE
36. SOLBERG, GLENN	CALIFORNIA DEPARTMENT OF WATER RESOURCES
37. STEPHENS, SUSAN	CITY OF ANAHEIM
38. THAI, ALBERTINA	PACIFIC GAS & ELECTRIC
39. THEAKER, BRIAN	WILLIAMS POWER COMPANY
40. ULMER, ANDREW	CA DEPT WATER RESOURCE
41. VUONG, TIM	CITY OF AZUSA
42. WEINSTEIN, ANDREW	STRATEGIC ENERGY
43. WHITHEAD, JEFF	CUSTOMIZE ENERGY
44. WILLIAMS, STEVE	SDG&E
45. WRIGHT, KATHLEEN	CDWR
46. ZORC, EILEEN	CITY OF VERNON

# Issues Addressed to Develop Final Proposal Sent to Board

## Stakeholder Comments on December 11, 2006 White Paper

(Discussed on December 20, 2006 Stakeholder Conference Call; Comments due on December 18, 2006)

(Documents available at: <http://www.caiso.com/18c9/18c9b8e3224d0.html>)

Stakeholder	Comment	ISO Response
City of Anaheim	1. States that SCs would require advance notice if the off-peak exemption is to be suspended for a Sunday or Holiday	Given concern from numerous stakeholders and Grid Operations staff, this option was not adopted.
	2. Recommends 16 exemptions per calendar month to coincide with a standard on-peak block (as opposed to 6 exemptions)	Noted.
	3. Strongly disagrees that the day-ahead scheduling requirement should apply to Revised Preferred schedules. Feels initial Preferred would be more appropriate	Basing compliance on Initial Preferred Schedules would provide an opportunity for SCs to circumvent the requirement by submitting initial schedules equal to 95% of forecasted load, and then revising those schedules downward after the first congestion management run. Additionally, the SI system does not retain the Initial Preferred Schedule if Revised Schedules are submitted
	4. Supports the exclusion of <i>de minimis</i> loads	Incorporated in Management recommendation.
	5. Supports the exclusion of penalties for one forecast non-submittal each calendar month	Incorporated in Management recommendation.
	6. Supports the second option of modification to the template for the weekly reports	Will be incorporated in modified template and instructions.
	7. Supports clarification of Tariff forecast submittal requirements	Incorporated in Management recommendation.
	8. Recommends modification to SI to allow DA forecast to be viewed and verified	Suggestions forwarded to CAISO IS staff. However, DMM feels existing SI template, 9 am email verification of load forecast, and opportunity to respond to all potential violations due to load forecast problems provides a sufficient and reasonable mechanism for compliance.

Stakeholder	Comment	ISO Response
	9. States that metered LSEs should not be required to submit data on metered or scheduled load	In many cases, data required in weekly reports have provided a valuable means for SCs and the CAISO to identify and reconcile data or scheduling problems in a timely and efficient manner. Thus, DMM believes the rationale for load schedule and estimated metered data submission requirements approved by FERC provided in initial Amendment 72 proceedings are still valid.
	10. Recommends modification to SI to eliminate need to sometimes re-submit forecasts submitted more than one day in advance due to the 7-day timeframe of SI template (e.g. if a forecast for Monday is submitted on Friday, and the SC submits a forecast for Sunday on Saturday, the forecast for Monday would need to be re-submitted along with the Sunday forecast).	Suggestions forwarded to CAISO IS staff. However, DMM feels existing SI template provides a sufficient and reasonable mechanism for compliance.
	11. States that violations in the instance of a forced outage after 7 AM on the NERC pre-scheduling day should be excluded	Such circumstances represent potentially mitigating circumstances that only FERC has authority to consider. Any mitigating circumstances are appropriately noted in the weekly report's "Notes" field, which is included with the information routinely provided to FERC along with forecast and scheduling data from the SI system.
California Department of Water Resources	1. Supports changing the requirement to on-peak only	Management recommendation reduces off-peak requirement to 75%.
	2. Does not Support limited thresholds for exempting non-compliance due to added complexity	DMM believes that proposed exemptions represent a minor additional complexity that is borne by the CAISO, rather than SCs. Since exemptions are designed to excuse relatively small, infrequent and inadvertent deviations, SCs should continue to schedule based on the 95%/75% requirements, rather than seeking to only schedule to lowest thresholds allowed by exemptions.
	3. Supports clarifying that the scheduling requirement applies to Revised Preferred DA Schedules	Incorporated in Management recommendation.
	4. Supports exemption of <i>de minimis</i> load, and supports exemption of SCs serving load that is "known and controllable" and "are able to balance generation and load and do not rely on the CAISO to procure additional supply."	Criteria for exempting SCs are not objectively verifiable enough <i>ex ante</i> to easily administer. Also, SCs that are "are able to balance generation and load and do not rely on the CAISO to procure additional supply" should not have any problem complying with the 95%/75% scheduling requirement. Finally, CAISO staff believes that submitting a forecast and schedule for load that "known and controllable" should represent a minimal administrative burden since this load is "known and controllable".

