



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: ____J. Aron & Company____ Person submitting comments: _____Curtis Kebler_____

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	High – (1) The ability to transact a standardized RA product will allow LSEs to quickly meet RA requirements though commercially available trading platforms such as ICE instead of through current complex contracts between LSEs and generators, which make re-sale of the RA capacity much more difficult. This will reduce the potential for LSEs to be non compliant and reduce the potential for the ISO	High – The ability to transact a standardized RA product will allow LSEs to transact a liquid product with transparent pricing associated with the trading platform, such as ICE. Liquidity and transparency will send proper price signals to indicate when new generation is needed.	Low – The CAISO will have an added compliance function to ensure generator performance, however, this requirement is complementary to the current work that the ISO performs to track unit performance testing, outage and availability monitoring and spot checks for monitoring unit maintenance.	Medium – Efficiencies associated with contracting for RA should reduce transaction and RA costs, while existing generator performance requirements will simply shift from the counterparty to the ISO. There should be a net savings to the market.

		to perform backstop procurement. (2) The ISO will have a direct role in assessing generator performance.			
--	--	--	--	--	--

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 Auction Revenue Rights System	High - will provide market signal which values transmission and provide critical price signal for where generation should be constructed. Will be very important as the heavily mitigated LMP market is not expected to provide significant price signals.	High – will accurately value transmission rights among LSEs.	Low – Allocation mechanism will be replaced with auction mechanism; similar ongoing cost; ISO will incur some development and transition cost.	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)
2.2.3.4	Full Hour Ahead Settlement Market	High	High	Unknown	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
	Multi Hour Block Constraint in RUC – 2.2.2.2	
	Ancillary Services Substitution -2.2.3.7	
	Rebate of loss-over collection issues for Renewable Resources – 2.2.2.3	
	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.2.9	
	Support Exports of Ancillary Services – 2.2.2.13	
	Model Constraints of Combined Cycle Units – 2.2.2.16	
	Increase number of LAP Zones – 2.2.2.20	
	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.2.23	
	Long-Term CRR Auction – 2.8.8	
	Sale of CRRs in the CRR Auction 2.8.3	

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.

