



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: Powerex Corp. Person submitting comments: Gifford Jung

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)
2.2.3.27	<p>Payment Acceleration</p> <p>Note: Powerex understands that this enhancement is not subject to ranking but feels very strongly that this enhancement should be in effect at MRTU Go-Live.</p>	<p>High.</p> <p>With the implementation of MRTU, the CAISO will be the counter party to many transactions. The lengthy CAISO payment process will result in reductions in market liquidity when receivables exceed the credit exposure market participants (MP) have set for the CAISO.</p>	<p>High.</p> <p>Market liquidity will be reduced and reliability jeopardized if major MP's are reluctant or unwilling to continue selling into the CAISO markets due to credit concerns.</p>	<p>Medium/Low.</p> <p>The CAISO already sends draft settlement statements to MP's within 5 days (in the simulation environment). Settling on a weekly basis should not be onerous.</p>	<p>Low.</p> <p>Other ISO's already have weekly and monthly payment cycles.</p>

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)
2.2.3.16	Multi-Segment rather than single segment Ancillary Service Bidding	High. Provides incentive and ability for MP to price AS in a more discrete fashion instead of a single price.	High. Increases market liquidity and better pricing.	Medium/Low. CAISO software already accepts multi-segment bidding for energy. Should not be an onerous requirement to extend multi-segment bidding to AS.	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)
2.2.3.8	Consideration of import energy in the RUC process	High/Medium. Increases availability of resources for RUC commitment.	High. Reduces the uplift costs for RUC commitment.	Low. CAISO already has a RUC process so extending the process to compare import bids to start up and minimum load costs at Pmin should not be onerous.	Low. No impact.

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	
2	Long-Term CRR Auction – 2.8.8	Allows non-LSE's to hedge long-term costs to participate in the CAISO market or embedded control areas.
1	Sale of CRRs in the CRR Auction 2.8.3	Creates more liquidity in the CRR auction.

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.

