

Western Power Trading Forum Comments on Real-Time Exceptional Dispatch Mitigation

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September 20, 2012

WPTF offers the following comments in response to the CAISO-proposed policy on modifying the RT LMPM process for units exceptional dispatched (ED), as captured in the September 4, 2012 white paper "Mitigation for Exceptional Dispatch in LMPM Enhancements Phase 2; Draft Final Proposal".

The CAISO has not addressed the prior comments of WPTF. As a result we refer to our comments of August 4, 2012 (attached). In particular, the CAISO's proposal would apply widespread and overly conservative mitigation by using gross metrics to deem constraints competitive or not and it would not apply well to those constraints not modeled in the market.

WPTF does not believe the CAISO has thoroughly vetted alternatives and we also do not believe that the CAISO has demonstrated that the burden of any such alternatives outweigh the benefits.

Further, little justification has been provided for the CAISO's proposed 75% competitiveness threshold and the 10 hour threshold. The evidence that this proposal is just and reasonable is lacking.

WPTF would be pleased to work with the ISO staff to improve the proposal should the CAISO wish to do so.

Thank you for your consideration.

Attachment: WPTF prior comments, submitted August 4, 2012.

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August 4, 2012

WPTF appreciates the opportunity to submit these comments on the CAISO-proposed policy on modifying the RT LMPM process for units exceptional dispatched (ED), as captured in the July 20, 2012 white paper "Mitigation for Exceptional Dispatch in LMPM Enhancements Phase 2".

WPTF appreciates that the CAISO's RT LMPM process will not work well for exceptional dispatches that pre-dispatch units to resolve congestion ahead of time. However, WPTF believes that the CAISO's proposal would not provide an effective solution. The CAISO's proposal suffers from three very fundamental problems. First the constraints that are managed through exceptional dispatch may not have relevant historical market LMPM results at all given that they may not be monitored under normal system conditions. Second, even if the constraint is monitored the historical period (60 days as proposed by the ISO) will have little relationship to the particular situation under which a unit is dispatched for congestion management. This is particularly true because under normal situations EDs are not needed to resolve congestion, and it is rather the grid situation that is not modeled in an ordinary fashion that creates the need for an ED for congestion management. By definition the circumstances in affect at the time of the ED will vary from those upon which a normal market operation historical period reflects. Third, the CAISO's proposal presumes that a constraint must *predominantly* be competitive for it to be deemed competitive for the ED, and the CAISO's definition of "predominantly" is crude. (For example, if a constraint is congestion less than 10 hours in the study period it is presumed to fail the competitiveness test without even the application of a competitiveness test.) Thus the proposed solution is also misplaced and essentially would mitigate with no test being performed under many circumstances.

The CAISO should explore alternative solutions. The only legitimate way to assess the competitiveness of a uniquely arising situation (such as outages that alter the grid representation) is to assess that particular unique situation. Based on a high-level review, few of the EDs occur to manage congestion on local constraints. It seems reasonable for the CAISO to be able to conduct a competitiveness test when an ED occurs for this reason. In fact the CAISO's proposal indicates it plans to update the static competitive/uncompetitive constraint lists not less frequently than every 7 days. Assessing individual situations when EDs occur for local constraints may create less assessment burden for DMM to assess competitiveness than would employing a static test that is updated regularly. WPTF is open to the particular design

of the competitiveness test. Certainly the approach discussed by SCE on the June 27, 2012 conference call warrants further consideration. WPTF would appreciate the CAISO providing feedback on such an approach.

We very much encourage the CAISO to explore alternative approaches and look forward to working with the ISO to arrive upon a workable outcome that is an improvement over the currently intended RT LMPM for these ED units.