

Subject: Flexible Ramping Product

Submitted by	Company	Date Submitted
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Wellhead appreciates this opportunity to comment on the CAISO's Flexible Ramping Product Draft Final Proposal. Wellhead understands and appreciates the ISO's stated goal to develop products that address the real-time operational challenges that are certain to result from increasing renewable penetration.

Wellhead supports the Flexible Ramping Product, as proposed in draft final proposal, and may support the cost allocation on a going forward basis only; however, Wellhead does not believe that it is reasonable for the CAISO to not recognize that the cost allocation, as proposed, is interfering with pre-existing contracts.

The existing system with its current resource mix and necessary ancillary products has worked well because conventional generation can control output deviations within the +/- 3% tolerance band. The CAISO tariff has a placeholder for deviation penalties, *but only for deviations outside of the tolerance band*. Existing contracts contain language to account for deviations, *but only from deviations outside of the tolerance band*. Wellhead believes that the CAISO should modify the final proposal to either: A) only count conventional generation deviations outside of the current tolerance band towards the flexible ramp cost allocation, which would leave conventional generators neutral or B) provide a grandfathering mechanism for conventional generators with existing contracts.

Wellhead understands the need for new products, on a going forward basis, to account for variable energy resources which cannot currently control their output within the current tolerance band; however, the proposed cost allocation for the flexible ramping product changes the functional definition of what has been envisioned, and what is considered, a deviation for the purposes of allocating the costs of additional products to address system needs. Wellhead strongly recommends that the CAISO recognize that the proposed cost allocation interferes with existing contracts and then make the necessary changes to remedy.