Stakeholder	Comment	ISO Response
	5. Supports the exclusion of penalties for one forecast non-submittal each calendar month, and states that application of any sanctions should be suspended until SI is revised to allow verification of data	Suggestions forwarded to CAISO IS staff. However, DMM feels existing SI template, 9 am email verification of load forecast, and opportunity to respond to all potential violations due to load forecast problems provides a sufficient and reasonable mechanism for compliance.
	6. Supports clarification of weekend scheduling issues	Will be incorporated in modified template and instructions.
	7. Supports clarification of Tariff forecast submittal requirements	Will be incorporated in modified template and instructions.
Southern California Edison	1. Strongly supports changing the scheduling requirement to cover only on-peak hours, but does not support the option to apply a scheduling requirement to Sunday dependant on the declaration of an RMO	Partially incorporated in Management recommendation, which reduces requirement during off-peak hours to 75% rather than eliminating requirement. The option to apply a scheduling requirement to Sunday dependant on the declaration of an RMO was not adopted, due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this could create. However, in response to Grid Operations concerns about potential under scheduling problems on Sundays, Management recommendation maintains 95% scheduling requirement during Sunday peak hours 7-22.
	2. Supports 93% threshold, would prefer 30-day rolling period	Staff explained, to the SC's apparent satisfaction, that a rolling 30-day period was significantly more administratively burdensome and problematic for both CAISO and participants.
	3. Supports clarification that scheduling requirement applies to Revised Preferred Schedule	Incorporated in Management recommendation.
	4. Does not object to exemption of <i>de minimis</i> load	Incorporated in Management recommendation.
	5. Supports the exclusion of penalties for one forecast non-submittal each calendar month, would prefer 30-day rolling period	Staff explained, to the SC's satisfaction, that a rolling 30-day period was administratively burdensome
	6. Supports the second option to modify the template for weekly data submittals	Will be incorporated in modified template and instructions.
	7. Supports clarification of Tariff language	Incorporated in Management recommendation.
Arizona Public Services	1. Suggests a 3 MWh tolerance band	Suggestion partially incorporated in Management recommendation.
	2. Suggests changes to the SI template through which forecasts are submitted	Suggestions forwarded to CAISO IS staff. However, DMM feels existing SI template, 9 am email verification of load forecast, and opportunity to respond to all potential violations due to load forecast problems provides a sufficient and reasonable mechanism for compliance.

Stakeholder	Comment	ISO Response
Williams Power Company	1. Does not oppose scheduling requirement for on-peak hours only. Agrees that advance notice is required if the off-peak exemption is suspended	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement, and does not allow CAISO to modify 95%/75% requirements in response to system conditions.
	2. Does not support altering the 95% scheduling requirement	Incorporated in Management recommendation.
	3. Supports the clarification that the scheduling requirement applies to Revised Preferred Schedules. Requests explanation of potential market abuse this could enable.	Incorporated in Management recommendation. Staff clarified that use of the Revised Preferred Schedules leaves the least opportunities for circumvention of scheduling requirement.
	4. Supports the exclusion of <i>de minimis</i> load from scheduling requirements	Incorporated in Management recommendation.
	5. Does not support the exclusion of penalties for one forecast non-submittal per calendar month	Noted, but not incorporated in Management recommendation.
	6. Does not oppose clarification of weekend scheduling issues, supports second option	Will be incorporated in modified template and instructions.
Calpine	1. Recommends that the CAISO exempt on-site and/or over-the-fence metered load from the scheduling requirement regardless of metering arrangements.	Exemptions for specific types of LSEs, other than those serving a <i>de minimis</i> load, are outside the scope of this effort
Constellation	1. Suggests applying an 80-85% scheduling requirement only to super-peak hours	Grid Operations staff has expressed the need for maintaining a 95% scheduling requirement for all on-peak hours (HE 7 through HE 22)
	2. Suggests changing the requirement to schedule the greater of 95% of forecast or within 25 MWh	This suggestion was included in the Addendum to the Straw Proposal. Management recommendation includes a smaller deviation allowance (up to 3 MWh) for all hours, and an allowance for deviations of 25 MWh or more for up to 6 hours per month. However, CAISO feels 25 MWh level suggested for all hours could result in significant cumulative under scheduling when applied to all SCs within all UDC areas. Also, a 25 MWh level would allow smaller SCs to rely on real time market for a relatively large portion of total load, while larger LSEs would still be required to schedule about 95% of load.
	3. Suggests that compliance be evaluated over an aggregated period rather than on an hourly basis.	CAISO feels this approach is would undermine reliability goals of scheduling requirement by allowing significant cumulative under scheduling during peak hours.
	4. Suggests having a 5 MWh bandwidth around the 95% scheduling requirement	This suggestion, in modified form, was included in the Addendum to the Straw Proposal

