



Template for Submission of Comments on 5-Year Market Initiatives Roadmap

The CAISO is requesting that Stakeholders submit the following comments to the 5-Year Market Initiatives Roadmap using this stakeholder comments template.

1. Pick three market enhancements you believe should have the highest priority for implementation and describe the reasons why tied back to the high-level prioritization criteria using the provided tables below. These top three may include FERC mandated market enhancements or non-mandated market enhancements that are described in the Roadmap.
2. Prioritize the list of FERC mandated enhancements listed in the table below with a rank of 1-10 based on the order of priority you believe these enhancements should be addressed by the CAISO.

Comments are requested by close of business Friday, April 18, 2008 and should be submitted to mmiller@caiso.com. Please contact Margaret Miller at mmiller@caiso.com or 916 608-7028 with any questions.

Instructions for Part 1 – Ranking top three market enhancements

- 1) At the top of the template please provide your name and the name of the company you represent.
- 2) In the left-hand column identify the section number associated with the enhancement you want to propose, as identified in the Five Year Market Initiatives Roadmap. If you are proposing a new market enhancement that is not captured in the Roadmap please indicate "New" in the left-hand column.
- 3) In the second column provide the name of the enhancement and a description of the important features you are proposing.
- 4) In columns three through six provide justification for your proposed enhancement based on:
 - Grid Reliability-please rank high, medium or low and describe why.
 - Market Efficiency – please rank high, medium or low and describe why.
 - Implementation/cost impact to CAISO please estimate (High, Medium, or Low)
 - Implementation/cost impact to market participants please estimate (High, Medium, or Low)

In providing your justification for a proposed market enhancement it is extremely important to describe why you believe a market enhancement ranks high, medium or low in the specified category. The CAISO will use this information when evaluating these market enhancements in the ranking process.

Company represented: Alliance for Retail Energy Markets (AReM)

Person submitting comments: Sue Mara

Date of submission: April 18, 2008

Part 1 – Top Three Market Enhancements (Mandated or Non-Mandated) ***AReM has ranked its top 4 enhancements.******RANKED No. 1***

Roadmap section number, or specify "New"	Title and description of proposed enhancement <i>Proposed Release Date</i>	Does this market enhancement have a High, Medium or Low impact on improving Grid Reliability and why?	Does this market enhancement have a High, Medium or Low effect on improving market efficiency and why?	Estimated Implementation /Cost Impact to CAISO Please specify (High, Medium or Low)	Estimated Implementation/Cost Impact to Market Participants Please specify (High, Medium or Low)
3.2.7	Standard RA Capacity Product <i>Release 1</i>	Unrelated to Grid Reliability	High. Would create market liquidity, lower transaction costs, and allow for a tradable RA capacity market to emerge.	Low. The CAISO has current obligations to enforce RA provisions in its tariff and these amendments should not add significant new obligations or costs.	No added cost. Would lower current transaction costs in the RA market.

RANKED No. 2

Roadmap section number, or specify "New"	Title and description of proposed enhancement <i>Proposed Release Date</i>	Does this market enhancement have a High, Medium or Low impact on improving Grid Reliability and why?	Does this market enhancement have a High, Medium or Low effect on improving market efficiency and why?	Estimated Implementation /Cost Impact to CAISO Please specify (High, Medium or Low)	Estimated Implementation/Cost Impact to Market Participants Please specify (High, Medium or Low)
2.8.5	Software for bundling Individual Pnode	Unrelated to Grid Reliability	High. Would facilitate trading of	Low. Such software should be simple to	Zero. This should have no costs to

	CRRs Into Trading Hubs <i>Release 1a</i>		Trading Hub CRRs, increasing market liquidity and efficiency.	develop and implement.	Market Participants.
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RANKED No. 3

Roadmap section number, or specify "New"	Title and description of proposed enhancement <i>Proposed Release Date</i>	Does this market enhancement have a High, Medium or Low impact on improving Grid Reliability and why?	Does this market enhancement have a High, Medium or Low effect on improving market efficiency and why?	Estimated Implementation /Cost Impact to CAISO Please specify (High, Medium or Low)	Estimated Implementation/Cost Impact to Market Participants Please specify (High, Medium or Low)
2.2.3.35	Sequential Physical Trading Capability <i>Release 1a</i>	Unrelated to Grid Reliability	High. MRTU will take away Market Participants' current ability to make these physical trades. The CAISO should do what's necessary to restore this option as quickly as possible.	Unknown.	Low. Market participants have this ability at present and could easily include it in their trading systems when the CAISO makes its necessary modifications.

RANKED No. 4

Roadmap section number, or specify "New"	Title and description of proposed enhancement <i>Proposed Release Date</i>	Does this market enhancement have a High, Medium or Low impact on improving Grid Reliability and why?	Does this market enhancement have a High, Medium or Low effect on improving market efficiency and why?	Estimated Implementation /Cost Impact to CAISO Please specify (High, Medium or Low)	Estimated Implementation/Cost Impact to Market Participants Please specify (High, Medium or Low)
2.5	Reliability Products <i>Release 2</i>	High. The CAISO would have access to more resources that better meets its needs	High. Would improve liquidity, lower resource costs and reduce the need for out-of-market dispatch.	Unknown.	Medium. Market Participants would have to modify their billing and scheduling system for the new CAISO products.

Instructions for Part 2 – Ranking FERC Mandated Market Enhancements

1. In the left hand column enter a rank for the specified FERC mandated market enhancement in order of priority for implementation by indicating a 1 for highest priority to an 10 for lowest priority. If you believe that more than one market enhancement should have the same level of priority you may use the same ranking number up to two times. For example you may rank up to two market enhancements as a “1”.
2. In column two please describe the reason for your selected rank unless the same market enhancement was already described in detail in Step 1 above.

The CAISO has been ordered by FERC to implement or address the following market enhancements no later than three years after MRTU start-up¹.

Rank (1-10)	FERC Mandated Market Enhancement	Please describe reason for rank
6	Multi Hour Block Constraint in RUC – 2.2.2.2	Not of particular interest to AReM.
3	Ancillary Services Substitution -2.2.3.7	This option could provide more flexibility to A/S providers which could lead to lower costs for LSEs.
5	Rebate of loss-over collection issues for Renewable Resources – 2.2.2.3	This option could lead to lower costs for LSEs from their renewable portfolio.
9	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.2.9	Not of particular interest to AReM.
4	Support Exports of Ancillary Services – 2.2.2.13	This option could provide more flexibility to A/S providers and create better markets with other control areas, which could lead to lower costs for LSEs.
7	Model Constraints of Combined Cycle Units – 2.2.2.16	Not of particular interest to AReM.
10	Increase number of LAP Zones – 2.2.2.20	Changing LAP Zones will affect long-term contracting and make settlements more complex. AReM prefers to delay this change to the extent possible.

¹ The CAISO is ordered by FERC to allow for flexibility for A/S substitution in a “future MRTU Release”. No specific timeline was specified.

8	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.2.23	Not of particular interest to AReM.
2	Long-Term CRR Auction – 2.8.8	Allowing CRR holders to sell into the CRR auction will increase market liquidity and efficiency.
1	Sale of CRRs in the CRR Auction 2.8.3	Allowing CRR holders to sell into the CRR auction will increase market liquidity and efficiency.