

Western Power Trading Forum Comments on the Flexiramp Product and iDAM

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WPTF appreciates the opportunity to submit comments on the CAISO's proposed iDAM proposal of September 28, 2012 and the discussions of the October 2, 2012 workshop.

WPTF continues to support development of robust reserve markets

WPTF very much supports the development of robust reserve markets and to that end encourages the ISO to continue development of the flexiramp product.

It seems prudent to link the flexiramp and iDAM changes with the Order 764 changes

Regarding the timing of flexiramp product, WPTF supports continued development. However, WPTF also sees value in coordinating the flexiramp product, the broader iDAM considerations and the consideration of any changes needed for the Order 764 on variable energy resources. Doing so seems prudent such that only one set of major design changes is made and that the changes work well together. Given that the CAISO's needs for flexibility seem to become strong in the 2014 time frame, keeping the flexiramp and iDAM designs open through the 764 stakeholder process seems prudent.

The ISO can procure ramping through its energy market or a good reserve product, but should not *take* the service without a bid-based capacity payment

As the flexiramp product continues to evolve, WPTF is concerned about the level of complexity as well as the CAISO's seeming shift of emphasis of flexiramp from a reserve-based product to an energy-based product.

The design elements are interrelated. If the CAISO wishes to reserve capacity on units then it should offer the ability for units to bid – and be paid for - that capacity. If the CAISO wishes to take the ramp from the energy, the ISO should not reserve additional capacity outside of the energy markets. Most importantly, if the CAISO seeks to limit the capacity payment to suppliers for the flexiramp product, then the CAISO also must accept that the offering of this product by suppliers should be optional. A product where suppliers are not price indifferent would not be just or reasonable if that product contained a mandatory offer requirement for suppliers.

The iDAM requires more consideration

WPTF is not opposed conceptually to changes that improve market efficiency, for example through the proposed combined RUC and IFM optimization. However, WPTF believes a design change of this

magnitude requires further consideration. WPTF has ongoing concerns about the extensiveness of minimum on-line commitments (MOC) and other commitments that generate minimum load energy. In considering an iDAM, it is appropriate to also consider the pricing of the energy in the markets, either through more formal product treatment of MOC – such as through a 30-minute reserve product for contingencies, through some means of extended energy pricing for minimum energy, or both. WPTF does not believe it will be beneficial to combine RUC with IFM without addressing such other design details.

A comprehensive set of design changes would be most prudent

In summary, while WPTF is very encouraged by the ISO's willingness to continue considering the flexiramp reserve mechanism, we believe it prudent to ensure that the iDAM design is comprehensive (addresses pricing or products for commitments and minimum energy) and that the proposed changes make sense in light of changes that result from the 764 process. WPTF therefore supports continued thoughtful design consideration on a timeline that is more aligned with the 764 process.

Thank you for your consideration.