

Western Power Trading Comments on RIMPR Phase 2 Road Map and Vision

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

October 21, 2011

WPTF appreciates the opportunity to submit comments on the renewable integration (RI) road map and vision. WPTF also appreciates that for the most part the ISO has adjusted priorities and approaches based on prior comments submitted by stakeholders and that the ISO is receptive to work group to address technical issues.

WPTF offers comments on each of the CAISO's short, medium and longer-term RI sets of issues.

Short-term Enhancements

Please refer to WPTF's prior RI comments for comments related to the short-term enhancements. At this time – consistent with our previously submitted September 22, 2011 comments, we wish to emphasize that WPTF:

- Supports the short-term improvements to the contingent/non-contingent reserves in particular as it will support the possibility of allowing market-based reserve procurement to replace the non market-based flexible ramping constraint.
- Does not support more granular procurement through RUC for variability given that RUC's scope should be limited to commitment for load forecasts in excess of bid-in load and that other products should be used to address variability.
- Supports accelerating replacement of the flexible ramping constraint with a market-based product and settlement of HASP schedules at RT prices. (See further discussion under Mid-Term Enhancements, below.)

Mid-Term Enhancements

In addition to RI comments submitted previously, WPTF emphasizes the following:

- The flexible ramping constraint should be replaced with a market-procured product sooner than outlined in the CAISO's October 11, 2011 road map. In particular it should be replaced with a bid-based product or provided for by procuring additional spinning reserves by the summer of 2012, followed by a more extensive market design process if needed.

- The intertie pricing issue resolution should be accelerated, at a minimum to implement settlement of HASP schedules at real-time prices, by the summer of 2012. Further WPTF objects to the CAISO's characterization that re-instituting convergence bidding is a secondary market objective (as the ISO characterized in its October 18 meeting discussion and the associated presentation – slide 23). Rather the CAISO should operate under the premise that resolving of the intertie pricing issue will inherently resolve the RTIEO issue that drove the CAISO to file to suspend convergence bidding, and that therefore the intertie RTIEO issue and the convergence bidding functionality are inextricably related and can be resolved simultaneously.
- WPTF believes administrative procurement of forward flexible ramping capability is a poor substitute for market-based procurement of forward flexible ramping capability. Therefore, the CAISO should accelerate engagement of stakeholders in a holistic review of the appropriate method and schedule for a market-based approach.

Items the CAISO Proposes to Defer

WPTF does not support the deferral of consideration of alternative mechanisms to address minimum on-line constraints and the resolution of procurement of frequency or inertia-response services. WPTF is pleased to participate in discussions and the determination of the proper course of action should these services be shown to not be competitive. However, it seems that the CAISO does take these services at this time – often in a manner that has been found to be objectionable by WPTF (e.g., through MOCs). WPTF has looked forward to the RI processes to address the procurement of such services. We request a stakeholder discussion about these services, a complete evaluation of the procurement of such services, and inclusion in any ISO proposals about the CAISO's ultimate recommendation with respect to procurement of these services.