



Flex Attribute Unbundling

CPUC Resource Adequacy Track 3 Workshop

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Flex Attribute Unbundling

- The flexible attribute was originally bundled under concerns that there may be the ability to exercise market power
 - While this may again become a concern, it is likely to be a concern due to narrow margins of resources in general which would make withholding of any and all attributes problematic
- The bundling has produced other difficulties for LSE and the market
 - An LSE long of Flex but at target for system/local, can only sell the flex attribute to another LSE in need by performing a swap
 - That is, sell the bundled product of system/local/flex and purchase a resource with only system/local
- The CAISO showing process does not enforce the bundling
 - This is appropriate as entities do not want to take on a MOO and a potential RAIM exposure that is unnecessary
- As a result, SCE has seen the market request transactions for the flexible attribute only
- Since the market has recognized the need for this product and the alternatives (i.e. a swap) are cumbersome, the Flex attribute should be unbundled
 - Potential withholding of the flexible attribute should be monitored and addressed as necessary