

WPTF Comments on CAISO Second Revised Contingency Modeling Straw Proposal

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WPTF appreciates the opportunity to submit the below limited comments on the CAISO's revised straw proposal dated March 13, 2014 and the discussions that took place during the CAISO's March 20 teleconference.

- WPTF continues to support the CAISO's efforts to clear reliability needs through formal market mechanisms as part of this contingency modeling effort. We find the contingency modeling proposed design far superior to the CAISO's current use of Minimum on-line Constraints (MOCs).
- The market power mitigation is challenging to understand, as it applies to the contingency constraints. Anything the ISO could do to help with our understanding would be helpful, including possibly presenting some examples. We find no fundamental issues with the proposed market power mitigation treatment thus far based on our limited understanding.
- WPTF opposes SCE's proposal that only 50% of contingency needs be procured through the markets, with the rest taken through RUC, if satisfied through existing ancillary services. RUC was designed for a limited purpose – for the ISO to procure additional energy needed that does not get procured due to under scheduling in the day-ahead market. It would be counter to RUC's purpose and good market design for the ISO to purposefully not procure the services it needed in IFM. The 50% RUC procurement aspect aside, we do appreciate SCE's efforts to think through alternative models and to offer a design that is more transparent and more commercially workable. A secondary concern we have with the SCE proposal is that as the ancillary services (AS) regions become smaller AS market power concerns may emerge. Further analysis would be needed as to the regions the ISO would determine to be necessary to determine if market power concerns would be problematic.
- WPTF requests more information about the status of testing and implementation. The ISO has had delays in issuing testing results, yet very little is known about the challenges. We request more information from the ISO on these challenges and the results of the testing to date as well as an update regarding the ISO's strategy on implementing the contingency modeling software changes.

Thank you for your consideration.