

Stakeholder Comments on: 2009 Market Initiatives Roadmap

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Southern California Edison "SCE" provides the following comments on the CAISO's 2009 preliminary high-level ranking of market enhancements (Market Initiatives Roadmap).

Lap Granularity

SCE does not support the CAISO ranking this initiative as the third highest of nine high ranking market initiatives. Consistent with comments submitted on July 30th SCE feels the CAISO has overstated the impacts this initiative would have on market efficiency and understated the ISO implementation impact costs. Based on internal analysis of market prices throughout our service territory and load concentration, on average we do not see significant price dispersion between the LAP price and individual load nodes that would justify ranking this initiative as the 3rd highest item on the road map. We also continue to feel that the CAISO ranking for ISO implementation impacts are severely underestimated in particular with respect to impacts to SIBR, market settles, and CRR's.

SCE is not alone in not supporting the CAISO's preliminary rankings. Bay Area Municipal (BAMX), CPUC, NCPA, and PG&E also recommend the CAISO revises its ranking of this item to a level consistent with medium to low priority. These parties express similar concerns with the CAISO rankings of both market efficiency and ISO implementation impacts. Based on similar feedback from other stakeholders SCE reaffirms its position that this initiative should be ranked as medium/low and that the CAISO should instead focus its efforts on other largely support initiatives such as Multi-Day Unit Commitment in the IFM

Multi-Day Unit Commitment in the IFM

SCE continues to view this initiative as providing significant improvements to market efficiency and believes the CAISO score for market efficiency understates the positive benefits. An extended look ahead feature would reduce the number of exceptional dispatches or RUC

commitments to solve particular problems as well as improve the economic efficiency of the over IFM solution. Importantly, even with the introduction of MSG commitment/de-commitment problems will persist until the optimization is allowed to look beyond its 24 hour pricing horizon. Without such a feature economic resource may routinely get shut down towards the end of the day only to be turned on again the next day, causing the market to incur unnecessary start-up costs.

SCE recommends the CAISO increase the market efficiency score to 10 (high) as well as increase the overall ranking of this item to be one of the top priority market initiatives on the 2009 road map.