Stakeholder	Comment	ISO Response
	5. Suggests having a dynamic scheduling requirement that reflects seasonal changes in critical hours.	Grid Operations staff has expressed the need for maintaining a 95% scheduling requirement for all on-peak hours (HE 7 through HE 22).
	6. Supports ending off-peak scheduling requirement	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement.
	7. States that SCs will require advance notice if the off-peak exemption is to be suspended for a Sunday or Holiday	Given concern from numerous stakeholders and Grid Operations staff, this option was not adopted.
	8. Recommends 10 excusable events per month	(This comment was revised in the SC's comments to the Addendum)
City of Riverside	1. Supports scheduling requirement for on-peak hours only, expresses concern over advance notice if the off-peak exemption is to be suspended for a Sunday or Holiday	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement, and does not allow CAISO to modify 95%/75% requirements in response to system conditions.
	2. Supports threshold for limited non-compliance, and suggests establishing a fixed minimum of 5 MW as well.	Comments appear to reflect misunderstanding of proposed level for deviations allowed up to six times per month, which is the <u>maximum</u> of 25 MWh or 2% of forecasted load. Thus, the fixed minimum is 25 MWh.
	3. Expresses concern that there are no liquid energy markets after the close of the DA market, thus the requirement should apply to Initial Preferred Schedules	Staff explained that basing compliance on Initial Preferred Schedules would provide an opportunity for SCs to circumvent the requirement by submitting initial schedules equal to 95% of forecasted load, and then revising those schedules downward after the first congestion management run. Additionally, the SI system does not retain the Initial Preferred Schedule if Revised Schedules are submitted. Finally, the CAISO notes that the 95% scheduling requirement was designed with the expectation that SCs would seek to procure sufficient energy to meet 95% of their next day forecast prior to 10 am.
	4. Supports the exemption of SCs serving a <i>de minimis</i> load	Incorporated in Management recommendation.
	5. Supports 1 excused forecast non-submittal per calendar month, suggests that DMM have a greater level of discretion for evaluating any additional non-submittals	Exemption incorporated in Management recommendation. However, under CAISO tariff, DMM does not have discretion to excuse violations of objectively identified violations for which there are specific penalties in CAISO tariff due to mitigating circumstances of other considerations.
	6. Supports option 2	Will be incorporated in modified template and instructions.
	7. Supports clarification of Tariff language	Incorporated in Management recommendation.



