



Comments of Pacific Gas and Electric Company

Flexible Ramping Product - Third Revised Straw Proposal

Submitted by	Company	Date Submitted
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Pacific Gas & Electric (PG&E) appreciates the opportunity to participate in the stakeholder process for the CAISO’s Flexible Ramping Product (“FRP”) Initiative and to submit comments regarding the CAISO’s proposal as outlined in its March 6, 2012 Third Revised Straw Proposal.

PG&E appreciates the CAISO addressing most of our concerns about the initial proposal, including:

1. Possibility of double payment due to FRP procurement in RTPD;
2. Cost allocation to load only;
3. Bid cost recovery; and
4. No pay provision

The Third Revised Straw Proposal introduces complex rules that govern the interaction of the FRP in the DA and RT markets. PG&E has concerns about the time provided to the CAISO staff and stakeholders to consider and appropriately vet such a complex proposal. The sort of inter-market interaction and underlying complexity of the FRP proposal reminds PG&E of the types of interactions and complexity found in Bid Cost Recovery and Convergence Bidding at the Interties. For both of these market elements, market participants found ways to exploit shortcomings of the designs. PG&E has a similar concern about the FRP design. Given the speed of the development of the FRP design and numerous other stakeholder initiatives competing for stakeholder attention, PG&E needs additional time to fully consider the implications of this complex proposal.

Therefore, PG&E supports Sothern California Edison's recommendation to convene a workshop to revisit and discuss product details with stakeholders. We agree with SCE that a workshop coupled with adequate time to prepare for the workshop will reduce the likelihood of unintended consequences from the FRP.