

**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS
ON THE CAISO's JUNE 4, 2008
"REPORT ON RANKING OF HIGH PRIORITY MARKET INITIATIVES"**

The Alliance for Retail Energy Markets¹ (AReM) strongly supports the CAISO's findings in its June 4th detailed ranking in the market initiatives roadmap identifying the Standard RA Capacity Product as the highest ranked initiative. Moreover, AReM commends the CAISO for its commitment to begin the stakeholder process immediately. AReM stands ready to work with the CAISO's staff and other stakeholders to move this effort quickly forward. As outlined in previous comments, AReM seeks filing of tariff amendments by no later than October 1, 2008, so that the standard RA capacity product would be available for 2009 monthly RA compliance at a minimum.

However, AReM continues to be disappointed that one issue of particular and unique concern to Electric Service Providers (ESPs) has been dropped from the June 4th list of Market Initiatives – 2.7.8 Software for Bundling Individual Pnode CRRs into Trading Hub CRRs. As explained in AReM's May 9th comments, rebundling of the disaggregated Trading Hub CRRs would assist ESPs, which have proportionately more of their CRRs at Trading Hubs and will have difficulty trading these disaggregated CRRs. At the time the CAISO made the decision to disaggregate the Trading Hub CRRs, the CAISO staff noted that it could simply and easily develop software to re-aggregate the Trading Hub CRRs to facilitate trading. As mentioned in the CAISO's June 5th "Catalogue of Market Initiatives,"² the CAISO is required to file with FERC within six months of MRTU startup to explain whether the disaggregation of the Trading Hub CRRs remains appropriate. AReM recommends that the CAISO implement this simple software fix by that time to demonstrate to FERC that it has mitigated the market inefficiencies created by the disaggregation.

Submitted by:
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¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California's direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

² *Catalogue of Market Initiatives*, CAISO, June 5, 2008, p. 39.