Stakeholder	Comment	ISO Response
	8. Suggests that DMM should have additional discretion to evaluate apparent non-compliance	DMM provides data from CAISO SI system identifying potential non-compliance with scheduling requirements to FERC, which retains all authority (and discretion) to sanction any non-compliance. DMM also provides weekly reports submitted by participants to FERC as an additional source of information that can be used to assess any apparent non-compliance. . In the event FERC Office of Enforcement takes any investigative or enforcement actions, significant due process is provided for evaluation of any potential non-compliance and mitigating circumstances. However, DMM does not have authority to make subjective determinations about compliance or the applicability of any mitigating circumstances identified in weekly reports.
Powerex	1. Supports the elimination of the 95% scheduling requirement during off-peak hours provided that the pre-dispatch market-clearing of interties bids be adopted for real time energy at the same time (to replace the current "as bid" settlement mechanism)	DMM does not believe that there is a logical or necessary connection between the elimination or reduction of the 95% scheduling requirement during off-peak hours, and the replacement of the current "as bid" settlement mechanism for pre-dispatched inter-tie bids with a single price market design for inter-tie bids, as suggested by Powerex..
	2. Supports the other potential modifications	Noted.
Western	1. Supports the exemption of SCs serving <i>de minimis</i> load, suggests that the exemption should apply to those SCs be 10 MWh instead of 1 MWh	The CAISO believes that a 10 MWh exemption for <i>de minimis</i> load could negatively impact reliability. Additionally, there is the concern that SCs could divide up their load into multiple SC_ids to avoid being subject to reporting and scheduling requirements.
	2. Requests that there be a function added to SI to enable SCs to check a box indicating that their schedule is 100% of their forecast	This request has been forwarded to appropriate CAISO staff. However, DMM does not recommend this change on the basis that it may encourage circumvention of the spirit of A72, which is that SCs should make a good faith effort to accurately forecast their load, rather than submitting a load forecast that equals their schedule. Meanwhile, for SCs that are truly scheduling 100% of their forecast, DMM believes that the current mechanism for submission of forecasts is reasonable and not unduly burdensome.
Alliance for Retail Energy Markets	1. Requests an expanded stakeholder process	In order to have changes in effect for summer 2007, this stakeholder process has been expedited.

Stakeholder	Comment	ISO Response
	2. Suggests that A72 requirements may be superfluous in light of CPUC RA requirements	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours. The scope of this stakeholder process was to make selected modifications to address some of the concerns with Amendment 72, without sacrificing the fundamental reliability goals of Amendment 72.
	3. Describes market inefficiencies potentially attributable to A72.	The reduction of the scheduling requirement to 75% during off-peak hours should reduce potential market inefficiencies. To the extent some additional costs may be incurred due to the scheduling requirements, this represents a potential tradeoff between costs and reliability.
	4. Suggests that the CAISO do a cost-benefit analysis of the A72 scheduling requirements.	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours. DMM does not believe the CAISO has data and resources to do a meaningful cost benefit analysis of A72 scheduling requirements.
	5. Details administrative burdens and technological difficulties of complying with A72 reporting requirements.	Concerns about technical difficulties have been shared with the appropriate CAISO Departments.
	6. Supports eliminating off-peak scheduling requirement, suggests that the requirement only apply to the 1 peak hour.	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement. Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during all peak hours.
	7. Supports a MWh threshold for limited non-compliance.	Incorporated in Management recommendation, which includes allowances for deviations based on both a MWh and percentage thresholds.
	8. Expresses concern over requirement to submit additional schedule information.	Additional schedule information is not required. In the event that an SC does not submit a Revised Schedule, the SC's Initial Preferred Schedule is automatically used to evaluate compliance with the scheduling requirement
	9. Supports the exemption of <i>de minimis</i> load, and recommends that the threshold for such be 25 or 50 MWh.	Management recommendation includes an all hours deviation allowance equal to the minimum of 3 MWh or 5% of the SCs forecast. However, CAISO feels 25 -50 MWh level suggested for all hours could result in significant cumulative under scheduling when applied to all SCs within all UDC areas. Also, 25 -50 MWh level would allow smaller SCs to rely on real time market for a relatively large portion of total load, while larger LSEs would still be required to schedule about 95% of load.
	10. Strongly supports the exemption from sanction one missed forecast submittal	Incorporated in Management recommendation.

