

**LSA COMMENTS ON CAISO's
2017 STAKEHOLDER INITIATIVES CATALOG INITIAL SCORING & RANKINGS**
November 17th, 2016

LSA appreciates the opportunity to offer comments on the CAISO's initial scoring for the topics in the draft 2017 Stakeholder Initiatives Catalog, for selected items. LSA's comments on the CAISO's draft scores are shown in the last column below.

INITIATIVE	Grid Rel	Mkt Eff	SH Suppt	Total Bens	Mkt Part Impl	CAISO Impl	Total Feasibility	Total Rank	LSA COMMENTS
Real-Time Market Enhancements	7	7	7	21	7	3	10	31	
Management of EIM Imbalance Settlement for Bilateral Schedule Changes	3	7	7	17	7	7	14	31	
Risk-of-Retirement Process Enhancements	10	3	3	16	10	3	13	29	
CRR Auction Efficiency	0	7	7	14	7	7	14	28	
Donation by Third Party for Transmission Capacity Available for EIM Transfers	3	7	3	13	7	7	14	27	
Regional Multi-Year RA2	7	7	3	17	7	3	10	27	
Export Charges	3	3	7	13	7	7	14	27	
Combine IFM/RUC with Multi-Day Unit Commitment	3	10	7	20	3	3	6	26	
Aggregated Pumps and Pumped Storage	3	7	3	13	7	3	10	23	
Potential EIM-wide Transmission Rate	3	3	3	9	7	7	14	23	
Regulation Pay-for-Performance Enhancements	3	3	3	9	7	7	14	23	
Review MIC	3	7	3	13	7	3	10	23	The Stakeholder Support score should be 3, and the Market

									Participant and CAISO Implementation scores should be 3. There is no indication that the CAISO's MIC/TIC reforms adopted several years ago are not allowing more MIC where the historical-based method will not accommodate needed RPS development. In addition, wholesale revision will trigger transitional problems where LSEs executed PPAs assuming continuation of the current methodology.
EIM External Resource Participation	3	7	3	13	7	3	10	23	
Multi-Stage Generation Bid Cost Recovery	3	7	3	13	7	3	10	23	
Integrated Optimal Outage Coordination - Phase 2	3	3	3	9	7	7	14	23	
Marginal Loss Surplus Allocation Approaches	0	3	3	6	10	7	17	23	The Market Efficiency score should be zero. This item will not influence market dispatch or bidding behavior, and therefore there would be no efficiency benefits. Moreover, the CAISO has examined this item twice already and found no indication that changes are warranted.
Market Mechanism for Blackstart and System Restoration	3	3	3	9	7	7	14	23	The Grid Reliability score should be zero. There is no indication that the CAISO's current method for procuring these services has resulted in any reduction in grid reliability.
Compensation for Third Parties Making Capacity Available for EIM Transfers	3	3	3	9	7	7	14	23	The Grid Reliability score should be zero, unless and until the CAISO determines whether compensation would incent any relevant entities to provide more EIM capacity.
EIM Over/Under Scheduling Load Enhancements	3	3	3	9	7	7	14	23	The Grid Reliability score should be zero. There is no indication that there are any problems in this area, much less that they have actually jeopardized grid reliability. If the CAISO decides to proceed with this item, it could be combined with Donation by Third Party for Transmission Capacity Available for EIM Transfers above.
Examination of NQC Values for ELCC Methodology	3	3	3	9	7	7	14	23	The Grid Reliability score should be zero, and the CAISO and stakeholder implementation scores should also be zero. There is no indication that the current NQC methodology has caused any CAISO reliability problems. Moreover, development and implementation of a new CAISO/RISO ELCC methodology will likely be a huge effort, likely require revision of at least some

									executed/approved PPAs, and could duplicate or complicate the CPUC's current proceeding – there is no way that these issues warrant scores of 7 in the implementation effort categories. The likely delay in implementing any regional ISO should allow the CAISO to work with the CPUC to complete that effort first, and then use any results in a RISO NQC determination.
Regulation Service RT Energy Make Whole Settlement	3	3	3	9	7	7	14	23	
Allowing Convergence Bidding at CRR Sub-Load Aggregation Points	3	3	3	9	7	7	14	23	The Grid Reliability score should be zero. There is no indication that CRR-related activities enhance system reliability – they are primarily (and perhaps solely) a financial issue.
FMM Block Scheduling of Demand Response Resources	3	3	3	9	7	7	14	23	
Hourly Bid Cost Recovery Reform	0	3	3	6	7	7	14	20	
Exceptional Dispatch Decremental Settlement	0	3	3	6	7	7	14	20	
FMM Settlements of Non-Participating Resources	0	3	3	6	7	7	14	20	
Extending the submission deadline or allow updates for Real-Time Inter-SC trades	0	3	3	6	7	7	14	20	
2017 IPE	0	3	3	6	7	7	14	20	Market Efficiency and Stakeholder Support should be 10, and Market Participant Implementation should be 10. Prior CAISO reforms have significantly improved the interconnection process and greatly facilitated project development. Moreover: (1) adjustments should be considered for the GIDAP now that CAISO and Market Participants have experience with the new rules; and (2) recent market changes in the 18+ months since initiation of the last IPE effort have identified new issues that should be addressed. Market Participant efforts to implement the items proposed by LSA should be minimal.

GIDAP and Industry Generation Procurement Solicitations Alignment Opportunities	0	3	3	6	7	7	14	20	<p>Grid Reliability should be 7, Market Efficiency and Stakeholder Support should be 10, and Market Participant Implementation should be 10. GIDAP adjustments should be considered generally (see above), and CPUC consideration of issues related to the new 50% RPS have delayed formerly annual jurisdictional LSE procurement solicitations.</p> <p>Thus, the current 1-year parking limit will result in viable projects that could meet those requirements otherwise dropping out of the queue or proceeding as EO, and the CAISO should consider, among other things, extending that limit. This change can be implemented with minimal CAISO and Market Participant effort.</p> <p>Beyond the network upgrades that FCDS projects fund, this initiative will benefit grid reliability by ensuring competition for deliverable supply from different geographic areas, helping to address reliability issues identified in the CAISO transmission planning process. Further, the implications for reliable deliveries from large amounts of energy-only projects for reliable deliveries of green energy are unknown, and it is thus premature to push more projects to energy-only status.</p>
CRR Revenue Sufficiency	0	7	7	14	3	3	6	20	
Implement Point-to-Point Convergence Bids	0	3	3	6	7	7	14	20	
Entitlements for Base/Day-ahead Schedules	3	3	3	9	7	3	10	19	
Extended Pricing Mechanisms	3	3	3	9	7	3	10	19	
Bidding Rules on External EIM Interties	3	3	3	9	7	3	10	19	
Multi-Stage Generator Regulation Refinements	3	3	3	9	7	3	10	19	
Multi-Year Risk-of-Retirement	3	3	3	9	7	3	10	19	
Fractional Megawatt Regulation Awards	0	0	3	3	7	7	14	17	

Inter-Scheduling Coordinator Trade Adjustment Symmetry	0	0	3	3	7	7	14	17	
Economic Methodology for Transmission Outages	0	3	3	6	7	3	10	16	
Review of Convergence Bidding Uplift Allocation	0	3	3	6	7	3	10	16	
Rescheduled Outages	0	0	3	3	7	3	10	13	
Flexible Ramping Product Enhancements ³	-	-	-	0	-	-	0	0	
Fast Frequency Response ⁴	0	0	0	0	0	0	0	0	