



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: **Dynegy**Person submitting comments: **Brian Theaker**Date of submission: **April 18, 2008**

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

Dynegy assumes that the CAISO is pursuing all FERC-mandated enhancements on the timelines ordered by FERC and therefore is not including any FERC-mandated enhancements in its ranking of its top three enhancements.

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)
2.5.1	Voltage Support and Black Start procurement	These products are critical for grid reliability and are currently being provided but not being separately compensated.	Payments for these reliability services, and for all reliability services the CAISO requires, will improve market efficiency.	Unknown, but assumed to be low to medium.	Unknown, but assumed to be low to medium.

The CAISO has deferred FERC's 2005 directive to take up this issue for three years due to delays in MRTU.

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)
2.2.2.5	Dynamic pivotal supplier test for local	No effect.	High impact, by reducing over-	Unknown, but likely to be substantial, as	Implementation cost impact to market

	market power mitigation		mitigation and yielding competitive and meaningful LMP prices.	it involves significant changes to the MPM-RRD software.	participants unknown. But relaxing over-mitigation in the presence of effective competition will produce better market prices, which is what MRTU is intended to accomplish in the first place.
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Given (1) the oppressive implementation of the three pivotal supplier test, including the fact that the CAISO deems the vast majority of transmission paths non-competitive without any examination of market power due to the CAISO's "500 hour" threshold for undertaking analysis, and (2) that other markets already use dynamic pivotal supplier analysis, Dynegy urges the CAISO to take up this issue – and FERC's direction to re-examine the three-pivotal-supplier test itself – as soon as possible, in the hopes of obviating the move to seasonal analysis, which will still suffer from the "fail one hour, fail the season" problem present in the current annual approach.

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..3.2	Interchange transactions after the Real-Time Market	No impact, as long as CAISO adheres to WECC timelines.	High. Anything that helps align the CAISO's market timelines with the trading timelines in the rest of the West will benefit market participants.	Unknown, but presumed to be medium as it likely will involve changes to market systems	Implementation cost impact to market participants unknown, presumed to be low.

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
9	Multi Hour Block Constraint in RUC – 2.2.2.2	
2	Ancillary Services Substitution -2.2.3.7	Substitution reduces risks for suppliers
10	Rebate of loss-over collection issues for Renewable Resources – 2.2.2.3	
7	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.2.9	
3	Support Exports of Ancillary Services – 2.2.2.13	Establishes symmetry with rest of Western Interconnection
1	Model Constraints of Combined Cycle Units – 2.2.2.16	Increasing percentage of generation fleet is CCGT units.
6	Increase number of LAP Zones – 2.2.2.20	Improves visibility of the cost of serving load in a particular region.
8	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.2.23	
5	Long-Term CRR Auction – 2.8.8	
4	Sale of CRRs in the CRR Auction 2.8.3	Auction supports CAISO core mission of markets more than allocation.

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.