



PACIFICORP'S COMMENTS ON THE FLEXIBLE RAMPING PRODUCT STRAW PROPOSAL

I. INTRODUCTION

Pursuant to the schedule established by the California Independent System Operator Corporation ("ISO") for its Flexible Ramping Product Stakeholder Process, PacifiCorp submits the following comments to the ISO on the Straw Proposal dated June 2, 2014 ("Straw Proposal"). PacifiCorp appreciates the opportunity to provide comments on this initiative for the ISO's consideration.

II. COMMENTS

A. Flexible Ramping Products Design and Impacts on EIM

The ISO proposes that upon approval from its Board of Governors and the Federal Energy Regulatory Commission, the Flexible Ramping Product (FRP) will replace the ISO's currently enforced Flexible Ramping Constraint. PacifiCorp supports the FRP design as described in the Straw Proposal.

PacifiCorp understands that the FRP is a capacity product and not an ancillary service; it will be routinely dispatched. The ISO procures flexible ramping capacity in the day-ahead Integrated Forward Market (IFM), and additionally as needed in real-time in both the 15-minute market (FMM), and the 5-minute market (RTD). The ISO proposes that FRP bids must be submitted in the IFM so only resources that participate in the ISO's IFM may submit FRP bids. Therefore, PacifiCorp understands that EIM participating and non-participating resources that don't directly participate in the ISO's day-ahead market may not submit bids for FRP. However, the FRP will affect the EIM because it will be procured and dispatched in the real-time markets. An EIM resource's flexible ramping capability will be visible to the ISO in the resource's base schedules and master file information. The ISO proposes that upon implementation, the FRP will be a system-wide requirement that will be settled system-wide.

The EIM is currently designed to require each EIM Entity to pass a flexible ramping sufficiency test with resources that bid into the EIM. The test under the flexible ramping constraint is a test for the upward ramping capability only, i.e., determining if the EIM Entity has enough participating resource upward bid range to meet load increases and wind generation decreases. The ISO proposes that another flexible ramping sufficiency test will be used for downward ramping capability with the FRP. PacifiCorp understands that if an EIM Entity fails the upward ramping test, EIM imports are capped at the last schedule for the hour, and if the

downward ramping test is failed, the EIM exports are capped at the last schedule for the hour. This ensures that the EIM Entity that is short flexibility does not lean on other EIM Entities or the ISO.

B. Flexible Ramping Product Cost Allocation

PacifiCorp supports the ISO's proposal to allocate FRP charges and payments system-wide, calculated based on three categories: 1) Load; 2) Supply; and 3) Fixed Ramp. PacifiCorp understands that all EIM participating and non-participating resources will be categorized within these three categories. Further, EIM non-participating resource base schedules will be considered self-schedules in the supply category and the FRP for non-participating resources will be allocated to the EIM Entity Scheduling Coordinator.

PacifiCorp also supports the ISO's proposal for a threshold for the supply category of 3% based on the resources instructed imbalance energy. If the resource's actual metered output is more than 3% below the instructed imbalance energy, the resource would be allocated costs for upward FRP. If the resource's actual metered output is more than 3% above the instructed imbalance energy, the resource would be allocated costs for downward FRP.

Finally, PacifiCorp understands that the FRP costs for each BAA are determined as they are for the Flexible Ramping Constraint under the current EIM design. An EIM Entity BAA's costs are associated only with the constraints in which that BAA is involved. For example, the PACE BAA would not incur FRP costs associated with a constraint that involves the PACW BAA and the ISO BAA. The ISO's proposal changes the method by which those costs are allocated within each BAA, based on categories as described above.

III. CONCLUSION

PacifiCorp appreciates the ISO's consideration of these comments and requests that the ISO clarify any of the information above that does not correspond with the ISO's intended proposal.