



California ISO

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Decision on flexible ramping product refinements modification

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ISO Board of Governors and WEIM Governing Body Joint Meeting
General Session

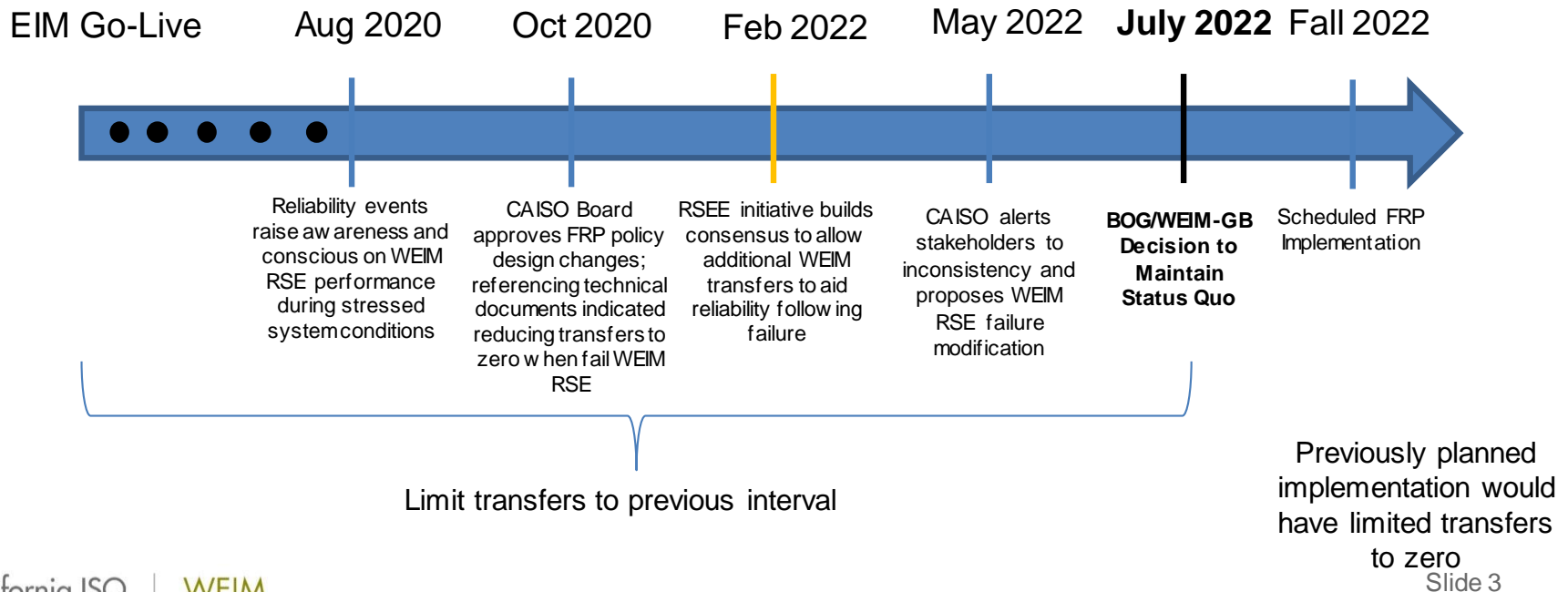
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Management proposes to retain the existing consequence of failure for the WEIM resource sufficiency evaluation instead of limiting transfers to zero as part of the flexible ramping product refinements initiative.

- The substantive change made in the *Flexible Ramping Product Refinements* was to model the flexible ramping product on a locational basis to ensure feasible delivery
- This included a consideration to limit WEIM transfers to zero following the failure of the WEIM resource sufficiency evaluation
 - This was a possible consequence of moving from zonal to location based procurement
 - Management now proposes to retain the existing limitation consequence until an alternative is adopted in RSE initiative

The *Flexible Ramping Product Refinements* initiative was approved by the ISO Board of Governors in October 2020.

- Since approval, stakeholder, ISO Board of Governors and WEIM Governing Body perspectives about the consequences of failure have changed to support economic consequence to enhance reliability in *Resource Sufficiency Evaluation Enhancements* initiative



Reducing a BAA's transfers to zero has the potential to create additional reliability risk for a BAA that fails the WEIM resource sufficiency evaluation.

- Stakeholder discussions in the *Resource Sufficiency Evaluation Enhancements* initiative concluded that the WEIM should be leveraged to increase reliability during stressed system conditions
- Reducing transfers is inconsistent with this consensus
 - This consensus was echoed by the ISO Board of Governors and WEIM Governing Body in the February 2022 joint general session meeting
 - WEIM failure consequences are under review in the *WEIM Resource Sufficiency Evaluation Enhancements Phase 2*

Management proposes to modify its prior intent to limit transfers to zero.

- Retain the existing failure consequences that limit transfers to values immediately prior to failure of the resources sufficiency evaluation
- Remainder of the *Flexible Ramping Product Refinements* approach as previously approved

There is general support for maintaining the existing resource sufficiency evaluation failure consequences.

- Near unanimous agreement that transfers should not be reduced to zero following the failure of the resource sufficiency evaluation
- Concerns raised that maintaining status quo does not resolve the potential for inappropriate leaning
 - Changes to failure consequences being considered in WEIM-RSE Phase 2 initiative
- Some stakeholders concerned about the expedited timeline used to develop managements proposed modifications as discussed in this presentation
 - *Flexible Ramping Product Refinements* will offer significant reliability and pricing benefits and should not be delayed

Management recommends the ISO Board of Governors and WEIM Governing Body approve the proposed *Flexible Ramping Product Refinements*.

- Maintaining the status quo failure of the resource sufficient evaluation avoids adversely impacting reliability
- Proposal will allow the ISO to implement *Flexible Ramping Product Refinements* in the Fall of 2022