Stakeholder	Comment	ISO Response
	11. Requests additional time to evaluate weekend scheduling issues	CAISO believes the weekend scheduling issue can be addressed by modifying the weekly reporting template and associated instructions. Since this would not require a tariff modification, further discussion and refinement of options to address this issue may be possible. However, other stakeholder comments reflect a strong preference for Option 2 identified in whitepaper. No other specific options have been proposed.
	12. Supports the clarification of tariff language regarding forecast submittal requirements	Incorporated in Management recommendation.
Strategic Energy	1. Supports the comments of AReM (above)	AReM comments are addressed above.
	2. Expresses concern about the unavailability (cost) of load-shaping products and thus the market inefficiency of the A72 scheduling requirements	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours. The reduction of the scheduling requirement to 75% during off-peak hours should reduce potential market inefficiencies. To the extent some additional costs may be incurred due to the scheduling requirements, this represents a potential tradeoff between costs and reliability.
	3. Requests that the CAISO convey to FERC that it was not the intent of A72 that SCs be penalized for every hour of compliance with the 95% scheduling requirement. States that 25 MWh is one appropriate safe harbor that should be considered	Management recommendation incorporates two separate categories of allowances for deviations below the 95% scheduling requirement. An allowance for up to six deviations of 25 MWh or more is proposed. CAISO has conveyed to FERC that mitigating circumstances should be considered, and has established a mechanism for SCs to proactively identify mitigating circumstances (weekly summary report).
	4. Expresses concern over SI limitations	Suggestions forwarded to appropriate CAISO Departments. However, DMM feels existing SI template, 9 am email verification of load forecast, and opportunity to respond to all potential violations due to load forecast problems provides a sufficient and reasonable mechanism for compliance.
	5. Supports the clarification of the Tariff language regarding forecast submittal requirements	Incorporated in Management recommendation.

Stakeholder	Comment	ISO Response
Coral Power	1. Requests that there be a function added to SI to enable SCs to check a box indicating that their schedule is 100% of their forecast	This request has been forwarded to appropriate CAISO staff. However, DMM does not recommend this change on the basis that it may encourage circumvention of the spirit of A72, which is that SCs should make a good faith effort to accurately forecast their load, rather than submitting a load forecast that equals their schedule. Meanwhile, for SCs that are truly scheduling 100% of their forecast, DMM believes that the current mechanism for submission of forecasts is reasonable and not unduly burdensome.
	2. Expresses concern over SI limitations	Suggestions forwarded to appropriate CAISO Departments. However, DMM feels existing SI template, 9 am email verification of load forecast, and opportunity to respond to all potential violations due to load forecast problems provides a sufficient and reasonable mechanism for compliance.
	3. Does not object to having the scheduling requirement for peak hours only.	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement.
	4. Does not object to thresholds for limited non-compliance.	Incorporated in Management recommendation.
	5. Does not object to clarification that the scheduling requirement be evaluated relative to the Revised Preferred DA Schedule.	Incorporated in Management recommendation.
	6. Supports the exemption of SCs serving de minimis load, and suggests an all hours threshold	This suggestion was incorporated in the Addendum, and was incorporated in Management recommendation.
	7. Expresses concern over the daily penalty for forecast non-submittal	DMM has sent out letters of investigation in the cases when SCs have apparently missed a forecast. These letters clearly indicate that the penalty is \$500/day per SC – not \$500/hour per SC per UDC
Sempra Energy Solutions	1. Suggests that A72 may be obsolete in light of the CPUC's RA Program	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours.
	2. Suggests that the scheduling requirement be restricted to on-peak hours Monday through Friday, during the months of May through September only	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours of all months.
	3. Suggests that the scheduling requirement be by NP15 and SP 15 rather than by UDC service area	While supply schedules and bilateral agreements are based on a zonal level (NP15 and SP15) as noted by Sempra, load is scheduled and metered at specific load points within different UDC areas. Thus, the CAISO believes this modification would provide little, if any, advantages, while creating significant problems due to any change in current practices.

Stakeholder	Comment	ISO Response
	4. Supports a MWh scheduling threshold so as to avoid giving SCs with larger loads undue advantage	Management recommendation includes two categories of deviations allowances – both of which are based on a combination of a MWh value and percentage of the SCs load forecast. Both formulas are designed to balance the interests of smaller and larger LSEs in an equitable manner.
Pacific Gas and Electric	1. Supports the clarification that the scheduling requirement be applied to the Revised Preferred Schedule	Incorporated in Management recommendation.
	2. Supports limiting the scheduling requirement to on-peak hours and notes that, included in the off-peak periods should be NERC holidays	Partially incorporated in Management recommendation, which reduces requirement during off-peak hours to 75% rather than eliminating requirement. However, in response to Grid Operations concerns about potential under scheduling problems on Sundays, Management recommendation maintains 95% scheduling requirement during peak hours 7-22 on all days (including Sundays and NERC holidays).
	3. Recommends that the CAISO have the discretion to waive scheduling requirements during on-peak hours as circumstances require.	This suggestion was incorporated in the Addendum to the Straw Proposal. However, this was not adopted, due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this could create.
	4. Supports option 2	Will be incorporated in modified template and instructions.
	5. Supports a percentage-based threshold for limited non-compliance, and opposes a MWh based threshold	Management recommendation includes two categories of deviations allowances – both of which are based on a combination of a MWh value and percentage of the SCs load forecast. Both formulas are designed to balance the interests of smaller and larger LSEs in an equitable manner.
	6. Supports the exemption of SCs serving <i>de minimis</i> load	Incorporated in Management recommendation.
	7. Supports the exemption of one forecast non-submittal per calendar month from penalty, and recommends that the CAISO have discretion to impose penalties even on that one non-submittal for “habitual offenders”	Exemption of one forecast non-submittal per calendar month incorporated in Management recommendation. FERC Orders indicated that FERC only allow ISOs to issue penalties based on specific formulas in ISO tariffs, and will not grant ISO Market Monitors authority to exercise discretion in modifying or imposing special penalties.
	8. Requests that the CAISO share any compliance analyses performed to SCs to enable them to verify the results	Compliance analysis is made available to SCs on a weekly basis prior to submission to FERC.
	9. Requests that “safe harbors” be clearly defined	Incorporated in Management recommendation, which includes specific thresholds for allowable deviations.

