

**Stakeholder Comments Template**

**Flexible Ramping Product Refinements Issue Paper/Straw Proposal**

This template has been created for submission of stakeholder comments on the **Flexible Ramping Product (FRP) Refinements issue paper/straw proposal** that was posted on November 14, 2019. Information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/Flexible-ramping-product-refinements>.

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com) by close of business on December 5, 2019.

Submitted by	Organization	Date Submitted
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CESA appreciates the opportunity to comment on CAISO’s proposals relative to the Flexible Ramping Product (FRP) Refinements. CESA commends the CAISO for its leadership and timeliness to attend FRP issues identified in the CAISO Energy Markets Price Performance Report published on September 23, 2019. Engagement with stakeholders on these technical matters is fundamental to improve market performance, bolster participation opportunities, and, ultimately, enable the State to achieve its energy and environmental goals.

To respond expidiously to the questions posed by the CAISO, CESA provides responses to the template questions below.

**1. Proxy demand response eligibility (section 2):**

CESA supports CAISO’s proposal to modify eligibility rules for Proxy Demand Resources (PDRs) in the FRP scheme. The FRP was conceived as a fast-response product that could address the uncertainty related to load and generation variability between market optimization runs. The FRP model seeks to guarantee that enough ramping capability will be available if market conditions change between the fifteen-minute market (FMM) and the real-time dispatch (RTD). As such, it is necessary for resources that seek to provide FRP to be able to respond quickly and reliably. As the CAISO acknowledges in this Issue Paper, not all PDR resources are unable to comply with the dispatch instructions issued under the FRP mechanism. PDR resources that are able to

respond to the 5-minute dispatch instruction should be eligible for FRP participation.

**2. Ramp management between fifteen minute market and real-time dispatch (section 3):**

CESA supports the CAISO's proposal to manage resources between the FMM and RTD market runs but recommends that the CAISO maintain 100% of the FRP awards procured in the initial FMM run for buffer intervals. The CAISO highlighted the issues of differences between an initial market run and subsequent market runs resulting in lost or unavailable ramping capacity for the RTD since there are no binding schedules or prices. Instead of maintaining *up to 100%* of the FRP awards in the buffer interval; nevertheless, CESA recommends maintaining *100%* of the FRP awards to ensure better utilization of resources and create a more efficient outcome from the operator's perspective. Additionally, this modification would better capture the opportunity cost perceived by resources when participating in both energy and FRP.

**3. Minimum FRP requirement for CAISO (section 4):**

CESA supports the CAISO's proposal to establish a minimum FRP requirement within CAISO's balancing authority area (BAA). The establishment of such requirement would signal stakeholders that procurement of CAISO-internal resources are needed that are capable of flexible and agile ramping. CESA supports the concept of a minimum FRP requirement and the use of stakeholder processes to identify the minimum amount.

**4. Deliverability enhancement (section 5 – 5.2):**

- **Zonal vs. nodal procurement.**

Please provide comments on both pros/cons discussed in the paper.

CESA supports the CAISO's consideration of deliverability issues and recommends that the CAISO implement the zonal approach in the interim and in the near term while developing a nodal solution in the long run. In the interim, CESA supports the use of the zonal approach that leverages the sub-areas currently used for the provision of ancillary services (AS). However, in the long term, nodal optimization of dispatch will be necessary to capture congestion issues that occur within specific sub-areas as the grid moves towards higher penetrations of renewable generators, DERs, and flexible loads (e.g., electrification of transportation and buildings).

**5. EIM Governing Body classification (section 6.2):**

CESA has no comment at this time.

**6. Additional comments:**

CESA has no additional comments at this time.