

Stakeholder Comments Template

Subject: Market Initiatives Roadmap – High Level Ranking Process

Submitted by	Company	Date Submitted
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The ISO is requesting written comments on the *Preliminary Results of the High Level Prioritization of Market Enhancements* published on the ISO website and discussed at the July 23rd, 2009 stakeholder meeting. This template is offered as a guide for entities to submit comments; however participants are encouraged to submit comments in any form. Comments are due by July 30th, 2009.

All documents related to the Market Initiatives Roadmap Process are posted on the ISO Website at the following link: <http://caiso.com/1fb1/1fb1856366d60.html>

Upon completion of this template please submit (in MS Word) to MIRoadmap@caiso.com. Submissions are requested by close of business on Thursday, July 30, 2009.

Please answer the following questions on the results of the high level ranking:

1. Should rankings be different for the initiatives that the ISO ranked “High” in the preliminary ranking process? If yes:

a) Provide your revised ranking of the initiative

The preliminary rankings for Load Aggregation Point Granularity, Catalogue Section 2.11 for 2009 should be revised as follows:

¹ BAMx members are the Cities of Santa Clara and Palo Alto, and Alameda Municipal Power.

	CAISO Preliminary 2009 Ranking		BAMx Proposed 2009 Ranking		
Criteria	Impact	Score	Impact	Score	2008 Score
Grid Reliability	Moderate Improvement	7	Minimal Improvement	3	3
Improve Efficiency	Significant Improvement	10	Moderate Improvement	7	7
Desired by Market Participants	Desired by a Majority of MP	7	Desired by a small subset of MP	3	3
Market Participant Implementation Impact	Moderate Impact	3	Moderate Impact	3	3
ISO Implementation Impact	Minimal Impact	7	Moderate Impact	3	3
Total		34		19	19

b) Explain what factors led to your ranking decision

The CAISO's 2009 preliminary assessment of the LAP Granularity impacts overestimates the Grid Reliability and Market Efficiency benefits and the degree of Market Participant support, and underestimates the impact on Market Participants and the ISO. The LAP Granularity rankings for 2008 more accurately reflect the impacts of this initiative and should remain unchanged.

Grid Reliability

Even if there were a dramatic increase in the granularity of the LAPs, which will not necessarily result from this initiative, there is likely to be Minimal Improvement in Grid Reliability resulting from this initiative. Absent evidence that resources needed for reliability have not been available in real-time, and evidence that there would be a significant change in the resources dispatched in the IFM with increased granularity, an assessment of Minimal Impact on Grid Reliability is appropriate. This is the same assessment that was reached in 2008.

Market Efficiency

Absent evidence of persistent use of uneconomic adjustments that would have been avoided as a result of increased granularity, and evaluation of the increase in economic efficiency that would result, an assessment of Moderate Impact is appropriate. This is the same assessment that was reached in 2008.

Market Participant Support

There was a high degree of Market Participant concern about increased LAP granularity during the MRTU FERC process and lack of stakeholder support for increased LAP granularity during the 2008 market initiative process. BAMx has seen no evidence that a majority of Market Participants support increased LAP Granularity and believes that this initiative continues to be desired by a small subset of Market Participants. This is the same assessment that was reached in 2008.

Market Participant Implementation Impact

The CAISO's preliminary assessment of Moderate Impact on Market Participants may be underestimating the degree of impact,. However, BAMx does not object to keeping this at the Moderate Impact level as proposed by CAISO.

ISO Implementation Impact

The CAISO's preliminary assessment of Minimal Impact on the ISO underestimates the degree of implementation impact. Increasing the number of LAPs will affect bidding rules, credit requirements and settlements, as well as policies for market power mitigation, Resource Adequacy and CRR allocation. In addition to any software related implementation issues, there will need to be extensive stakeholder processes to address these related policy issues. Thus, an assessment of Moderate Impact is appropriate. This is the same assessment that was reached in 2008.

2. Should rankings be different for the initiatives that the ISO ranked “Medium” or “Low” in the preliminary ranking process? If yes:

BAMx has no comment on this item.

a) Provide your revised ranking of the initiative

b) Explain what factors led to your ranking decision

3. Are there initiatives that were missing from the Market Design Catalogue (or the presentation)?

BAMx has no comment on this item.

a) Describe the Market Design Initiative to be added

b) Rank the initiative and provide the reasoning for your ranking.

4. Do you have any comments on or suggestions to improve the annual roadmap process?

BAMx suggests that for future annual roadmap processes, when the CAISO makes its preliminary assessment of the initiatives, for any element that the CAISO believes the assessment has changed, it should describe its reasoning to justify the changed assessment.