**Stakeholder Comments on December 22, 2006 Addendum to White Paper**  
**(Comments due on January 5, 2007)**  
**(Documents available at: <http://www.caiso.com/18c9/18c9b8e3224d0.html>)**

Stakeholder	Comment	ISO Response
City of Anaheim	1. Expresses concern that temporary reductions of the scheduling requirement would need to be made with sufficient advance notice to enable SCs to adjust their schedules accordingly	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Supports scheduling requirement for on-peak hours only; and recommends that the super-peak be considered as the period to which the requirement would apply. Expresses the preference that there be no off-peak scheduling requirement, but indicates that the proposal of 75% would be appropriate if an off-peak scheduling requirement is put in place	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement.  CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during all peak hours.
	3. Suggested clarifications to the description of the proposed definition of a minor violation	Suggested clarifications acknowledged and accepted by CAISO as being consistent with the proposal.
	4. Reiterates concern over SI system limitations	See response to City of Anaheim comments on initial whitepaper.
California Public Utilities Commission	1. Supports, with cautions, CAISO authority to temporarily reduce the scheduling requirement	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Supports a reduction in the off-peak scheduling requirement to 75% of forecasted load	Incorporated in Management recommendation.
	3. Recommends that, in the interest of equity, a minor violation be defined as the minimum of either 3 MWh of 5% of an SC's load	Recommendation incorporated in Management recommendation. Proposed formula appears to balance the interests of smaller and larger LSEs in an equitable manner.
City of Vernon	1. Supports applying the scheduling requirement to on-peak hours only	Partially incorporated in Management recommendation, which reduces off-peak requirement to 75% rather than eliminating requirement.
	2. Supports a threshold for limited non-compliance with the scheduling requirement	Incorporated in Management recommendation. Specific formula for the threshold for a "minor violation" incorporates both a MWh and percentage, and is designed to balance the interests of smaller and larger LSEs in an equitable manner.

Stakeholder	Comment	ISO Response
	3. Requests that the SC have the opportunity to review and contest potential violations before submission to FERC	Compliance analysis by DMM based on schedule and forecast data from CAISO SI system is made available to SCs on a weekly basis prior to submission to FERC. Any inquiries from SCs are reviewed by DMM. DMM also provides weekly reports submitted by participants to FERC as an additional source of information that can be used to assess any apparent non-compliance. In the event FERC Office of Enforcement takes any investigative or enforcement actions, significant due process is provided for evaluation of any potential non-compliance and mitigating circumstances. However, DMM does not have authority to make subjective determinations about compliance or the applicability of any mitigating circumstances identified in weekly reports.
Constellation	1. Does not support the option to allow the CAISO to temporarily alter the scheduling requirement due to the burdens of resulting uncertainty	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Supports the application of the 95% scheduling requirement to peak hours only, and supports the 75% scheduling requirement for off-peak hours	Incorporated in Management recommendation.
	3. Supports a 25 MWh grace region below the 95% requirement, and adapts its support of the number of needed exempted potential violations from 10 to 6 (as per the CAISO's White Paper Straw Proposal)	Management recommendation includes an allowance for up to six deviations of 25 MWh or more below the 95% requirement (i.e. the maximum of 25 MWh or 2% of forecasted load).
California Department of Water Resources	1. Reiterated concern about SI limitations	See response to CDWR comments on initial whitepaper.
	2. Reiterates recommendation that SCs with known and controllable load be exempted from A72 requirements	See response to CDWR comments on initial whitepaper.
	3. Expresses concern that limiting consideration of proposals to those acceptable to CAISO Grid Operations personnel is not transparent, and may preclude some reasonable alternatives to A72 requirements	CAISO Grid Operations believe that the 95% scheduling requirement remains an important safeguard for reliability during peak hours. The scope of this stakeholder process was to make selected modifications to address some of the concerns with Amendment 72, without sacrificing the fundamental reliability goals of Amendment 72.
Joint Parties (City of Anaheim, Commerce)	1. Expresses concern about SI limitations	See response to same or similar comments about SI limitations by individual Joint Party members.

