



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: SCE Person submitting comments: Jeffrey Nelson

Date of submission: 4/18/2008

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)
2.2.3.9	Multi-day unit commitment in the IFM	High	High	Low/Medium – Should be a minor enhancement to existing MRTU systems.	Low/Zero

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)
2.2.3.30	Economic methodology to determine if a transmission outage needs to be scheduled 30-days	High	Medium – Allows Transmission Owners to more efficiently maintain and repair the Grid. In addition this issue	Low	Low

	prior to the outage month		should reduce forced outages.		
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)
2.2.3.23	Two-tier rather than single-tier real-time cost recovery allocation.	Medium – Will encourage better compliance with Day-ahead schedules.	High – Implementation will provide better cost causation as well as increase market efficiency.	Medium/Low	Low – If participants follow their Day-ahead schedules impact will be low.

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
2	Multi Hour Block Constraint in RUC – 2.2.2.2	Item is needed to address minimum run time constraints for generators as well as bilateral contract agreements between generators and loads.
10	Ancillary Services Substitution -2.2.3.7	CAISO's current market has robust ancillary services. SCE questions the efficiency gains of adding this market enhancement.
9	Rebate of loss-over collection issues for Renewable Resources – 2.2.2.3	SCE believes this enhancement is a policy discussion that should take place at the State level before being incorporated into the CAISO market rules.
2	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - 2.2.2.9	The current bid cost recovery rules unnecessarily increase uplift costs.
10	Support Exports of Ancillary Services – 2.2.2.13	SCE fails to see how this enhancement will improve efficiency of the CAISO market.
1	Model Constraints of Combined Cycle Units – 2.2.2.16	California has a significant number of combined cycle units in its generation portfolio. It is critical for market and operating

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.

		efficiency accurately model combined cycle generation.
9	Increase number of LAP Zones – 2.2.2.20	SCE feels that this enhancement must be coordinated with the CPUC and other effected parties.
1	Two Tier rather than single tier Real-Time Bid Cost Recovery – 2.2.2.23	Enhancement is important for market efficiency and will help CAISO allocate real-time uplift charges to virtual bidding accurately.
8	Long-Term CRR Auction – 2.8.8	SCE feels that the numerous credit issues raised must be resolved before this item can be implemented.
3	Sale of CRRs in the CRR Auction 2.8.3	SCE believes this enhancement will improve the efficiency of the CRR market.