



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: TURN Person submitting comments: Mike Florio

Date of submission: 4/18/08

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)
3.2.7	Standard RA Capacity Product	High to Medium – More consistent performance from RA resources.	Very High – Lack of standard terms limits liquidity and makes secondary trades difficult.	Medium cost to ISO to monitor, offset by more consistent performance	High benefits to market participants via enhanced liquidity & price transparency, reduced transaction costs

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)
2.3.1	Import and Export of Intermittent Resources	Medium – Increased ability to accept imported power	High – Import of intermittents is costly & difficult for LSEs due to need to obtain firming and shaping	Unknown implementation costs for ISO but access to more resources	High—Increased access to cost-effective renewable resources.

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)
2.2.3.25	Multiple SCs at a Single Meter	Medium to High, because of greater ability of DR aggregators to participate in market	High– Demand Resp aggregation by 3 rd parties very difficult with single SC rule	Medium cost to implement, offset by increase market participation by DR resources.	High – 3 rd party DR really can't play in market under current rules.

(Alternative 4th option if any of Top Three are deemed infeasible)

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)
2.5.4	30 Minute Operating Reserve	High—Enhanced availability of reserves and reduced Exceptional Dispatches	High– Increased supply of reserves may lead to reduced prices and less localized procuremt	Medium cost offset by enhanced market functionality	High –Increased market opportunities and reduced costs..

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
9	Multi Hour Block Constraint in RUC – <u>2.2.2.2</u> <u>2.2.3.2</u>	Low priority for reasons noted by CAISO
7	Ancillary Services Substitution -2.2.3.7	Increased market flexibility
10	Rebate of loss-over collection issues for Renewable Resources – <u>2.2.2.3</u> <u>2.2.3.3</u>	This type of special treatment for renewables is not necessary or appropriate
4	Bid Cost Recovery for Units with Run Times that Exceed 24 Hours - <u>2.2.2.9</u> <u>2.2.3.10</u>	Avoid artificial inflation of uplift charges
5	Support Exports of Ancillary Services – <u>2.2.2.13</u> <u>2.2.3.14</u>	Increase market efficiency and opportunity
1	Model Constraints of Combined Cycle Units – <u>2.2.2.16</u> <u>2.2.3.17</u>	More accurate modeling will increase reliability and system efficiency
10	Increase number of LAP Zones – <u>2.2.2.20</u> <u>2.2.3.21</u>	Increasing the number of LAP zones will create problems for retail ratemaking
2	Two Tier rather than single tier Real-Time Bid Cost Recovery – <u>2.2.2.23</u> <u>2.2.3.23</u>	More accurate assignment of cost responsibility and avoid costly impacts
10	Long-Term CRR Auction – 2.8.8	Auction of Long-Term CRRs inconsistent with first priority for LSEs and complex to manage
3	Sale of CRRs in the CRR Auction 2.8.3	Enhanced efficiency and flexibility of CRR market

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.

