

PG&E Comments on CAISO Draft Straw Proposal for Scoping Future Markets / Market Releases 1A

PG&E thanks the CAISO for its efforts on the "Market Release 1A" whitepaper and looks forward to working with the CAISO on the 1A initiatives. As many of the elements of this document are discussed in other venues we will not make specific recommendations here.

In general the proposed scope of Release 1A looks appropriate and reasonable. PG&E has no suggested additions or deletions to the Release 1A scope presented in the September 14, 2007 draft proposal. PG&E strongly supports the CAISO decision to include dispatchable demand response in Release 1A based on stakeholder feedback and looks forward to the first working group meeting planned for October 2007.

PG&E also looks forward to seeing a detailed Release 1A project schedule. We have concerns the schedule may not provide adequate time early in the process for the stakeholders to work with the CAISO to flesh out the many market design issues. For example, it appears more time is needed than what is identified in the CAISO schedule for analysis and deliberation in the development of the scarcity pricing market design. Adequate time for design is especially important in the integration of the different initiatives such as scarcity pricing with demand response. We have provided more detailed comments on the scarcity pricing schedule in our September 19, 2007 comments to the CAISO regarding the Straw Proposal on Reserve Scarcity Pricing Design.