

FRP Comments

Submitted by		Company	Date Submitted
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Please use this template to provide written comments on the revised draft final proposal for the Flexible Ramping Product initiative posted on December 17, 2015.

[Please submit comments to initiative@caiso.com](mailto:initiative@caiso.com) by close of business January 12, 2016

The revised draft final proposal is available on the ISO website at:

<http://www.caiso.com/Documents/RevisedDraftFinalProposal-FlexibleRampingProduct-2015.pdf>

Other related materials are available at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleRampingProduct.aspx>

Please use the following template to comment on the key topics addressed in the initiative proposal.

1. Overall design
CDWR supports the overall design of the FRP.
2. Procurement only in real-time market
CDWR agrees that the FRP should only be procured in the real-time market for now. Procurement of the FRP in the day-ahead may be considered in the future, but only after the CAISO has gained operational experience and FRP prices are better understood. CDWR recommends at least one year of operational experience before procurement of the FRP in the day-ahead market is reconsidered.

3. Settlement of forecasted movement
CDWR agrees with the proposed settlement rules for forecasted movement. Non-dispatchable resources (i.e. self-schedule resources, VERs, or imports) should be compensated if they help reduce the need for FRP.
4. Settlement of uncertainty
CDWR agrees with the proposed settlement rules for forecasted uncertainty. However, CDWR believes that if 5-minute dispatchable load was able to bid in the real-time market, it can also actively participate in providing the FRP and help the CAISO better manage 5-min net load changes.
5. Demand curve for uncertainty
CDWR agrees with procuring uncertainty based on a demand curve.
6. Double payment rules
CDWR agrees that a resource will receive a double payment if its FRP capacity award overlaps with its uninstructed imbalance energy payment. CDWR agrees with rescinding a FRP payment in this case.
7. Other
CDWR is concerned about the unknown financial impact of the FRP on stakeholders. CDWR understands that settlement of FRP has many moving parts and is based on an elusive opportunity cost that is constantly changing. However, based on the settlement rules that have been presented so far, CDWR believes that the CAISO can perform a rudimentary analysis to estimate FRP costs for maybe the last month or two. This FRP cost analysis can at least give stakeholders an idea of FRP cost relative to existing flexible ramping constraint costs.