

Stakeholder Comments Template

Subject: Market Initiatives Roadmap – High Level Ranking Process

Submitted by	Company	Date Submitted
Nancy Rader: 510- 845-5077 Shannon Eddy: 916-731-8371 Michael Goggin: 202-383-2500 Susan Schneider: 805-772-7025	California Wind Energy Assoc. (CalWEA) Large-scale Solar Association (LSA) American Wind Energy Assoc. (AWEA) Phoenix Consulting	7/30/2009

The ISO is requesting written comments on the *Preliminary Results of the High Level Prioritization of Market Enhancements* published on the ISO website and discussed at the July 23rd, 2009 stakeholder meeting. This template is offered as a guide for entities to submit comments; however participants are encouraged to submit comments in any form. Comments are due by July 30th, 2009.

All documents related to the Market Initiatives Roadmap Process are posted on the ISO Website at the following link: <http://caiso.com/1fb1/1fb1856366d60.html>

Upon completion of this template please submit (in MS Word) to MIRoadmap@caiso.com. Submissions are requested by close of business on Thursday, July 30, 2009.

Please answer the following questions on the results of the high level ranking:

1. **Should rankings be different for the initiatives that the ISO ranked “High” in the preliminary ranking process? If yes:**
 - a) **Provide your revised ranking of the initiative**
 - b) **Explain what factors led to your ranking decision**

We have the following recommendations regarding the High Level Prioritization rankings:

- **Enhancements to Standard RA Capacity Product**

- **Scope of this item:** Remove the feature concerning the temporary exemption of intermittent resources from availability payments and charges from this item and/or rank it much lower, because:
 - ***The CPUC has just ruled on this issue (D.09-06-028) in its Resource Adequacy proceeding, in a manner that will continue the “double-counting” problem.*** This order maintained the structure basing Qualifying Capacity for intermittent resources on output during a limited subset of monthly peak hours; moreover, RA capacity for individual-plants would be adjusted based on the performance of a “class” of unrelated intermittent resources. Thus, unless these elements of the

recent decision are overturned or significantly modified on rehearing, the “double-counting” problem preventing application of these SCP provisions will continue, and the additional QC adjustment based on unrelated-project performance makes that application even more problematic.

■ ***Relatively little Qualifying Capacity would be affected in the near term.***

Adoption of the ISO’s proposed “exceedance” methodology in the aforementioned CPUC proceeding would reduce intermittent-resource RA-eligible capacity even below the low level of the current methodology. QC under the CPUC’s adopted methodology will likely be only a small fraction of rated capacity for wind generation, and below historical values; in addition, the contribution of large-scale solar plants to available system capacity will not grow to large amounts until several years of growth has occurred.

Thus, the ISO should devote its efforts to more immediate matters, and postpone addressing this issue until later.

➤ **Scoring for this item:** If the ISO nevertheless keeps the intermittent-resource exemption in the scope of this item, it should revise the scoring as follows:

■ ***Grid Reliability and Market Efficiency:*** Reduce these scores to 3, for the same reasons described above for excluding intermittent resources from the scope: The double-counting problem is likely to remain, and the impact of any change would be very small, for the foreseeable future.

■ ***Market Participant Implementation:*** Reduce this score to 3 or 0, because the complexity, time, and the amount of resources required to effect a change at the CPUC level (short of reversal or modification on rehearing) is unlikely anytime soon.

● **Rules to Encourage Dispatchability of Wind and Solar Resources:** We strongly support the High ranking of this item and recommend the following:

➤ **Scope of this item:** Include Calpine’s concern about Pricing Run impacts on self-schedule curtailments, along with any other relevant impacts.

➤ **Scoring for this item**

■ ***Market Participant Implementation:*** Maintain the “7” score for this item, despite the comments of some at the recent meeting. We agree with Citigroup that this change is likely to decrease overall market costs by providing an economic source of decremental-energy bids (and, potentially, Regulation Down supplies as well). Moreover, the changes contemplated would be voluntary for Market Participants, i.e., they could (but would not be required to) put economic bids on PIRP schedules and/or submit lower-priced decremental-energy bids.

■ ***ISO Implementation:*** Raise the score to “7.” Though some changes would be needed to the PIRP software and perhaps to SAMC, they should not be significant. We understand that lowering the DEC bid floor would not require a software-code change, just re-setting the current limit lower.

● **Day Ahead Scheduling of Intermittent Resources:** The scope should explicitly include changes to the PIRP program, to avoid having any DA scheduling requirements undermine the objectives of that program. We have no suggestions regarding the relative scoring.

- **A/S for Non-Generation Resources:** The ISO presentation at the recent meeting stated that this new element (which was described as allowing non-generators (storage, demand, etc) to provide A/S in ISO markets) would be added to the initiatives catalog. We agree with RTO Advisors that the ISO already seems to be proceeding with this initiative. However, if the ISO intends to add it to the catalog and rank it with other future initiatives, we support a High ranking, because of the reliability and market benefits to the grid, especially those related to renewables integration.
- **Enhanced DEC Market:** The ISO presentation at the recent meeting stated that this new element would be added to the initiatives catalog. However, the description provided was sketchy at best, and we are unsure what is intended here. It may be appropriate to include this in the Rules to Encourage Dispatchability of Wind and Solar Resources effort, which we have already recommended retain a ranking of “High.”

2. Should rankings be different for the initiatives that the ISO ranked “Medium” or “Low” in the preliminary ranking process? If yes:

- a) **Provide your revised ranking of the initiative**
- b) **Explain what factors led to your ranking decision**

We have no comments on these items.

3. Are there initiatives that were missing from the Market Design Catalogue (or the presentation)?

- a) **Describe the Market Design Initiative to be added**
- b) **Rank the initiative and provide the reasoning for your ranking.**

We have no further initiatives to suggest.

4. Do you have any comments on or suggestions to improve the annual roadmap process?

We have no comments at this time.