

Comments on the Flexible Ramping Product Refinements and the Impacts to the WEIM Resource Sufficiency Evaluation

Name of Submitter	Name of Organization	Date of Submission
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SCE appreciates the opportunity to provide comments on the Flexible Ramping Product Refinements Impact to the WEIM Resource Sufficiency Evaluation (RSE) presented by the CAISO on May 10, 2022.

SCE opposes reducing a Balancing Authority Area's WEIM Transfers to zero when it fails the Resource Sufficiency Evaluation (RSE)

SCE opposes changing the rules for failing the RSE due to implementation challenges with the Flexible Ramping Product (FRP). The current rules for failing the RSE is that BAA (Balancing Authority Areas) transfers are limited to the last interval passed. However, in the light of the FRP implementation going live in the fall, CAISO discovered implementation challenges with allocating FRP requirements, diversity benefits, and cost allocations. CAISO is now proposing to make changes to the RSE which is to cut-off BAAs from WEIM transfers when failing the RSE. SCE believes it is unreasonable to propose such a huge change to the RSE a few months before FRP Go-Live that has much broader impacts to the market than the impacts of the FRP itself. SCE recommends that CAISO not rush this change and follow an appropriate stakeholder process where stakeholders can discuss ideas and share solutions. Furthermore, CAISO should also conduct analysis and provide details on what potential impacts this change can have on reliability.

SCE believes CAISO's proposal to reduce WEIM transfers to zero when a BAA fails the RSE ignores potential practical implications to reliability and in particular potential adverse impacts to the CAISO grid reliability. It is premature to consider any new changes to the RSE failure consequences without first addressing the issues described in the "Interaction of Hourly Intertie Schedule and Transfers" analysis report which shows that during tight-supply conditions, CAISO was consistently being leaned on as a net exporter.¹ The report also mentions that CAISO's export position was further intensified by HASP advisory (non-binding) WEIM import transfers not materializing in the real-time.² CAISO's proposal of limiting WEIM transfers to zero for the purposes of the Flexible Ramping Product implementation will further enhance CAISO's net export position with potential adverse impacts to reliability.

¹ *Interaction of Hourly Intertie Schedules and WEIM Transfer*, California ISO, April 26, 2022: on Page 34, Paragraph 1 at <http://www.caiso.com/InitiativeDocuments/AnalysisReport-InteractionofHourlyIntertieSchedulesandTransfers-WEIMResourceSufficiencyEvaluationEnhancements.pdf>

² *Interaction of Hourly Intertie Schedules and WEIM Transfer*, California ISO, April 26, 2022: on Page 35, Paragraph 1 at <http://www.caiso.com/InitiativeDocuments/AnalysisReport-InteractionofHourlyIntertieSchedulesandTransfers-WEIMResourceSufficiencyEvaluationEnhancements.pdf>

SCE is requesting CAISO to make WEIM “advisory” transfers firm and enforce penalties at least equivalent to force majeure for non-delivery

SCE is requesting CAISO to implement rules that will make WEIM advisory transfers firm and subject to penalties for non-delivery. CAISO has mentioned in the “Interaction of Hourly Intertie Schedules and WEIM Transfer” analysis report that WEIM import transfers offered in the HASP are advisory but can influence the amount of HASP exports cleared from the CAISO BAA.³ Based on CAISO’s statement, SCE is concerned that this not only increases the potential chance of a reliability event, but also puts the CAISO BAA at a greater risk of failing the RSE due to an inflated requirement used for the CAISO RSE test. Furthermore, the inflated exports would result in higher costs for CAISO customers. CAISO also mentions in the analysis report that when HASP WEIM transfers are reduced, expensive CAISO internal generations may be dispatched to support real-time export commitments.⁴ With all the examples mentioned above, CAISO should consider SCE’s request to make WEIM transfers firm. Non-delivery should be treated as a force majeure event and the party that failed to deliver should bear the full replacement cost of the power. In addition to replacement costs, the CAISO should also consider penalties to eliminate the risk of strategic behavior (e.g., non-delivery based on private economic benefit).

³ *Flexible Ramping Product Refinements – Implementation Update*, California ISO, May 18, 2022: on Page 6, Paragraph 1 at <http://www.caiso.com/InitiativeDocuments/FlexibleRampingProductRefinements-ImplementationUpdate.pdf>

⁴ *Interaction of Hourly Intertie Schedules and WEIM Transfer*, California ISO, April 26, 2022: on Page 39, Last paragraph at <http://www.caiso.com/InitiativeDocuments/AnalysisReport-InteractionofHourlyIntertieSchedulesandTransfers-WEIMResourceSufficiencyEvaluationEnhancements.pdf>