

Stakeholder Comments 10/21/2011 – Renewable Integration Phase 2 Vision and Roadmap

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Brookfield Energy Marketing LP (Brookfield) appreciates the opportunity to provide the following comments to the Renewable Integration Phase 2 Vision and Roadmap.

Short-Term Enhancements

Please refer to Brookfield's comments to the Revised Straw Proposal submitted on September 26 for our specific comments on these proposed enhancements.

Mid-Term Enhancements

Intertie Pricing Issues (HASP/RT)

Brookfield thanks the CAISO for acknowledging stakeholder comments and agreeing to utilize a working group process to address the intertie pricing issues. However, it seems that only two working group meetings are not sufficient to allow adequate time for discussion and formulation of proposals to address this complex topic. The CAISO should consider at a minimum, adding another working group meeting prior to the development of the straw proposal and another one after the first stakeholder meeting to work through any identified issues in order to develop the final proposal. The ISO should not pre-judge the extent of consultation needed to flesh out the different alternatives and error on the side of more discussion and meetings rather than less.

We strongly object to the CAISO's characterization that allowing virtual bidding on the intertie points is a secondary concern and seems also to be contrary to the recent position taken by the CAISO in its FERC filing. Both reducing/eliminating the real-time imbalance uplift and allowing virtual bidding on the interties must both be requirements for the new design.

Forward Procurement of Flexible Capacity

As we stated in our prior comments to the Straw Proposal, we support the CAISO beginning discussions on forward procurement sooner rather than later. More discussion is needed to understand why the CAISO is proposing an interim administrative mechanism to procure flexible capacity. This seems to prematurely predetermine an outcome to the stakeholder process. We recommend the CAISO to move directly towards evaluating, designing and potentially implementing a market based solution even if it requires a longer timeline.

Revised Bidding Timelines

The proposal to develop bidding timelines closer to the operating hour as a means to more effectively integrate renewable resources was not included in the roadmap. We have suggested in our prior comments to the Renewable Integration Phase 1 that this is an



important enhancement to effectively allow renewable resources to minimize their imbalance risks, potentially reduce integration costs and that would eventually allow the CAISO to eliminate PIRP. We request the CAISO allow opportunity for discussion as part of the stakeholder process on the benefits versus the costs of this enhancement before it is eliminated from the roadmap.

Long-Term Enhancements

We request the CAISO review the results of the inertia study with stakeholders prior to determining a timeline to evaluate the need for frequency/inertia response.