

## 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 23<sup>rd</sup>, 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 30, 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](mailto: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:

*CMUA has roughly utilized the Stakeholder Comment Template below:*

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

Yes. On certain items, the CAISO has underestimated the impact on Market Participants, and overstating or assuming benefits in other instances. Our initial review leads us to the following conclusions:

Bid Cost Recovery for Units Running Over Multiple Operating Days. CMUA members are concerned that modifying settlements periods to stretch over multiple days will be a significant modification to existing settlement systems. At a minimum, the impact on the CAISO would be Moderate, and the possible impacts on both Market Participants and the CAISO will be Significant.

Load Aggregation Point Granularity. CMUA has no substantive position on this issue at this time. However, CMUA believes that the CAISO has underestimated the affect of this possible market design modification on Market Participants. Not only will this change require more sophisticated demand bidding as stated by the CAISO, but it will also likely cause significant changes to portfolio planning, Resource Adequacy policies, CRR bidding strategies, and “downstream” implications such as credit requirements. The impact of more granular settlement of load on many Market Participants and the CAISO will almost certainly be Significant.

Enhancements to Standard Capacity RA Product. CMUA is concerned that assumptions have been made with respect to grid reliability benefits of this initiative without detailed facts to support that conclusion. Further detail on how “enhancements” would affect resources and/or contracts not covered by the FERC-approved program would be necessary to make an accurate assessment of the benefits of this initiative. Until such an empirical assessment is made, CMUA recommends that improvements to grid reliability be characterized as Minimal. CMUA suggests that, since we are speculating at this time because the current program has not yet been implemented, that this initiative be reduced in priority.

Simultaneous RUC and IFM. CMUA is still assessing the possible implications for this issue. CAISO Staff indicated orally at the July 23<sup>rd</sup> Stakeholder Meeting that the RUC optimizations function may be reconsidered as a result of this policy initiative. Beyond the substantive considerations, that could cause modifications to bidding strategies, and thus CMUA believes the impact on Market Participants could be Moderate. Also, a change to the RUC optimization function at the CAISO means the CAISO may be underestimating the difficulty of implementation.

Day Ahead Scheduling of Intermittent Resources/Addressing Ramping Capacity Constraints. CMUA treats these two initiatives together. It is premature to provide definitive comments on these broad-based initiatives. However, CMUA agrees that issues surrounding integration of renewable resources are a high priority. If ramping constraints are or are expected to cause operational problems and price volatility, then CMUA would expect the improvements to Grid Reliability and Market Efficiency to be Significant. However, the impact on the CAISO and Market Participants should not be underestimated, and procurement, bidding, market design, and accompanying systems implementation challenges will have to be overcome.

Potential Modifications to Market Rules for DA Intertie Schedules. Based on feedback from CMUA members, the impact on Market Participant to modify Intertie Tagging procedures and possibly timelines (for example, in advance of the Day Ahead Schedules) would be Significant. The CAISO has been down the road many, many times of modifying rules for imports that vary from prevailing Westwide practices, and each time it backfires on California consumers. This proposed change, as CMUA understands it, would alter trading practices for a high percentage of power transactions for CMUA members and a significant percentage of transactions for the market as a whole. CMUA would rank the impact on Market Participants as Significant.

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

Yes. It would be helpful for market participants to have more detail on possible implementation timeframes for various initiatives to better assess both potential benefits and feasibility of each initiative. For example, it is highly difficult to assess potential enhancements to the Standard Capacity Product since, not only has it not been implemented yet in its initial design, but how enhancements might be timed or phased in would dramatically affect the impact on Market Participants.