Stakeholder	Comment	ISO Response
Anaheim, Commerce Energy, Coral Power, Sempra Energy Solutions, Strategic Energy)	2. Expresses concern about data quality	Data identifying potential non-compliance with scheduling requirements provided by DMM to FERC is based directly on data from the CAISO SI system, which is entered by each SC. Numerous data problems or discrepancies were encountered as DMM implemented its reporting program due to misunderstandings of these data systems and other miscellaneous issues by both DMM and participants. However, DMM believes that the automated reporting queries based on SI system data that are now in place are highly reliable. Reports generated by these automated reporting queries are made available to SCs on a weekly basis prior to submission to FERC. Any inquiries from SCs are reviewed by DMM. DMM also provides weekly reports submitted by participants to FERC as an additional source of information that can be used to assess any apparent non-compliance. In the event FERC Office of Enforcement takes any investigative or enforcement actions, DMM stands ready to assist in reviewing any data discrepancies identified by FERC or participants.
	3. Supports permitted deviations to be on a MWh basis rather than on a percentage basis	Management recommendation includes two categories of deviations allowances – both of which are based on a combination of a MWh value and percentage of the SCs load forecast. Both formulas are designed to balance the interests of smaller and larger LSEs in an equitable manner.
	4. Supports an exemption of SCs serving a <i>de minimis</i> load, and recommends that this threshold be 25 MWh	CAISO feels the 25 MWh level suggested for a de minimum load exemption from scheduling requirements could result in significant cumulative under scheduling when applied to all SCs within all UDC areas. Also, a 25 MWh level would allow smaller SCs to rely on real time market for a relatively large portion of total load, while larger LSEs would still be required to schedule about 95% of load.
	5. Requests an expanded stakeholder process	In order to have revised scheduling requirements in place by the Spring, this stakeholder process has been expedited. However, the CAISO feels the process produced extensive review and input from stakeholders, and that the final Management recommendation incorporates significant input from stakeholders.



Stakeholder	Comment	ISO Response
	6. Suggests that the scheduling requirement be by NP15 and SP15 rather than by UDC service area	While supply schedules and bilateral agreements are based on a zonal level (NP15 and SP15) as noted by Sempra, load is scheduled and metered at specific load points within different UDC areas. Thus, the CAISO believes this modification would provide little, if any, advantages, while creating significant problems due to any change in current practices.
	7. Supports CAISO discretion to suspend scheduling requirement, and suggests that each such instance be two weeks in duration	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create. For example, the suggestion that any suspension of the scheduling requirement be required to be at least two weeks in duration is clearly infeasible from the perspective of Grid Operations staff, who emphasized that the dynamic nature of system conditions would prevent suspension or modification of scheduling requirements with significant advance notice or for extended period of time.
	8. Supports limiting the scheduling requirement to Monday through Friday	In response to Grid Operations concerns about potential under scheduling problems on weekends, Management recommendation maintains 95% scheduling requirement during Saturday and Sunday peak hours 7-22.
	9. States that the CPUC RA requirements obviate the need for CAISO scheduling requirements	See response to same or similar comments by individual Joint Party members.
	10. Recommends the definition of a minor violation be 25 MWh to correspond to standard market products	Management recommendation includes an allowance for up to six deviations of 25 MWh or more below the 95% requirement (i.e. the maximum of 25 MWh or 2% of forecasted load). Thus, this allowance would be at least 25 MWh for all SCs.
	11. Recommend the immediate implementation of convergence bidding	This option is infeasible.
	12. Recommend the re-evaluation of the need for A72	See response to same or similar comments by individual Joint Party members.
Southern California Edison	1. Does not object to enabling the CAISO to temporarily reduce the DA scheduling requirement, but stipulates that advance notice would be required so that SCs may adjust their scheduled accordingly	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Supports a 95% scheduling requirement in the peak hours, and a 75% requirement in the off-peak	Incorporated in Management recommendation.
	3. Does not oppose exemptions for minor levels of non-compliance during all hours	Incorporated in Management recommendation.

