

Western Power Trading Forum comments on Flexiramp product proposal

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WPTF appreciates the opportunity to present these comments on the CAISO's flexiramp product proposal, based on its November 29, 2011 revised white paper and December 5, 2011 presentation and meeting discussions.

WPTF supports the flexible ramping product design as proposed by the CAISO. Based on our understanding the proposed product will procure flexible ramping, as well as see that other ancillary service requirements are satisfied, in as efficient manner as possible. WPTF also appreciates the changes from the first white paper proposal, as they seem to reflect the fact that uncertainty and variability both contribute to the need for ramping and that it is not practicable to distinguish the specific drivers for ramping needs at any one time.

To the extent we understand the CAISO's proposal, the substitution and conversion policies also seem efficient, although we encourage the ISO to begin to explore how it can transparently provide information such that the results of the market designations can be well understood by participants.

WPTF would like more careful consideration of the need for bidding rules, as energy market forces generally would suggest that suppliers are much more likely to bid in a rational way for the energy market than they are to bid irrationally for the energy markets with the hope of elevating flexiramp prices. Further, bidding rules that prevent parties from managing risks in real-time will impede proper functioning of the markets and thereby create more adverse effects than benefits. WPTF would be open to an initial period of operations after which the CAISO could put in place bidding rules if such rules seemed warranted.

WPTF supports the collection and publishing of data related to uncertainty and variability drivers. We also support an initial cost allocation to metered demand while the procurement at this time.

We appreciate the CAISO's consideration of our comments.