

**Chelan County Public Utility District's Comments on FRACMOO Phase 2 Stakeholder Initiative
Supplemental Issue Paper**

January 6, 2017

Submit comments to InitiativeComments@CAISO.com

Chelan PUD, a consumer-owned utility in Washington, is an active participant in the bilateral, wholesale power markets in the west and a NERC-registered balancing authority. Chelan PUD appreciates the opportunity to offer the following comments on the CAISO's FRACMOO Phase 2 stakeholder initiative Supplemental Issue Paper posted on November 9.

Chelan PUD supports the comments filed by Public Generating Pool, Western Power Trading Forum, and Powerex on this subject (Chelan PUD is a member of both PGP and WPTF). Chelan PUD would like to reemphasize the following specific points:

- Addressing flexible RA capacity needs is more complicated than just looking at the highest 3-hour net load ramp. A more comprehensive and holistic approach is needed.
- Allowing flexible resources that external to the CAISO footprint to provide flexible RA capacity will bring meaningful reliability and economic benefits to CAISO participants.
- Eligible products should include 15-minute resources.
- CAISO should differentiate between capacity needs based on forecasted movements and those based on meeting uncertainty in generation and loads. It is cheaper to contract in advance for forecasted ramps (for example contracting for shaped deliveries).
- CAISO should provide incentives for all load-serving entities to sign contracts that encourage economic offers rather than self-schedules.
- CAISO should not attempt to address oversupply concerns within the flexible RA construct. Instead, CAISO should provide efficient price signals and remove impediments to export transactions.

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