Market Initiatives Roadmap Process

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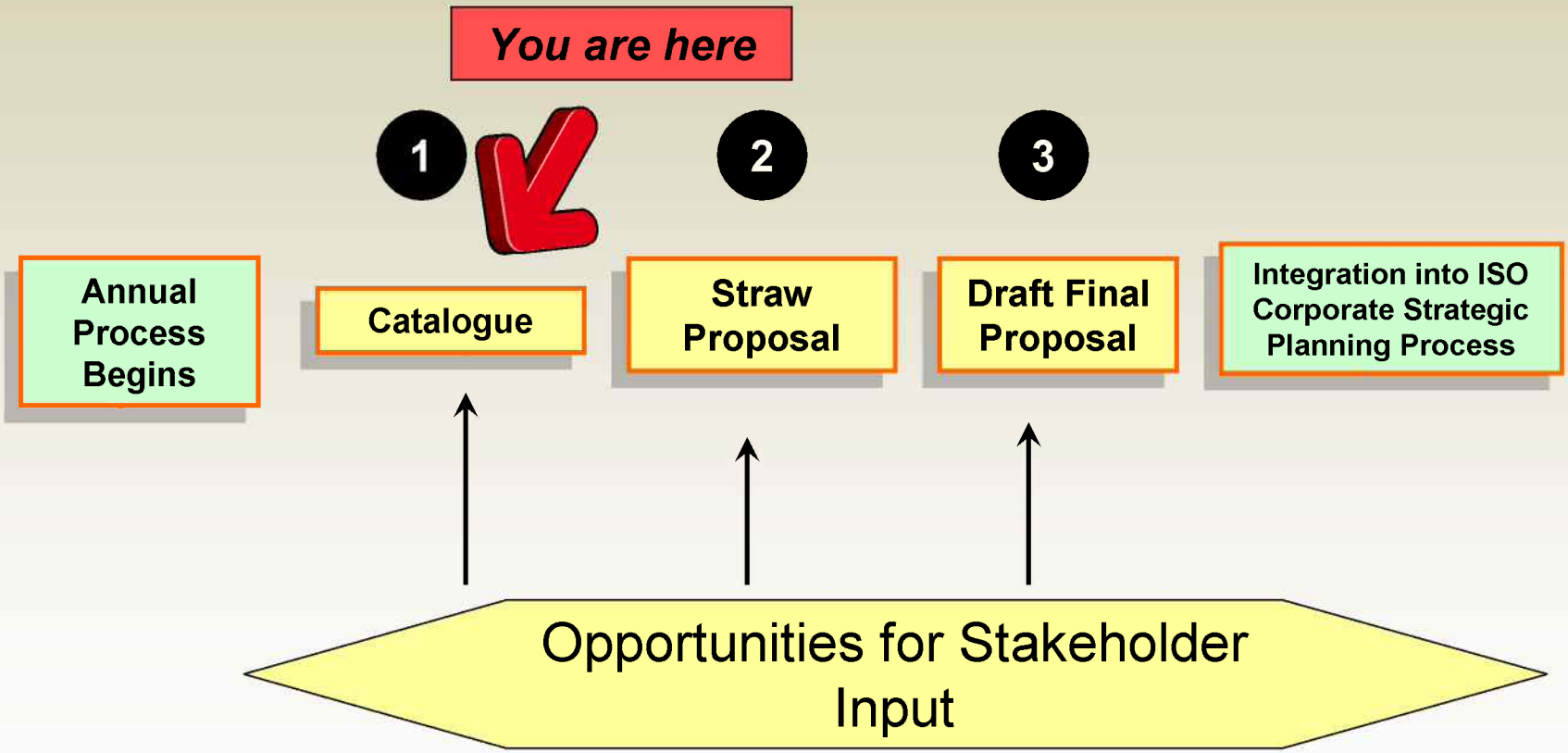
Stakeholder Conference Call

June 19, 2009

The objectives of this call are:

