

Company represented: **Energy Users Forum**Person submitting comments: **Carolyn Kehrein**Date of submission: **04-18-08**

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: a Standard RA Capacity Tariff will provide clarity in the tariff as to obligations of RA capacity providers.	High: Having a Standard RA Capacity Product will facilitate trading of RA between market participants and improve liquidity. It will facilitate movement of RA positions necessitated by load migration.	Compared to other initiatives: 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 CRR allocation system is not equitable; it does not	Compared to other initiatives: Medium?	Low

			provide end use customers with revenue that is similar to the percent of the system that they pay for through their UDC transmission rates. If ARR revenues were dispersed based on the “slice of the system” each customer paid through their transmission rates equity and market efficiency would be greatly improved.		
--	--	--	---	--	--

Note: It was very hard to select the third item. This is just one of many that tied for third place.

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)
2.2.3.11	LMPM for COG units; provision for daily bidding of minimum load	Medium: It would provide that resources that would be required to be on in real time would self schedule in the day ahead.	Medium: Local Market Power Mitigation would be applied to COG unit self schedules and the volumes associated with the self schedules would be used in clearing the day ahead market.	TBD	Low

Instructions for Part 2 – Ranking FERC Mandated Market Enhancements

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
7	Multi Hour Block Constraint in RUC – 2.2.3.2	Asserted significant cost; inability to enforce multi-hour constraints in real time.
4	Ancillary Services Substitution -2.2.3.7	Flexibility that does not compromise operational needs or allow for gaming will decrease the cost of provision of AS to the provider and/or the market.
9	Rebate of loss-over collection issues for Renewable Resources – 2.2.3.3	Marginal loss over collection is an issue for everyone! Customers will be paying more for losses than are actually incurred through the system due to the change to full marginal loss assessment. This issue should be fixed for everyone and not just a select set of entities. This issue is a big issue for all customers and not just renewable resources. We don't want an pressure taken off to fix this issue for all entities.
3	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.3.10	Absent this modification uplift charges to market participants could be inflated.
6	Support Exports of Ancillary Services – 2.2.3.14	
5	Model Constraints of Combined Cycle Units – 2.2.3.17	Separate modeling would improve system efficiency and allow bidders to be more accurate in their bids, but the functionality may not be possible or it may be too expensive.
10	Increase number of LAP Zones – 2.2.2.20	The intent of the LAPs was to provide one load aggregation point for each utility AND

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.

		prevent gaming by embedded utilities by matching the cost of delivering power to the receipt point. There is no need for more LAPs unless an embedded utility gives up the physical and financial rights associated with existing contracts and pays the financial consequence of receiving power at a different LAP. There is no need for more than one LAP for settlements and scheduling for each of the three major investor owned utilities' customers. More LAPs will lead to cost shifting.
8	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.3.23	
2	Long-Term CRR Auction – 2.8.8	Auction of CRRs is superior to allocation of CRRs given the current allocation method does not match allocation with the amount of the system paid by each customer. Hopefully auction revenues would be allocated based on “slice of the system.” Even if this were not the case, an auction would still allow entities that valued the CRRs the most to be able to obtain them – i.e.: generator building a unit.
1	Sale of CRRs in the CRR Auction 2.8.3	This will provide transparency and liquidity for secondary releases of CRRs and allow entities to have a different hedge than that provided through allocation and allow entities that value the CRRs more to buy them from LSEs. Hopefully, it will also provide better transparency into the ownership of CRRs if they change hands and alert the market place to potential strategic behavior.