

Western Power Trading Forum Comments on the Flexible Ramping Product

Ellen Wolfe, Resero Consulting for WPTF, ewolfe@resero.com, 916 791-4533

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WPTF appreciates the opportunity to comment following the CAISO's May 29, 2012 workshop. WPTF offers the following comments at this time.

- WPTF understands that the CAISO is now considering a more robust implementation of a procurement quantity that is dependent upon price or some other (not yet defined) attributes. Simple explicit procurement quantities are still under consideration as an alternative. WPTF continues to strongly encourage the CAISO to clarify what reliability requirements – if any – apply to this product. The reliability requirements should drive the decision about minimum FRC capacity the CAISO should procure. If the requirements are “soft” or the amount the CAISO procures “optional” above some procurement level the CAISO should define what those minimums are. Above such reliability requirements it would make sense to procure based on economics. Similarly, below such minimum reliability requirements penalty prices on the order of what the ISO applies to other reliability services should apply. WPTF does not see how the CAISO can make these procurement process trade-offs without a clear definition of the reliability requirement associated with this product. To the extent the CAISO pursues an economic procurement it would seem beneficial to incorporate to some extent the expected value of the FRP when considering whether or not to buy additional capacity.
- WPTF also understands that the CAISO is also now considering for dispatch using some sort of measure of opportunity value in a multi-interval optimization and thereby determining what capacity gets dispatched and what does not. WPTF believes the ISO proposal could benefit from further development. However, we emphasize again that the reliability needs – if any – should be taken into consideration in the process for when and how much of the FRP capacity to dispatch.

WPTF looks forward to more discussion in these areas.