

TEMUS comments originally received in email format from Steve Lincoln.

TransAlta confirms the CAISO's expectation that Market Participants want to obtain FTRs during the MRTU-launch delay.

TransAlta encourages the CAISO to adopt the most straightforward method of handling FTRs in order to keep efforts focused on improving MRTU systems until market simulations generate confidence that the launch will be solid and reliable. Given current concerns about MRTU systems, it does not make sense to dedicate resources to conducting FTR auctions---with or without the entire training and qualification process.

TransAlta suggests the following solution:

Offer holders of March 2008 FTRs April Renewal Options that are capped in pro rata fashion at the 2008 maximum release quantities, if necessary. Renewal means simply extending the end date of the March 2008 FTRs, with adjusted volumes if necessary. Do this month-by-month until MRTU launches.

For remaining FTR capacity not renewed, do nothing unless the volume reaches a predefined threshold, such as 25%. Reaching the threshold triggers a simplified method of distributing available FTRs. Because it's possible the extra step will not be needed, distribution should be planned for, but not implemented unless triggered.

Again, resources should not be taken from the MRTU effort. As such, distributing available FTR capacity should probably be confined to any Market Participant who has qualified for any past FTR Auction. Perhaps qualified market participants could submit bid curves for the remaining FTR capacity. Let renewal handle most if not all of the FTR capacity, then deal with a small amount remaining in one step, but only if necessary.

TransAlta acknowledges that this solution is not perfect, but it seems to mostly satisfy the main competing interests: Keeping the focus on launching MRTU, keeping the FTR process going for PTOs during the delay, and providing reasonable access to FTR capacity for qualified market participants.