- Review the annual roadmap process
  - Process flow
  - Changes to the catalogue organization
- Review the ranking process
- Summarize the new initiatives in the catalogue
- List other items that will be added
- Request comments on:
  - Completeness of the catalogue
  - New initiatives that should be added
  - Clarifications of existing items

ISO Stakeholder Process
Market Initiatives Roadmap



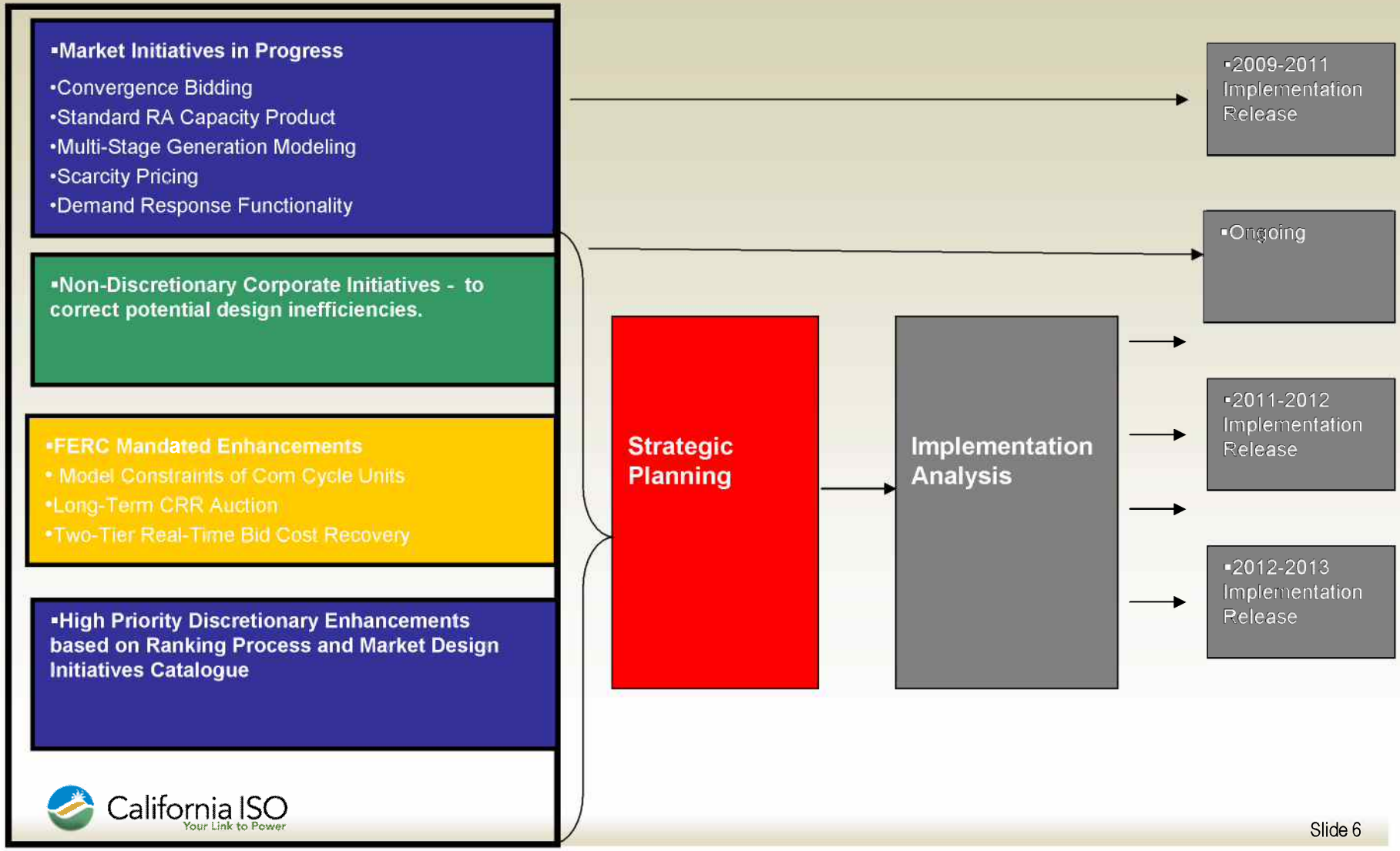
The annual roadmap process guides the allocation of resources toward resolution of proposed market design improvements.

