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WPTF appreciates the opportunity to provide comments on the CRR dry run process. We offer comments in two areas: (1) hub design and rights availability, and (2) availability of inertia CRRs in the auction.

(1) Hub design and rights availability

As we discussed at the CRR dry meeting, WPTF believes it critically important to have liquid trading hubs and for parties to have mechanisms to hedge such trading hub transactions. As a result WPTF is concerned about the inability of LSEs to obtain hub CRRs in the allocation process as well as the implications that has for the availability of hub CRRs in the auction process. WPTF believes if the hub was not made up of specific generator nodes, but rather a set of high-voltage nodes, it is very likely that many more hub CRRs could be feasible. WPTF recognizes the interest in the EZ Gen Hub associated with the Seller's Choice settlement.

However, WPTF encourages further consideration of the development of additional trading hubs based upon high-voltage hubs through which other bilateral transactions could take place.

(2) Availability of inertia CRRs

WPTF was encouraged by FERC's order element to ensure sufficient capacity was available in the auction at the interties. (FERC stated: "we are also sympathetic to Powerex's concern that it is not clear how much residual inertia capacity will be left after the source-verified allocation. The CAISO acknowledges that the result of additional CRR analysis may warrant some adjustments to its proposal to ensure that sufficient CRRs are available to external suppliers. We direct the CAISO to further evaluate whether its proposal to set aside 50 percent of the inertia capacity needs to be modified...") While the dry run data provided some informative results, it continues to be unclear whether any, let alone "sufficient," capacity will be available in the action. WPTF is concerned that the availability of inertia capacity in the auction can be undermined in a number of ways including:

- that there is little protection of inertia capacity beyond year 1 – given no need for source validation - and therefore no assurance that any capacity available in 2008 will also be available in 2009; and
- that either a change to the historical reference period, or the ability to count contracts at the ties toward source verification, may further cut into the available remaining CRR capacity.

WPTF urges the CAISO to follow the direction of FERC and indicate how it will verify that a sufficient number of rights are continually being made available in the auction processes.

Thank you for your consideration. Please feel free to contact me if you have any questions.

Sincerely,

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