

Dynergy appreciates the opportunity to provide input on the CAISO's Flexible Ramping Product Revised Straw Proposal and is generally supportive of its development and direction, with a few concerns. We're concerned that the overall construct is unnecessarily complex as well as valuing FRP resources at zero (similar to how RUC resources are treated). FRP is supposed to be a premium product that cannot be replaced by any other ancillary service yet CAISO cannot find a way to show the incremental value of flexible ramping!¹ Dynergy offers these specific comments on the straw proposal:

- Thank you for clarifying that only Flexible RA has a must-offer requirement in FRP.
- Mandate that Flexible RA must-offer at \$0 is unreasonable
 - FRP is another ancillary service
 - Value is avoiding NERC penalties, at minimum, or shadow prices of power balance violations.
 - CAISO could:
 - Allow bidding of the product (preferred)
 - Let the market work (competition, not cooption)
 - Define a premium that would be incremental that would reflect system conditions (scarcity or excess)

Dynergy is a Board-level member of Western Power Trading Forum, a trade group that has one of the most diverse memberships in the California electricity sector. We fully support their comments on these issues and strongly encourage CAISO to seriously consider them.

¹ http://www.aiso.com/Documents/StakeholderCommentsMatrix_FlexibleRampingProduct_strawproposal.doc - page 27 "At this time, the ISO has not been able to identify a marginal cost that is not embedded in the energy bid price that warrants a non-zero bid price."