

July 25, 2012

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA REGARDING
FLEXIBLE RAMPING PRODUCT SUPPLEMENTAL FOUNDATIONAL APPROACH**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments regarding the July 11, 2012 Flexible Ramping Product Supplemental Foundational Approach (the "Supplemental Approach").

The Six Cities support adoption of the Option 2 ("Real Need") method as described in the Supplemental Approach for determining the amounts of Flexible Ramping Product to be procured.

The Six Cities still are evaluating the respective advantages and disadvantages of the implicit versus explicit methods for pricing the Flexible Ramping Product and, therefore, take no position on the pricing methodology at this time.

The Six Cities do not support the proposal to allocate Flexible Ramping Product costs to load (*i.e.*, the "first pie slice" as described in the Supplemental Approach) based on the 10-minute change in load. The 10-minute change in load is an overly broad basis for allocating costs to load and is inconsistent with the proposed method for allocating costs to Supply resources. A substantial portion of the 10-minute change in load is reflected in the Day-Ahead schedules submitted by load and, therefore, should be accommodated in the Day-Ahead optimization of resource schedules. The ISO proposes to allocate Flexible Ramping Product costs to resources based on uninstructed deviations, and the basis for allocating the initial portion of overall Flexible Ramping Product costs to load should be consistent. The initial allocation of Flexible Ramping Product costs to load should be based on 10-minute deviations of total metered load from total physical load scheduled in the Day-Ahead market. With respect to allocation of Flexible Ramping Product costs within the load category, the Six Cities support the allocation of Flexi-Ramp costs based on gross uninstructed imbalance energy.

Submitted by

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