

January 2, 2015

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA REGARDING THE DRAFT
FINAL 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 December 4, 2014 Draft Final Proposal on Flexible Ramping Products (the "Final Proposal").

Consistent with their previous comments as well as comments submitted by SCE and PG&E, the Six Cities continue to urge the ISO to conduct detailed simulations based on historical market data before implementing the proposed Flexible Ramping Products ("FRP") design. The Six Cities remain concerned that the complexities of the proposed FRP design may lead to unintended consequences and unnecessary increases in costs. Recent implementation of the Energy Imbalance Market ("EIM") and potential effects of the EIM on FRP performance exacerbate those concerns. The Flexible Ramping Constraint currently in place appears to be allowing the ISO to maintain adequate access to ramping capability at reasonable cost, at least within the ISO Balancing Authority Area. 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.

Subject to the validation of the FRP design through the detailed simulations discussed above, the Six Cities support the following elements of the Final Proposal:

- Monthly settlement and allocation of FRP costs;
- Allowing resources that are not Flexible RA resources to submit 0 MW bids for FRP in the Day-Ahead market; and
- Not allowing price bids for FRP in any of the ISO's markets.

Submitted by

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