

## Comments on Flexible Ramping Product Cost Allocation Straw Proposal

Submitted By	Company or Entity	Date Submitted
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Powerex appreciates the opportunity to provide these limited comments on the Flexible Ramping Product Cost Allocation Straw Proposal (“Straw Proposal”) published on March 15, 2012. Powerex supports the CAISO’s efforts to use the Cost Allocation Guiding Principles in the cost allocation for the Flexible Ramping Product.

In the Straw Proposal, the CAISO proposes to allocate Flexible Ramping Product (“FRP”) costs to imports and exports “based upon the scheduling coordinators net import and export position between hours<sup>1</sup>.” Powerex understands that “(t)he objective of the flexible ramp product is to ensure sufficient flexibility is committed in RTPD with high confidence anticipating imbalance differences can be realized in RTD. Such differences can arise due to load and supply variability and uncertainties.<sup>2</sup>”

In other words, FRP is acquired to ensure sufficient flexibility when load or supply varies from their respective forecast or schedule. The hourly schedules for imports and exports include an inter-hour ramp as part of that import/export schedule. Absent an intertie de-rate or outage, the import/export will be on schedule and the CAISO will not need to procure FRP for the import/export. Powerex strongly objects to this proposed allocation of FRP to delivered intertie schedules which follow established protocols and standards.

Furthermore, Powerex believes that pattern of (net) imports show that imports generally increase in sync with increases in load and vice versa. This synchronization of imports with load generally reduces the amount of flexibility the CAISO needs to accommodate load ramps.

For undelivered intertie schedules for any reason including un-tagged schedules, Powerex would support the CAISO allocating a portion of the FRP to those schedules on a net basis to each scheduling coordinator.

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<sup>1</sup> See Flexible Ramping Products Cost Allocation Straw Proposal page 9, March 15, 2012.

<sup>2</sup> See Flexible Ramping Products Revised Straw Proposal page 7, November 29, 2011.