Year of Market Initiatives Roadmap Process	Outcome
2006 - 2007	▪Convergence Bidding ▪Scarcity Pricing ▪Demand Response ▪Constrained Output Generation
2008	▪Standard Capacity Product ▪Multi-Stage Generating Unit Modeling ▪30 Minute A/S

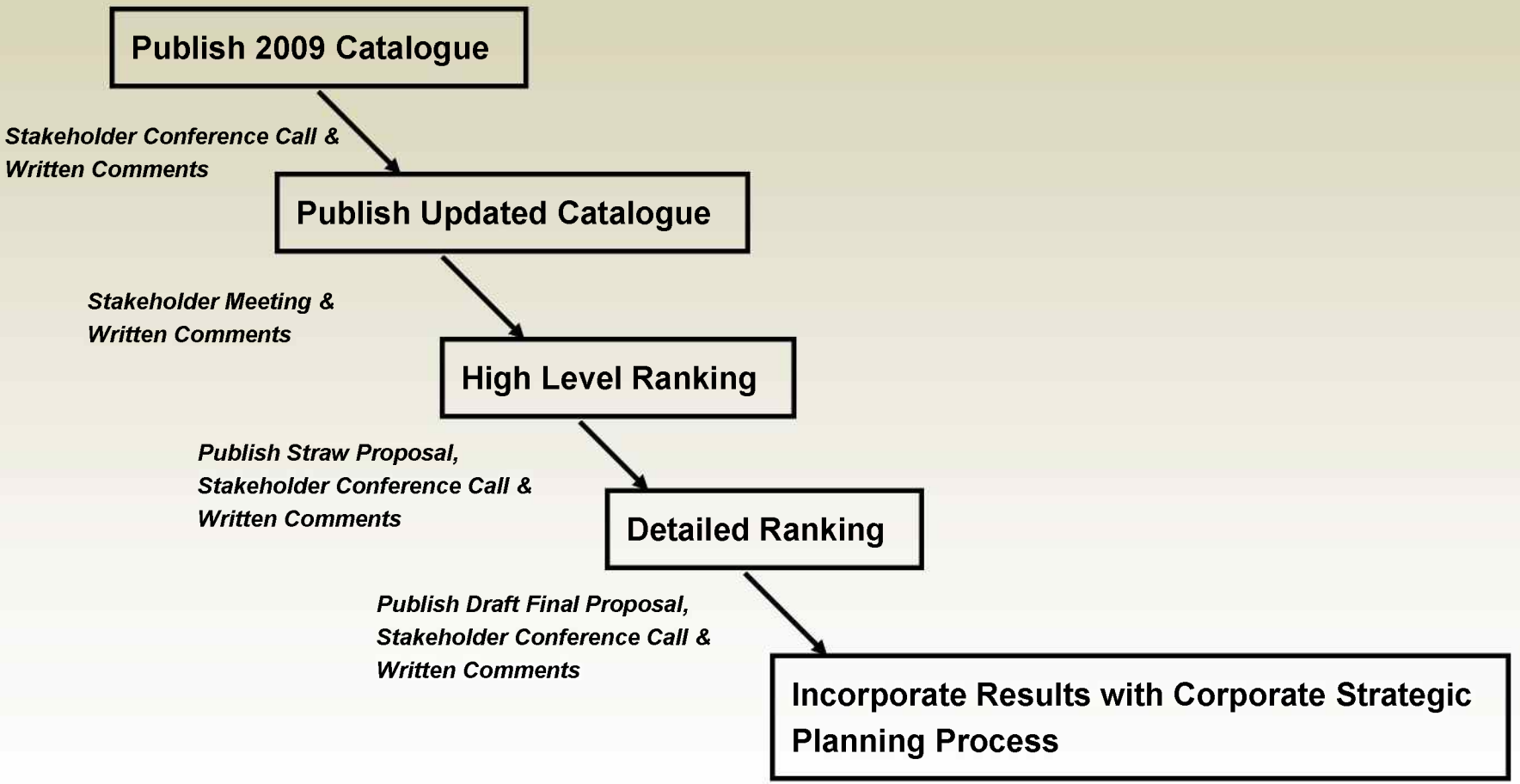
A few words about 2009-2011 Release Planning

