



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: California Manufacturers & Technology Association Person submitting comments: Dorothy Rothrock, VP, Gov't Relations

Date of submission: April 18, 2008

Part 1 – Top Three Market Enhancements (Mandated or Non-Mandated)

Roadmap section number, or specify "New"	Title and description of proposed enhancement	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	Medium. Having a standard product will make the generators' responsibility to the CAISO clear.	High. Having a standard product will facilitate trading which in turn will improve efficiency.	Low	Low

Roadmap section number, or specify "New"	Title and description of proposed enhancement	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)
2.8.12	Transition to an Auction Revenue Rights System	Low	High. The current allocation system is inequitable. If ARR revenue is allocated fairly to customers, it changes an inequitable allocation to an equitable one.	Medium	Low

Roadmap section number, or specify "New"	Title and description of proposed enhancement	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)
2.2.3.26	Strengthening General Market Power Provisions	Medium. Possible advantages are increased supply through decreased withholding and increased compliance with operating instructions.	High.	Unknown	Unknown

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 in top 3
5	Ancillary Services Substitution -2.2.3.7	Not in top 3
7	Rebate of loss-over collection issues for Renewable Resources – 2.2.2.3	Not in top 3
3	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.2.9	Prevents over collection of Bid Cost Recovery
8	Support Exports of Ancillary Services – 2.2.2.13	Not in top 3
4	Model Constraints of Combined Cycle Units – 2.2.2.16	Not in top 3
10	Increase number of LAP Zones – 2.2.2.20	Highly opposed: There should be one LAP per each of the three major IOUs and no more.
9	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.2.23	Unsure if the cost and effort is justified by the improvement in cost allocation.
2	Long-Term CRR Auction – 2.8.8	If CRRs are going to be distributed, it provides an auction mechanism rather than just an allocation mechanism
1	Sale of CRRs in the CRR Auction 2.8.3	Provides an avenue for entities to trade CRRs

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.