Stakeholder	Comment	ISO Response
Alliance for Retail Energy Markets	1. Suggests that the CAISO adopt a protocol enabling temporary reductions in the DA scheduling requirement	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Strongly supports a reduced (75%) scheduling requirement in the off-peak hours	Incorporated in Management recommendation.
	3. Requests that the CAISO evaluate raising the threshold for minor non-compliance from 3 MWh to 25 MWh	Management recommendation includes an allowance for up to six deviations of 25 MWh or more below the 95% requirement (i.e. the maximum of 25 MWh or 2% of forecasted load). However, CAISO feels a 25 MWh deviation allowance for all hours could result in significant cumulative under scheduling when applied to all SCs within all UDC areas. Also, a 25 MWh level would allow smaller SCs to routinely rely on real time market for a relatively large portion of total load, while larger LSEs would still be required to schedule about 95% of load.
	4. Underscores CDWR's comment that penalties or sanctions for non-compliance be suspended until the SI workspace is modified	See response to CDWR comments.
	5. Underscores Coral Power's comment about the burden of penalties, and expresses uncertainty and concern about the timing of CAISO fines and FERC investigations	See response to Coral Power comments.
City of Riverside	1. Expresses support for the CAISO's ability to temporarily reduce the DA scheduling requirement, but notes that advance notice to SCs will be required	This option was not adopted due to concern from Grid Operations and many SCs about the potential implementation problems and uncertainty this option may create.
	2. Supports the reduction of the scheduling requirement to 75% of forecasted load during off-peak hours	Incorporated in Management recommendation.
	3. Supports a 3 MWh exemption below the 95% scheduling requirement for all hours	Management recommendation provides all hours deviation allowance of the minimum of 3 MWh or 5% of forecasted load. Proposed formula appears to balance the interests of smaller and larger LSEs in an equitable manner.

Stakeholder	Comment	ISO Response
	4. Repeat that all violations which DMM deems unintentional should not be sent to FERC	Along with its compliance reports based on SI data, DMM sends FERC all weekly summary reports submitted by SCs. These weekly summary reports provide a means for SCs to identify any mitigating circumstances for any potential deviations from scheduling requirements. In the event FERC Office of Enforcement takes any investigative or enforcement actions, significant due process is provided for evaluation of any potential non-compliance and mitigating circumstances. However, DMM does not have authority to make subjective determinations about compliance or the applicability of any mitigating circumstances identified in weekly reports.
Williams Power Company	1. Does not oppose relaxing the scheduling requirement for off-peak hours, but opposes the relaxing of the requirement in adjacent on-peak hours because of concerns about off-peak over-generation	Incorporated in Management recommendation.
	2. Recommends relaxing the scheduling requirement in the off-peak, but leaving the 95% requirement intact during peak hours, Sundays and holidays	Incorporated in Management recommendation.
	3. Opposes relaxing compliance around the edges of the 95% requirement	Noted.
Pacific Gas & Electric	1. Supports the ability to temporarily reduce the scheduling requirement, but expresses concern that advanced and explicit notice be given to SCs	Given this understandable concern, as well as the concern expressed by Grid Operations that advance notice would be difficult or impossible to give, this option seems infeasible
	2. Supports maintaining the 95% scheduling requirement during peak hours 7 days/week and eliminating the off-peak scheduling requirement entirely	Management recommendation retains 95% scheduling requirement during peak hours all 7 days of the week. However, in order to protect against potential under scheduling problems during off-peak hours, a 75% scheduling requirement for off-peak hours is recommended. The 75% level is based on analysis summarized in the Addendum on page 4.
	3. Does not object to allowing exemptions for minor levels of non-compliance during all hours	Incorporated in Management recommendation.
	4. Requests that the CAISO supply to SCs all analyses performed to assess compliance	See response to same comment by PG&E in response to initial whitepaper.
	5. Requests that the CAISO clearly define "safe harbors"	See response to same comment by PG&E in response to initial whitepaper.