- What's the difference?
  - Release planning – implementation plans for "in process" design issues
  - Roadmap process - long term market design planning
- Presentation materials will be posted today
- Stakeholder Meeting on Wednesday, June 24

Market Initiatives Roadmap Process



The purpose of this process is to prioritize the outstanding market design initiatives.



Publish 5 Year Strategic Plan Update
Begin development of selected initiatives

The catalogue has been reorganized.

- Earlier catalogues focused on start up of MRTU
- The 2009 Market Design Initiatives Catalogue
  - Initiatives are grouped by market or product
  - Scope limited to market design initiatives
  - Includes 2008 rankings
  - Includes status updates

Overview of Ranking Methodology

- High Level Prioritization
  - Categorize proposed initiatives as High, Medium and Low based on certain criteria
- Detailed Ranking
  - High priority initiatives are evaluated more thoroughly by applying ranking criteria methodology
- Strategic Planning Process
  - Analysis of initiatives with corporate goals in mind

Each initiative is ranked against these criteria.

ISO HIGH LEVEL PRIORITIZATION CRITERIA						
#		Criteria	HIGH	MEDIUM	LOW	NONE
			10	7	3	0
1	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No improvement
2		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact
3		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire
4	Feasibility	Market Participant Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact
5		ISO Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact

The highest ranked initiatives move on to the detailed ranking step.

DETAILED RANKING CRITERIA

#		Criteria	Weight	HIGH 10	MEDIUM 7	LOW 3	NONE 0
1	Benefit	Grid Reliability	10	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement
2		Improving CAISO Market Efficiency	10	Significant improvement	Moderate improvement	Minimal improvement	No impact
3		Promote Efficient Infrastructure Development	10	Significant improvement	Moderate improvement	Minimal improvement	No improvement
5		Desired by Stakeholders	10	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire
6		Process Improvement (ISO & MP)	5	Significant improvement	Moderate improvement	Minimal improvement	No impact
7	Feasibility	Market Participant Implementation Cost	7	No Cost	Minimal Cost	Moderate Cost	Significant Cost
8		Market Participant Implementation impact on systems and resources	7	No Impact	Minimal Impact	Moderate Impact	Significant Impact
9		Impact on Market Participant ongoing operating costs	7	No ongoing operating costs	Minimal ongoing operating costs	Moderate ongoing operating costs	Major ongoing operating costs
10		ISO Implementation Cost	10	< $1M	>$1M, <$5M	>$5M, <$10M	>$10M
11		ISO Implementation impact on systems and resources	7	No Impact	Minimal Impact	Moderate Impact	Significant Impact
12		Impact on ISO Ongoing Operating Costs	7	No ongoing operating costs	Minimal ongoing operating costs	Moderate ongoing operating costs	Major ongoing operating costs

These initiatives have been added to the 2009 Catalogue so far.

- Rules to encourage dispatchability of wind and solar resources
- A/S maximum capability operating limits for spin and non-spin
- Addressing ramping capacity constraints
- Enhancements to the standard RA Capacity product
- Allocation of intertie maximum

The following initiatives also need to be included:

- Use of lossy shift factors
- Limits to the pool of resources available in the IFM

Proposed Schedule for the Roadmap process

- June 26 - Stakeholder comments due (MIRoadmap@caiso.com)
- July 2 - Publish revised 2009 catalogue
- July 13 – Publish high level ranking
- July 23 – Stakeholder Meeting
- August 10 – Publish straw proposal of high priority enhancements
- August 17 – Conference call to discuss straw proposal
- September 9 – Publish draft final proposal
- September 18 – Conference call to review draft final proposal
- 4th Quarter – Integrate into corporate strategic planning process