Comments on the Market Initiatives Roadmap Catalogue of Market Design Initiatives - June 2009

Western Area Power Administration --- Sierra Nevada Region

Western Area Power Administration -- Sierra Nevada Region (Western) appreciates the opportunity to submit these comments on the "Catalogue of Market Design Initiatives" that will be used to determine what new market design elements the ISO should pursue for future implementation.

Section 12.2.14 (Improve Tagging Procedures and Functionality)
Western would like the item 12.2.14 to remain active in the catalogue due to inconsistencies and problems arising from the MRTU market not being aligned with the WECC pre-scheduling calendar and tagging. Also there have been instances in the HASP market where schedules have been accepted/approved and tags were not and vice versa.

Section 12.1.20 - Integrated Balancing Authority Areas
Western disagrees with the CAISO's status report that states IBAA was successfully implemented on April 1, 2009. The CAISO represented that its Market Efficiency Enhancement Agreement was an integral component of IBAA. As of today, the CAISO has not complied with the FERC's orders on MEEA. Western continues to believe that IBAA, as it has been hastily implemented, will impact both reliability and market prices. Western encourages the CAISO to work with neighboring BAs to develop an alternative method to accurately model flows.

Further, Western would like to bring to the attention of the CAISO the following issues for consideration in the market initiatives. Western is uncertain of the classification of these issues and would like them to be considered either additional catalogue items or enhancements to the current markets.

1. **Rollover DA awards for ETC, TOR and/or Wheels to RTM.**

   The current market software requires resubmission of ETC, TOR, and/or Wheel awards into RTM markets in order to preserve the priority and proper settlement of ETC, TOR, and/or Wheel awards from the DA IFM. Failure to resubmit drops the priority to price taker, eliminating the Contract bid therefore the Market Award no longer matches the CAISO CAS data on the tag. Western suggests that CAISO changes the software to enable default submission of the ETC, TOR, or Wheel schedules after the close of DAM market and let market participants over-write. This enhancement would provide continuity between the market awards and

the CAISO CAS data and ensure market participants that the DA IFM ETC, TOR and/or wheel awards remain consistent and whole in the RTM market.

2. Ability to change TRTC and Master File Instructions Hourly

The current TRTC Instruction process allows for daily value assignment at a time with a minimum 10 business day notice for changes. The Master File process requires a minimum 7 business day notice for changes. The restrictive nature of these two processes does not allow full market flexibility or access to transmission. Enhancing the handling of the process to allow hourly changes and on a day-ahead basis is desired.

3. CRN API Data

Prior to the startup of the new market the CAISO quickly developed a stop gap CRN report to allow market participants to see their ETC and TOR awards. The CRN report can only be viewed within CMRI and is not available via API for use in any external systems. The data is parsed by hour and trading interval making it cumbersome to evaluate the market awards. While the DA IFM is available immediately after the market is closed, the provided tool makes it difficult to ensure the tags match the awards. The RTM CRN reports are not available until T+7 completely disconnecting the market awards from the tags. We would like outbound API data provided when along with the rest of the market award data.

4. True trading hub

Under the current market arrangement, trading hubs designed for the MRTU are not true trading hubs. Market participants cannot buy from and sale into the hubs directly by submitting bids at the hubs, although power can be transferred via the IST mechanism at the trading hub. The prices of current trading hub are result of post processing of the market optimization results. One improvement to the design of trading hubs is to make them true trading hubs by which market participants can bid and transact directly at the hub. This improvement will increase transactional efficiency and increase market liquidity.

5. AS procurement in HASP

Currently the CAISO does not procure spin and non spin AS in the HASP market. The CAISO should expand its capability to procure ancillary services in HASP from the System resources.