



Stakeholder Comments Template

Flexible Ramping Product Refinements Initiative

This template has been created for submission of stakeholder comments on the draft final proposal and technical documents that were published on May 8, 2020. These materials can 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. Submissions are requested by close of business on June 2, 2020.

Submitted by	Organization	Date Submitted
<i>Bonnie Blair</i> 202-585-6905	<i>Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")</i>	<i>June 2, 2020</i>

Please provide your organization's overall position on the FRPR draft final proposal:

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

Please provide written comments on each of the revised straw proposal topics listed below:

1. Proxy Demand Response Eligibility:

Six Cities' Comments: The Six Cities support changing the default dispatchability setting for Proxy Demand Response ("PDR") to 60-minute dispatchable, so as to require Scheduling Coordinators for PDR resources to affirm that their resource is five-minute dispatchable to be eligible for FRP awards.

2. Ramp Management between fifteen minute market and real-time dispatch:

Six Cities' Comments: The Six Cities support retaining FRP awards in the buffer interval in the Real-Time Unit Commitment Process ("RTUC") that were procured for the previous interval to prevent the release of FRP needed in Real-Time Dispatch ("RTD").

3. Minimum Flexible Ramping Product Requirement for BAA:

Six Cities' Comments: In concept, the Six Cities support CAISO's proposal to procure a minimum quantity of FRP capacity from resources within any BAA that accounts for a pivotal share (defined as greater than 60% of the entire system FRP requirement) in a given hour. However, based on the Draft Final Proposal, it is not clear to the Six Cities how the CAISO plans to determine the minimum internal procurement requirement for a pivotal BAA, and it would seem that requiring internal procurement for all of a pivotal BAA's FRP requirements would be unduly restrictive. The Six Cities also support the CAISO's proposal to establish nominal portions of the FRP requirements for non-pivotal BAAs to be procured from internal resources, but it likewise is unclear to the Six Cities how the CAISO intends to determine the nominal internal procurement requirements for non-pivotal BAAs. The Six Cities, therefore, request that the CAISO clarify how it proposes to establish the internal procurement requirements for FRP for both pivotal and non-pivotal BAAs. The Six Cities also request that the CAISO monitor and continue to evaluate the impacts of the minimum internal FRP requirements going forward to ensure that such requirements do not impose unreasonable or disproportionate burdens on any BAA, including CAISO.

4. Nodal Procurement:

Six Cities' Comments: As expressed in their previous comments in this initiative, the Six Cities generally support the CAISO's objective of enhancing the process for procuring FRP to ensure that resources receiving FRP awards are capable of responding when they are deployed to provide Flexible Ramping Up and Flexible Ramping Down capacity. Conceptually, nodal procurement appears consistent with that objective. However, the Six Cities are concerned that the CAISO does not appear to have evaluated the costs of implementing nodal procurement of FRP in relation to the anticipated benefits. Stated differently, will nodal procurement of FRP result in higher costs to load as compared with, for example, zonal procurement, and if so, would deliverability of FRP under nodal procurement be expected to be sufficiently greater as compared with the alternative approach to justify the incremental costs?

With that cost/benefit consideration in mind, the Six Cities tentatively support the CAISO's proposals (i) to distribute the uncertainty requirement to load and VER locations rather than just load, and (ii) to distribute the demand curve surplus

variable as a decision variable at load aggregation points versus balancing authority areas.

Based on the discussion during the May 29, 2020 Market Surveillance Committee meeting, the Six Cities understand that the CAISO expects to revise the proposed treatment of virtual bids in the context of nodal procurement of FRP. The Six Cities defer comments on the settlement of virtual bids under a nodal FRP procurement framework pending review of the CAISO's revised proposal on that topic.

The Six Cities are concerned that the CAISO's proposal to include congestion costs arising from FRP deployment scenarios in the real-time congestion offset ("RTCIO") will lead to a mismatch between the allocations of FRP costs (which the Six Cities understand will be based on LAPs) and the allocation of congestion related to deployment of FRP to system-wide Measured Demand through inclusion in the RTCIO. If the congestion related to FRP deployment is modest (as may be reasonable to expect if FRP is procured on a nodal basis to avoid transmission constraints), the difference in allocation methods may not have much significance. But if congestion costs related to FRP deployment are substantial, the mismatch between the allocation of FRP costs and the treatment of FRP-related congestion costs may be a concern. The Six Cities request that, at a minimum, the CAISO maintain capability of identifying FRP-related congestion costs so that the impacts can be observed as the new approach to FRP is implemented.

5. FRP Demand Curve and Scarcity Pricing:

Six Cities' Comments: The Six Cities support the concept of graduated scarcity pricing. The Six Cities request additional explanation, however, as to how the CAISO's proposal to distribute the demand curve surplus variable as a decision variable at load aggregation points versus balancing authority areas will affect the implementation of stepped scarcity prices.

6. Calculating FRP Requirements:

Six Cities' Comments: The Six Cities take no position at this time with respect to this aspect of the Draft Final Proposal.

7. Additional comments:

Six Cities' Response: The Six Cities have no additional comments at this time.