

## Stakeholder Comments Template

| 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.

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| <b>1. Overall design</b>                       |
| Comment:                                       |
| <b>2. Procurement only in real-time market</b> |
| Comment:                                       |
| <b>3. Settlement of forecasted movement</b>    |

**Comment:**

Page 8 of the proposal states that the price paid for the Flexible Ramp product will be based on marginal opportunity cost of meeting the forecasted movement and uncertainty. First, is this cost added to the energy component of the Fifteen Minute Market and possibly the 5 Minute Market LMP?<sup>[SL1]</sup> Second, does the \$60/MWh parameter price cap that applies to flexible ramping resources also apply to the Flexible Ramp Product? If so, when or how? Prior to the outset of a given operating hour, there are flexible ramping sufficiency tests performed by the Energy Imbalance Market Operator which are designed to limit the participation of BAA's which might lean on other market participants. However, there is a concern that market participants could meet their flexible ramping sufficiency requirement while frequently triggering flexible ramping pricing or penalty pricing components that inflate LMP prices, which would seem to undermine the purpose of the sufficiency test.

**4. Settlement of uncertainty****Comment:****5. Demand curve for uncertainty****Comment:**

Section 4 of the proposal describes how the CAISO will calculate the demand curve to meet uncertainty, and Page 12 of the proposal states that the CAISO will continue to evaluate the method of the calculation over time to look for ways to improve the estimate of uncertainty. Consequently, the CAISO intends to set the calculation method forth in the business practice manual to allow for improvements and changes.

NV Energy appreciates the flexibility that comes with setting forth practices and methodologies in the business practice manual rather than the tariff. NV Energy agrees that maintaining flexibility with respect to the calculation method of the demand curve to meet uncertainty is warranted, and that flexibility will allow for necessary enhancements and evolving improvements to the estimate. This flexibility must be paired with some responsibility that the calculations, as the method changes, are updated in a timely manner and the market participants are informed of those changes. The CAISO is not always proficient at providing such notice; for example, the Department of Market Monitoring October report to FERC on EIM Performance noted that the CAISO had modified the flexible ramp sufficiency test methodology without updating the business practice manual. NV Energy urges the CAISO to adopt a commitment to timely inform market participants of any calculation changes prior to making updates in the system, and to give notice of the timing of those updates.

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| <b>6. Double payment rules</b>  |
| Comment:  |
| <b>7. Other</b>   |
| <p>Comment:</p> <p>Section 8 of the proposal describes the “downward ramping sufficiency evaluation” that the CAISO will implement in the EIM to prevent leaning due to over-supply; the proposal states that this test is symmetrical to the upward ramping sufficiency evaluation already implemented in the EIM to prevent under-supply. As described, the EIM Entity receives a credit towards meeting its ramping down requirement in the sufficiency evaluation if the EIM Entity is forecasted to have a net incoming EIM transfer during the hour, ostensibly because there is no over-supply issue in that instance. If the EIM Entity is forecasted to have a net outgoing EIM transfer for the hour, it will not receive credit towards meeting its ramping down requirement; but the fact of the transfer will not affect the ramp down requirement nor whether the EIM Entity passes the ramping down sufficiency test.</p> <p>Does the upward ramping sufficiency test benefit from the same evaluation and “credit”? In other words, if the EIM Entity is forecasted to have a net outgoing EIM transfer for the hour, is that credited towards its upward ramp requirement and meeting the sufficiency evaluation? Likewise, if it has a forecasted net incoming EIM transfer, does that in any way affect the upward ramp requirement or whether the EIM Entity passes the upward ramp sufficient test? Please confirm that the question represents a correct understanding of the test and crediting, and advise if the tests are in any way not “symmetrical.”</p> |