

Stakeholder Comments Template

Subject: CRR Enhancements – Draft Final Proposal on CRR Credit Issues, and Straw Proposal on Non-Credit Issues

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics in regards to CRR Enhancements. Upon completion of this template please submit (in MS Word) to jprice@caiso.com. Submissions are requested by close of business on November 23, 2009.

Powerex appreciates this opportunity to provide comments on the proposed CRR enhancements.

Draft Final Proposal on CRR Credit Issues

1. CRR Credit Policy Enhancements

During the stakeholder conference call on November 16, 2009, the ISO described its Draft Final Proposal. So that the ISO can provide a tabulation of stakeholder positions on each of the following aspects of the ISO's proposal, please provide a brief statement of your position, such as "support", "oppose", "neutral", or similar statement:

- Calculation of maximum credit exposure of a CRR bid using the same MW value for the total credit requirement.

Powerex supports this enhancement since it allows more efficient use of stakeholder credit while not adversely increasing CAISO credit risk.

- Reduce pre-auction credit requirement for a negatively-valued CRR bid, by excluding negative bid (but not the credit margin) in the calculation. (As described by the ISO, this involves using the auction winning value to meet the holding credit requirement for the CRR.)

Powerex supports this enhancement for the reasons stated above.

- Reduce the minimum credit requirement in the monthly CRR auction from \$500,000 to \$100,000.

Powerex supports this enhancement for the reasons stated above.

Do you have any further comments regarding the proposed CRR credit policy enhancement?

Powerex has no other comments at this time.

Straw Proposal on Non-Credit Issues

During the stakeholder conference call on November 16, 2009, the ISO described its Straw Proposal concerning several non-credit CRR enhancements. Please refer to the ISO's Straw Proposal document at <http://www.aiso.com/2461/2461bbf935ca0.pdf>, and presentation at <http://www.aiso.com/2464/2464c5941a230.pdf>, to find details of the ISO's Straw Proposal.

2. Load Migration Process

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the process for adjusting CRR holdings to reflect load migration?

Powerex believes the CAISO proposal is a reasonable approach for adjusting CRR's to reflect load migration. The CAISO should not have access to individual retail customer information.

3. Modeling and Treatment of Trading Hubs

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the method for handling trading hubs in the CRR release?

Powerex is not opposed to the CAISO proposal for Trading Hubs during the allocation process. However, Powerex believes that the allocated Trading Hub CRRs and related counterflow CRRs are intrinsically interrelated and Powerex has concerns that the Trading Hub CRRs can be eligible for renewal in the PNP separate from the counterflow CRRs. Powerex believes this treatment may lead to problems in the SFT since there is no requirement to continue to hold counterflow CRRs that enabled the Trading Hub CRRs.

4. Weighted Least Squares Objective Function

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the weighted least squares objective function?

Powerex has limited support for this enhancement. Powerex only supports this enhancement to the extent it does not compromise any future enhancements to the CRR process, for example, converting from a CRR to an ARR model like certain other ISO's.

5. Multi-point CRRs

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the elimination of multi-point CRRs?

Powerex does not support the proposal to eliminate multi-point CRRs. Unlike LSEs which have multiple opportunities in the annual and monthly CRR process to acquire CRRs, Powerex can only participate in the auction and multi-point CRRs provides Powerex, and other auction participants, with a means to bid for CRRs on multiple paths while providing limits on the amount of CRRs that could clear.

6. Tiers in Monthly Allocation

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the refinement of tiers in monthly CRR allocation?

Powerex has no comments at this time on this enhancement.

7. Sale of CRRs in CRR Auctions

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the sale of CRRs in the CRR auction?

Powerex supports this enhancement.

8. Modeling Approaches to Improve Revenue Adequacy

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the modeling to reinforce CRR revenue adequacy through transmission outage consideration?

Powerex supports the CAISO in starting a stakeholder process on CRR modeling.

9. Tracking of Long Term CRRs

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the tracking of long-term CRRs in the CRR system?

Powerex supports this enhancement since it appears only to be an administrative change to the Long Term CRR tracking system.

10. Signature Data in Priority Nomination Process

Do you have any comments, questions, concerns, or other ideas regarding the ISO's Straw Proposal concerning the process for "signature data" in PNP?

Powerex has no comments at this time.

11. Other Comments?

During the Stakeholder call, the CAISO opined that they were considering other CRR enhancements including Auction Revenue Rights, ARRs. Powerex supports the CAISO adding ARRs to the Roadmap for future discussion.