Discretionary Initiatives High Level Ranking Template

Initiative 1:____9.2 Multi-year RA Import Allocation___

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	7
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	34

Note that SouthWestern Power Group suggests that the CAISO consider combining this item with item 8.3, Multi-year Forward Reliability Capacity Pricing Mechanism if that item is considered further by the CAISO. When the CAISO has a multi-year forward RA mechanism it will be imperative that commercial barriers to provision from out-of-state resources, such as this single-year allocation, be resolved. It would be most efficient to fold this item into item 8.3 in that case.

Grid Reliability *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability)* –

Currently the single-year RA import allocation creates a significant barrier to having out-of-state resources serve RA needs. Whereas the ISO allocates significant intertie capacity for RA purpose, commercial realities prevent forward contracting for out-of-state resources that could provide reliability services given that the allocations are only single-year. A multi-year allocation would allow system RA to be commercially contracted from out-of-state resources. Further, should the CAISO or PUC pursue a multi-year RA mechanism it will be imperative to allocate

intertie capacity for multiple years, or else the ISO may risk losing those providers that are currently fulfilling system RA needs. Filling system RA needs from out of state resources allows the ISO to make better use of in-state resources for local and other more specific reliability needs.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability)* –

Allocating over multiple years allows out of state resources to be considered on a level playing field with instate resources. Most importantly it would allow out of state resources to be considered for RPS and energy needs. Today, without such a mechanism, beneficial resources have virtually no way of being seen as viable through LSE procurement, as LSEs anticipate to obtain certainty they have to buy again the RA value of the asset from another source given the uncertainty on the import allocation outcome more than one year ahead. This significantly hampers market efficiency.

Market Participant Implementation Impact ($ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of $ and resources)* –

This would have essentially no impact on participants. Participants would have the option of specifying more than one year in the allocation process and would track the multi-year allocation outcomes. However, this effort is very minimal as compared with the efforts LSEs make to work around the existing single-year allocation today.

ISO Implementation Impact ($ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of $ and resources)* –

The CAISO performs the allocation on an off-line process. Running the allocation for multiple forward years would simply be repeating the process with some additional data management needs. Impacts on the CAISO are viewed as minimal.

Discretionary Initiatives High Level Ranking Template

Initiative 2:__ Generator Interconnection Procedures 3 ("GIP 3")

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	7
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact ($ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	34

Grid Reliability *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

Ensuring a workable mix of resources are interconnected to meet CA's RPS needs and other energy and reliability needs is critical in this changing market. Further GIP process improvements are needed through GIP-3 to unlock the interconnection process.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

A more workable GIP process is critical to market efficiency. Without it the suboptimal resources are interconnected, viable resources are turned away (actually or economically), the transmission system and interconnections are potentially overbuilt, and/or the total cost (resources + transmission) are inflated beyond what is needed. With an incredible number of MWs in the queue the GIP process must be made efficient.

Additionally, a huge amount of investment dollars are at stake within the development community, subject to inefficient GIP attributes. Total benefits from improvements will well outweigh expected costs of this process.

Market Participant Implementation Impact ($ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of $ and resources)* –

Stakeholders' impacts should be exclusively limited to business decision process changes.

ISO Implementation Impact ($ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of $ and resources)* –

CAISO's changes will be limited to changes in policies and practices. Systems impacts should be essentially nonexistent.