Decision on flexible ramping product refinements modification

Danny Johnson
Market Infrastructure Policy

ISO Board of Governors and WEIM Governing Body Joint Meeting
General Session
July 20, 2022
Management proposes to retain the existing consequence of failure for the WEIM resource sufficiency evaluation instead of limiting transfers to zero as part of the flexible ramping product refinements initiative.

- The substantive change made in the *Flexible Ramping Product Refinements* was to model the flexible ramping product on a locational basis to ensure feasible delivery

- This included a consideration to limit WEIM transfers to zero following the failure of the WEIM resource sufficiency evaluation
  - This was a possible consequence of moving from zonal to location based procurement
  - Management now proposes to retain the existing limitation consequence until an alternative is adopted in RSE initiative
The Flexible Ramping Product Refinements initiative was approved by the ISO Board of Governors in October 2020.

- Since approval, stakeholder, ISO Board of Governors and WEIM Governing Body perspectives about the consequences of failure have changed to support economic consequence to enhance reliability in Resource Sufficiency Evaluation Enhancements initiative.
Reducing a BAA’s transfers to zero has the potential to create additional reliability risk for a BAA that fails the WEIM resource sufficiency evaluation.

- Stakeholder discussions in the *Resource Sufficiency Evaluation Enhancements* initiative concluded that the WEIM should be leveraged to increase reliability during stressed system conditions.

- Reducing transfers is inconsistent with this consensus:
  - This consensus was echoed by the ISO Board of Governors and WEIM Governing Body in the February 2022 joint general session meeting.
  - WEIM failure consequences are under review in the *WEIM Resource Sufficiency Evaluation Enhancements Phase 2*. 
Management proposes to modify its prior intent to limit transfers to zero.

- Retain the existing failure consequences that limit transfers to values immediately prior to failure of the resources sufficiency evaluation
- Remainder of the *Flexible Ramping Product Refinements* approach as previously approved
There is general support for maintaining the existing resource sufficiency evaluation failure consequences.

- Near unanimous agreement that transfers should not be reduced to zero following the failure of the resource sufficiency evaluation

- Concerns raised that maintaining status quo does not resolve the potential for inappropriate leaning
  - Changes to failure consequences being considered in WEIM-RSE Phase 2 initiative

- Some stakeholders concerned about the expedited timeline used to develop management's proposed modifications as discussed in this presentation
  - *Flexible Ramping Product Refinements* will offer significant reliability and pricing benefits and should not be delayed
Management recommends the ISO Board of Governors and WEIM Governing Body approve the proposed *Flexible Ramping Product Refinements*.

- Maintaining the status quo failure of the resource sufficient evaluation avoids adversely impacting reliability
- Proposal will allow the ISO to implement *Flexible Ramping Product Refinements* in the Fall of 2022