

**Comments on the CAISO's White Papers for the August 17, 2006  
Ranking Criteria and Market Initiatives Meeting  
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August 16, 2006**

Due to a conflict, I am unable to attend the CAISO's August 17, 2006 Ranking Criteria and Market Initiatives stakeholder meeting. Below are some comments based on my review of the CAISO's latest white papers.

- The August 10 version of the "Three-Year Market Initiatives Roadmap" has captured all of the market issues SCE identified in our July 28 comments.
- The changes made to the ranking criteria represent significant improvements.
- I do have some fundamental questions, particularly given the elimination of the "mandate" criterion.
  - **For 2006-2008, how much can we reasonably expect the CAISO to accomplish given all the "mandated" items?**
  - **Given the number of mandated items, do we still need CAISO/stakeholder input to prioritize among mandated items?**
  - How many resources does the CAISO (and market participants, for that matter) really have to complete non-mandated items?
  - How much time and effort do we need to spend ranking "nice to haves"?
  - Reference the August 10 "Revised Ranking Criteria" white paper, Proposal, page 2
    - "First, the "Mandate" criterion was eliminated as it was clear for the stakeholder meeting and written comments that this added unnecessary confusion to the process."
    - "Clearly, the CAISO must address any market initiative that is mandated by FERC."
    - "This methodology (ranking criteria) **is targeted to apply only to projects that are initiated by stakeholders of the CAISO.**"
- Here is a partial list of the "mandated" items that need to be addressed
  - MRTU post FERC-decision activities (technical conferences, possible hearings, tariff revisions, etc.)
  - MRTU implementation (software, systems)
  - BPM development
  - Virtual/Convergence bidding
  - Long-term FTRs
  - Resource Adequacy Phase 2 (long-term RAR, capacity markets)
  - Allocation of RA Import Capacity for 2008+
  - RCST Successor Mechanism (post MRTU/2007)
  - Voltage Support and Blackstart Procurement
  - GMC Under MRTU
  - Payment Acceleration
- Regarding the loss surplus allocation study, it would be helpful for the CAISO (Farrokh) to provide its opinion on how the shortcuts taken in the loss allocation study impact the quality of the results.

Thanks for your consideration.