

Western Power Trading Forum comments on Revised Draft Technical Appendix for the Flexible Ramping Product

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December 2, 2015

WPTF appreciates the opportunity to provide these comments on the CAISO's Revised Draft Technical appendix dated November 16, 2015 and working group meeting held November 18. We reiterate our comments on the June 10, 2015 Draft Technical Appendix in regards the intention of the CAISO to develop a biddable product¹ in addition to our comments below.

In general, WPTF supports the changes made to the flexible ramping product proposal. Specifically WPTF supports:

- The inclusion of interties in the flexible ramping product design and the ability for interties to provide forecasted movement in FMM. The clarification in footnote 1, page 5 that describes how the CAISO will limit intertie participation to forecasted movement (and not predicted uncertainty) is particularly key to intertie participation and we support this limitation in order to eliminate the potential RTD buy-back rules that could cause interties to buy back energy at the real-time price.
- The two-part settlement calculations. The CAISO's proposal to include real movement costs in the FMM and RTD and uncertainty as an uplift at the end of the month is reasonable.
- The initial allocation to general category (load, supply, and intertie) and then to individual market participant. The revised cost allocation methodology strikes WPTF as a fair balance between incentivizing individual behavior and cost causation.

WPTF requests the following clarifications or information in the next draft:

- The proposal to procure uncertainty plus known fixed instructions. The ISO proposes that in addition to the real ramping requirement, the ISO must also procure sufficient ramping to account for known fixed and discontinuous dispatches (e.g. start-up instructions, MSG resource transitions, exceptional dispatches). While this concept makes sense in the abstract, in practice it seems like a complicated addition to the optimization. This proposal appears to link the uncertainty requirement with the resource characteristics of dispatched resources. Because the FRP requirement is co-optimized with the energy requirement, would the market potentially dispatch a more expensive resource without a transition times if it meant lowering the flexible ramping requirement MW amount? A dynamic and optimized trade-off between the flexible ramping product uncertainty requirement and

¹ http://www.caiso.com/Documents/WPTFComments_FlexibleRampingProduct-TechnicalAppendix.pdf

energy prices seems likely to be more trouble than its worth. Perhaps the CAISO might simply consider adding a fixed value to the uncertainty based on the outcome of the optimization without the additional fixed and discontinuous dispatch requirement.

- Posted Oasis data. It would be helpful for the CAISO to provide summary statistics and an analysis on how well the forecasted movement is compared to reasonable expectations and operator needs. It would also be helpful to compare the forecasted movement and uncertainty (flexible ramping product requirement) to the current flexible constraint requirement.
- Operator ability to bias FRP procurement. WPTF understands that the ability to bias FRP procurement is likely a necessary feature of the market optimization; however, we strongly request that both the FRP bias Operating Procedure and any instances of FRP bias be made transparent.