

Comments on Flexible Ramping Products and Cost Allocation Straw Proposal

Submitted By	Company or Entity	Date Submitted
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Powerex appreciates the opportunity to provide these comments on the Flexible Ramping Products and Cost Allocation Straw Proposal (“Straw Proposal”) published on November 1, 2011. Powerex supports the CAISO’s efforts in developing separate flexible ramping products for upwards and downwards ramp.

Flexible Ramping Products Design

Co-Optimizing Flexible Ramping Products with Energy and Ancillary Services in RTPD

Powerex generally supports co-optimization of products. In addition, Powerex looks forward to the Revised Straw Proposal where the CAISO will set out how flexible ramping products are procured in the DA market and how the CAISO will model substitution between non-contingent spinning reserve and flexible ramping products. Powerex also asks the CAISO to also comment in the Revised Straw Proposal on whether there would be any substitution between Regulation Up and Down with flexible ramping products.

Employing Flexible Ramping in RTD

Powerex asks the CAISO to explain how the CAISO would select from the ramp providers which ones will be “released” to meet the energy needs of the realized uncertainties. Powerex believes a reasonable proposal would be release ramp from the ramp providers using the energy bids on a least-cost basis.

Powerex also asks the CAISO to confirm that any energy provided by the ramp providers is compensated at the RTD LMP with BCR, as appropriate.

Cost Allocation

Powerex supports the CAISO’s Straw Proposal to create a separate cost allocation for flexible ramping up and flexible ramping down. Furthermore, Powerex supports the further segmentation of the costs into three buckets: (1) costs attributable to load, (2) costs attributable to deviations from hourly schedules, and (3) costs attributable to deviations from ISO dispatch. Powerex would like clarity that deviations from ISO dispatch is based on deviations from a price-based dispatch.

Powerex also asks the CAISO to provide more information on how the CAISO will determine the segmentation percentages and how often the CAISO will review the appropriateness of the

segmentation percentages. Powerex believes that incurred costs should be allocated on an hourly basis, not on an “average over the month basis”, in order to follow cost causation and to provide the appropriate price signals.

Settlement Charges to Measure Deviations

Powerex asks the CAISO to confirm that the ramping product charge includes both the cost to procure the ramping products and energy provided/consumed by the ramping products. If the energy from ramping products is not allocated as part of this settlement, Powerex asks the CAISO to explain how these costs will be allocated and to which parties.

Settlement Timing of Flexible Ramping Costs

Powerex strongly believes that incurred costs should be allocated on an hourly basis, not on an “average over the month basis”, in order to follow cost causation and to provide the appropriate price signals.

Flexible Ramping Cost Data Release

Powerex strongly agrees with the CAISO proposal to publish flexible ramp cost and sufficient other data to determine the cost in each allocation bucket for both flexible ramping up and ramping down.