

Prioritization of Post-MRTU Release 1 Market Initiatives Western Area Power Administration

Western is pleased to provide the CAISO with its prioritized list of MRTU Market Initiatives. In addition to the 23 potential initiatives identified via the CAISO stakeholder process, Western has identified two additional initiatives it considers to be of importance - Long-Term Firm Transmission Rights, and Resolution of certain control area seams issues. To expedite preparation of this submittal, Western ranked only those initiatives which it considers to be the most critical, and did not list those deemed to be a low priority. Western transacts with the CAISO under 10 different SCIDs (WPAC, WMKT, WFLS, WNAS, WPUL, WPWR, WRDG, WSNR, WTRN, WEPA). Each SCID has distinct business needs. Western submits this priority list on behalf of all 10 SCIDs, and believes the priorities should be considered accordingly.

	Western Priority	CAISO Weight	Total
<u>Pseudo-Tie of Generation and Loads</u> ¹			
	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total			810
<u>Long-Term Firm Transmission Rights</u>			
	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total			810
<u>Seams Issues</u> ²			
	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total			810

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Simultaneous Residual Unit Commitment and IFM

	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total		<u>4</u>	<u>810</u>

Ancillary Service Self-Provision at the Interties

	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total		<u>4</u>	<u>810</u>

Marginal Loss Surplus Allocation

	High		
Grid Reliability	10	10	100
Improving Market Efficiency	10	6	60
Corrects Design Flaws	10	10	100
Promote Infrastructure Development	10	10	100
Enhance the Goal of Stable Market Rules	10	7	70
Reputation	10	7	70
Annual Cost Reduction - GMC	10	5	50
Address Corporate Risk Inventory	10	7	70
Mandate	10	10	100
Expanding CAISO Participation	10	5	50
Process Improvement	10	4	40
Total		<u>4</u>	<u>810</u>

Reservation of Transmission Capacity for Ancillary Service Exports

	Medium		
Grid Reliability	7	10	70
Improving Market Efficiency	7	6	42
Corrects Design Flaws	7	10	70
Promote Infrastructure Development	7	10	70
Enhance the Goal of Stable Market Rules	7	7	49
Reputation	7	7	49
Annual Cost Reduction - GMC	7	5	35
Address Corporate Risk Inventory	7	7	49
Mandate	7	10	70
Expanding CAISO Participation	7	5	35
Process Improvement	7	4	28
Total		<u>4</u>	<u>567</u>

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Hourly Designation of Ancillary Service Contingency Only Flag

	Medium		
Grid Reliability	7	10	70
Improving Market Efficiency	7	6	42
Corrects Design Flaws	7	10	70
Promote Infrastructure Development	7	10	70
Enhance the Goal of Stable Market Rules	7	7	49
Reputation	7	7	49
Annual Cost Reduction - GMC	7	5	35
Address Corporate Risk Inventory	7	7	49
Mandate	7	10	70
Expanding CAISO Participation	7	5	35
Process Improvement	7	4	28
Total		<u>4</u>	<u>567</u>

Participating Load Demand Response in Day-Ahead Market

	Medium		
Grid Reliability	7	10	70
Improving Market Efficiency	7	6	42
Corrects Design Flaws	7	10	70
Promote Infrastructure Development	7	10	70
Enhance the Goal of Stable Market Rules	7	7	49
Reputation	7	7	49
Annual Cost Reduction - GMC	7	5	35
Address Corporate Risk Inventory	7	7	49
Mandate	7	10	70
Expanding CAISO Participation	7	5	35
Process Improvement	7	4	28
Total		<u>4</u>	<u>567</u>

Multi-Settlement System for Ancillary Services

	Medium		
Grid Reliability	7	10	70
Improving Market Efficiency	7	6	42
Corrects Design Flaws	7	10	70
Promote Infrastructure Development	7	10	70
Enhance the Goal of Stable Market Rules	7	7	49
Reputation	7	7	49
Annual Cost Reduction - GMC	7	5	35
Address Corporate Risk Inventory	7	7	49
Mandate	7	10	70
Expanding CAISO Participation	7	5	35
Process Improvement	7	4	28
Total		<u>4</u>	<u>567</u>

Western places a low priority or is indifferent to the remaining market initiatives identified in the CAISO's stakeholder process.

¹If not formally adopted earlier.

²An example of a seams issue is the proposal under MRTU to allow the CAISO to cut energy exports and retain the energy for use in the CAISO control area, under certain conditions. Even though the affected Scheduling Coordinator would be financially compensated under this proposal, the SC would still have to find a replacement resource to meet its load in a very short timeframe.

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