Comments on Flexible Ramping Product Enhancements
May 10, 2022 Workshop

Department of Market Monitoring

May 26, 2022

Comments

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Flexible Ramping Product Enhancements May 10, 2022 Stakeholder Call*.[1]

The purpose of the call was to inform stakeholders and solicit feedback on how the CAISO was planning to change its handling of WEIM transfer limits when a balancing area fails the resource sufficiency test when implementing the proposed Flexible Ramping Product Enhancements. Currently, the transfers are constrained to the higher of (1) base transfers or (2) the total base transfers plus dynamic transfers of the previous market interval when the balancing area passed the test. With implementation of the enhancements, the transfers would be limited to the base transfers (i.e. the dynamic transfers would be limited to zero).

DMM does not think implementation of the Flexible Ramping Product Enhancements makes it necessary to change the consequences of failing the resource sufficiency evaluation. Any changes to the failure consequences should be decided through a WEIM stakeholder process on resource sufficiency.

One of the two main reasons given for changing the failure consequences was that “When a BAA fails, the WEIM optimal solution will increase dynamic transfers prior to failure in an attempt to … constrain the net transfer in the failed interval at a higher level.” It is not clear to DMM that this can or does happen. And if it does, it could be fixed by keeping the transfer limits determined outside to each optimization run (even if determined by transfers in a previous separate run) and not having any transfer limits endogenously determined within a market optimization run.

The other reason was that allowing dynamic transfers could cause a misalignment between the flexible ramping product procurement and cost allocation. To the extent that allowing dynamic transfers could cause such a misalignment, the CAISO could consider making an adjustment to the cost allocation based on the dynamic transfers to the balancing area that fails the test rather than constraining dynamic transfers to zero.

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[1] *Flexible Ramping Product Enhancements May 10, 2022 Stakeholder Call* , California ISO, May 10, 2022: http://www.caiso.com/InitiativeDocuments/Presentation-FlexibleRampingProductRefinementsImpacts-WEIMResourceSufficiencyEvaluation-May102022.pdf