

Good afternoon, Chairman, members of the board, ISO leadership. I'm Carrie Bentley and today I'm here representing the Western Power Trading Forum. We appreciate the opportunity to provide the following comments and the hard work done by policy lead, Chris Devon, and his team.

In brief, we are supportive of the reactive power proposal to place similar requirements on asynchronous and synchronous generators going forward; however, we feel like this is a missed opportunity. It's a missed opportunity because while CAISO staff initially considered allowing compensation, they have not ultimately proposed a compensation mechanism for the ability to provide reactive power.

The ability to provide reactive power is not free – and FERC has established methods of valuing the service that avoids any double-payment issues. Five other ISOs pay generators for the ability to provide reactive power and it is a little ironic that the CAISO is unwilling to pay for the ability, when the CAISO has needed these services from thermal resources the most to integrate renewables up to this point.

At a higher level, it's no secret that the renewable resources are fundamentally changing both the energy and RA market. High renewable penetration is causing energy prices and RA prices to fall rapidly to a point that is unsustainable for many thermal resources to remain in the market. But at the same time, in order to maintain grid reliability through increased renewables, the CAISO will increasingly depend on services from thermal resources- flexible ramping, frequency response, and yes, reactive power, will all be needed in amounts that cannot be provided by asynchronous resources alone.

The big question is then- how do we create a market signal for these services that is strong enough so that needed thermal resources stay in-service, and less-needed resources retire?

The only way I know how to create a market signal, is to value the services. The proposal before you does not value the ability to provide reactive power.

So we ask you the board, to approve the ISO's proposal, but also to direct staff to look further into the compensation issue. I'm happy to take any questions- thank you.