

September 3, 2014

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA REGARDING THE
REVISED STRAW PROPOSAL ON FLEXIBLE RAMPING PRODUCTS**

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 August 13, 2014 Revised Straw Proposal on Flexible Ramping Products (the "Revised Straw Proposal").

The Six Cities strongly support the previous recommendations in comments by SCE and PG&E that the ISO conduct detailed simulations based on historical market data before implementing the proposed Flexible Ramping Products ("FRP") design. *See* the Matrix of Comments and Responses on the Flexible Ramping Product Straw Proposal (the "Comments/Response Matrix") at 40-41, 45 (PG&E) and 57 (SCE). Although the Six Cities previously have encouraged expeditious development and implementation of the FRP, the Cities nevertheless are concerned that the complexities of the proposed FRP design may lead to unintended consequences and unnecessary increases in costs. The Flexible Ramping Constraint currently in place appears to be allowing the ISO to maintain adequate access to ramping capability at reasonable cost. The ISO acknowledges that the FRP will represent "a major software design change" (Matrix of Comments/Responses at 16), and it does not make sense to implement a significantly more complex process without confirming that the additional complexity will be as effective in maintaining reliability and will increase efficiency of market outcomes. The ISO's resistance to the recommendations for detailed simulations (*see* Comments/Response Matrix at 45 and 58) is puzzling. The ISO expresses concern regarding the expense of developing complex software modifications that turn out not to be utilized. But the software development process will occur if the FRP design is implemented without conducting simulations. While it is unfortunate to incur costs for software modifications that simulations later demonstrate are unwarranted, it would be even worse to implement complex software modifications only to discover after implementation that the changes produce unintended consequences that degrade reliability or reduce efficiency or both.

Subject to the validation of the FRP design through the detailed simulations discussed above, the Six Cities support on a preliminary basis the following elements of the Revised Straw Proposal:

- Monthly settlement and allocation of FRP costs; and
- Allowing resources that are not Flexible RA resources to submit 0 MW bids for FRP in the Day-Ahead market.

Submitted by

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