



## **SDG&E Comments on July 27, 2012 Flexible Ramping Product Supplemental : Foundational Approach**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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SDG&E provides these comments limited to the proposed allocation of FRP costs.

### **1. Generator 3% Threshold**

SDG&E acknowledges that perfect adherence to CAISO dispatch is not feasible by most generators, and that a reasonable range of deviation should be provided in determining cost allocation for FRP costs to generators. SDG&E believes that the proposed 3% threshold is reasonable for a range of dispatch instructions, but not appropriate for all dispatches.

Operating within a 3% threshold is achievable when a plant is running at a higher MW output compared to a lower MW output. Based on empirical data from our generation portfolio, SDG&E proposes that the CAISO proceed with the 3% deviation allowance for dispatch instructions up to 200 MW, but then apply a 0.5% deviation band above this threshold. Alternatively, the CAISO could set a hard cap of 10 MW on deviation allowance above a certain range, say 300 MW.

To reiterate, this proposal is based on SDG&E's operating data and therefore we are open to input from other market participants to better tune this proposal to match operational capability of the generation fleet.

## **2. Threshold for Load**

For the same reasons that there exists the need for a deviation threshold for generation, a forecast accuracy threshold for load should also be adopted. The application of a load forecast threshold balances the treatment of causation driving the need for FRP with generator deviations. Just as generators cannot adhere exactly to dispatch levels, load cannot be exactly forecast in RTUC. Determination of the appropriate threshold level for load would require the analysis of forecast and actual load data.

If no allowance for load forecast error is made available, SDG&E believes that the deviation tolerance for generators is also inappropriate, to the extent these deviations drive to some extent the CAISO's determination of need for FRP procurement.