

Stakeholder Comments Template

Subject: CRR Enhancements – Draft Final Proposal on CRR Non-Credit Issues

Submitted by	Company	Date Submitted
<i>Ken Kohtz: 408-615-6676</i>	<i>City of Santa Clara, dba Silicon Valley Power</i>	<i>January 7, 2010</i>

This template has been created for submission of stakeholder comments on the following topics in regards to CRR Enhancements. Upon completion of this template please submit (in MS Word) to jprice@caiso.com. Submissions are requested by close of business on December 30, 2009.

Please submit your comments to the following questions for each topic in the spaces indicated.

Draft Final Proposal on Non-Credit Issues

During the stakeholder conference call on December 16, 2009, the ISO described its Draft Final Proposal concerning several non-credit CRR enhancements. Please refer to the ISO's Draft Final Proposal document at <http://www.caiso.com/2481/2481f0af50a50.pdf>, and presentation at <http://www.caiso.com/2486/2486ed1dc3b0.pdf>, to find details of the ISO's Draft Final Proposal.

1. Load Migration Process

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the process for adjusting CRR holdings to reflect load migration, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

[Neutral.](#)

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

[No.](#)

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

[No.](#)

2. Modeling and Treatment of Trading Hubs

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the method for handling trading hubs in the CRR release, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

SVP supports eliminating the disaggregation of Trading Hub CRRs to constituent Pnodes - however SVP cautions the ISO about the computational complexities any proposed solution may add.

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

SVP opposes awarded Trading Hub CRRs from an annual CRR allocation being eligible for renewal in the Priority Nomination Process in the following year's annual CRR allocation. SVP further opposes any consideration for allowing such trading hub CRRs to be nominated in Tier LT.

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

Please refer to the above comment.

3. **Weighted Least Squares Objective Function**

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the weighted least squares objective function, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

Neutral.

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

No.

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

SVP is concerned that the WLS approach may favor the larger market participants at the expense of the smaller ones. SVP suggests the ISO provide simulation data to market participants, allowing for an understanding of the potential impacts and potentially alleviating concerns regarding the implementation of the WLS objective function.

4. **Multi-point CRRs**

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the elimination of multi-point CRRs, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

Support.

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

Support is conditional on maintaining the current two-tier structure of the monthly CRR allocation process.

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

No.

5. Tiers in Monthly Allocation

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the refinement of tiers in monthly CRR allocation, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

Supports the following three elements of the proposal.

- Retain the two monthly tiers structure.
- Allow LSEs to request up to 100% of monthly eligibility in Tier 1 itself.
- Allow the sub-LAPs as sinks in Tier 1.

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

No.

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

SVP supports allowing the sub-LAPs to be used as sinks in Tier 2 of the annual allocation process.

6. Sale of CRRs in CRR Auctions

So that the ISO can provide a tabulation of stakeholder positions on the ISO's Draft Final Proposal concerning the sale of CRRs in the CRR auction, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

SVP supports the ISO's decision and methodology to incorporate the sell function in the auction software.

Does your position on this proposal depend on the outcome of another proposal, such as supporting this proposal only if another proposal is also adopted?

SVP expects the ISO not to compromise on a thorough review of the software in their efforts to expeditiously implement this feature.

Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

Please refer to the above comment.

7. Modeling Approaches to Improve Revenue Adequacy

The ISO is proposing to examine the modeling of transmission outages to reinforce CRR revenue adequacy after 12 months of operating experience under MRTU. Do you have any comments, questions, concerns, or other ideas regarding this topic that the ISO should consider at this time?

SVP supports efforts to improve modeling of anticipated outages for the monthly CRR release, to better balance the objectives of revenue adequacy and optimum CRR release. SVP also supports efforts to incorporate the network model being used in the IFM model into the CRR FNM at the earliest possible opportunity, and encourages parallel development and testing of CRR FNM model changes to incorporate expected production IFM model changes.

8. Tracking of Long Term CRRs

The ISO is proposing to proceed with implementation of the tracking of long-term CRRs in the CRR system. Do you have any other comments, questions, concerns, or other ideas regarding this proposal?

[SVP supports the ISO's proposed process to have all years of the LT CRR visible in the CRR system.](#)

9. Signature Data in Priority Nomination Process

The ISO is proposing to develop tariff language to support its process concerning the “signature data” as it develops other tariff language for its Draft Final Proposal. Do you have any comments, questions, concerns, or other ideas regarding this topic that the ISO should consider at this time?

[No comment on this item.](#)

10. Other Comments?

(Submit Comments Here)