

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,  
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE STRAW PROPOSAL ON FERC  
ORDER 764 COMPLIANCE 15-MINUTE SCHEDULING AND SETTLEMENT**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's October 23, 2012 Straw Proposal on FERC Order 764 Compliance 15-Minute Scheduling and Settlement ("the Straw Proposal").

The Six Cities are continuing to evaluate the features of the 15-minute market outlined in the Straw Proposal, and, therefore, these comments are preliminary in nature. Based on the information available to date, the Six Cities support the following elements of the Straw Proposal:

- (i) the proposal to apply the 15-minute scheduling and settlements processes to both intertie and internal resources;
- (ii) the proposal to eliminate the Participating Intermittent Resource Program ("PIRP") when 15-minute scheduling is implemented; and
- (iii) the proposal to not allow convergence bidding between the 15-minute market and Real-Time Dispatch.

However, the Six Cities have questions and/or concerns with regard to the following aspects of the Straw Proposal:

- (a) the absence of any opportunity for load serving entities to adjust Demand schedules from their Day-Ahead schedules and the related proposal to settle load based on the average of the 15-minute and RTD prices. The Cities' preliminary view is that LSEs should have the opportunity to adjust Demand schedules in the 15-minute market. This would allow LSEs the same opportunity to mitigate costs and manage exposure to allocated charges as the ISO proposes to make available to other market participants.
- (b) the proposal to allow financially binding transmission reservations on an hourly basis. Although the Six Cities see potential benefits from this element of the proposal, the Cities are concerned about creating an additional source of uplift costs. At a minimum, the ISO should include a mechanism to limit uplift costs resulting from transmission reservations. In

addition, the Cities have not been able as of yet to identify an appropriate method for allocating such uplift costs to the beneficiaries of the reservation process.

Submitted by,

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