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The California Large Energy Consumers Association (CLECA) provides these brief comments on the CAISO's August 27, 2015 proposal to the Demand Response Baselines Working Group of the Energy Storage and Distributed Energy Resources (ESDER) Stakeholder Process on the subjects of Meter Generator Output (MGO) and Type 2 Baselines.

Comments on MGO

CLECA is concerned by several policy issues that arose on the August 27 call. We understand that some of these are outside the scope of the CAISO's Stakeholder Initiative, but they need to be addressed.

The first is the recognition that MGO was developed to evaluate the performance of a resource with infrequently-used onsite generation. This is in contrast to resources with onsite solar or wind with NEM and/or on-site storage that is regularly used. Performance for DR needs to be measured against what would have happened otherwise. This is why baselines are used. Baselines employ a historical period of usage patterns for comparison to usage during a dispatch. While baselines are not perfect (one cannot perfectly determine what would have happened otherwise), baselines allow for 1) the determination that a load reduction has occurred in response to a CAISO dispatch and 2) a calculation of the amount of the load reduction for settlement purposes. If a customer resource has behind-the-meter (BTM) storage that it is otherwise using for load reductions for peak-shaving purposes, and uses the same storage to provide PDR, its behavior will not necessarily differ from the baseline usage levels. This means that the benefit to the grid will not be measurable; indeed, some may argue the benefit would not exist. This clearly raises the issue of whether the resource should receive any compensation for a load reduction that does not exceed the extent to which it engages in peak shaving. At a minimum, there needs to be a separate baseline calculation to measure any incremental load reduction associated with the PDR.

Similarly, some important questions were raised about participation in PDR by customer resources on NEM. These customers will be exporting to the grid at certain times, which is not permitted, as we understand it, for PDR. Any load reduction will simply increase the export. Since PDR does not permit the export of energy, there is an issue here that arises with BTM generation that does not arise with PDR without BTM generation. This policy issue is beyond the scope of this working group, but the questions of whether customers on NEM should participate in PDR and, if so, how they are to be compensated need to be considered somewhere and soon.

While some other treatment of load with BTM storage or generation may be possible for NGR, PDR must be able to demonstrate a measurable change in performance that defines a load

reduction that is available to the grid. A policy discussion of possible double compensation for the same load reduction should occur, although this technical working group is not the appropriate forum for that discussion.

The CAISO's consultant stated that some of the configurations proposed came from other ISO/RTOs like NYISO. It would be useful to know if NYISO is dealing with these issues for DR provided by facilities with BTM storage or generation under NEM and, if so, if the NYISO has come up with possible solutions.

Another issue is the quality of the metering and the ownership of the meters. It is our understanding that RQMD must be +/- 2% and that submeters do not meet this standard. This issue has arisen in the context of EV submetering. If submetering is used, who will be responsible for the meter data quality? Who will own the submeter, or the second meter, if there are two? Who will process the meter data and send it to the CAISO for the aggregate resource? Currently the utilities are the MDMA's for most customers, processing the meter data and providing RQMD to DRPs. If the submeter data does not meet RQMD or SQMD requirements, where do the financial risk and performance risk lie?

Statistical Sampling

CLECA appreciates the CAISO's willingness to consider a tariff change so that statistical sampling may be used where there is interval meter data but the interval is too long for the product (e.g. 60-minute data for ancillary services or the real-time market which require at most 15-minute data). Statistical sampling would reduce the number of over-the-air interval changes that would be required to participate in these other markets. This would be very helpful and CLECA supports the change. However, it appears from the discussion on the call that there is another issue regarding interval meter data that was first raised in the SIWG report that remains unresolved. This is that there may be times when the 15-minute data may not be available in the required timeframe for CAISO settlement. Indeed, in some instances, it appears that even the 60-minute data for participation in the day ahead market may not be available in the required timeframe for CAISO settlement. These particular aspects of the topic need to be addressed in this stakeholder process or elsewhere in 2015, because they are clearly critical for 2016 implementation of the DR Auction Mechanism (DRAM) and for utilities bidding their own DR into the CAISO markets.

CLECA supports the proposal made on the call to use a formula to decide on the number of customers that need to be sampled for a PDR, rather than the stair-step approach proposed by the consultant. The sample size should not vary so dramatically with a small change in the number of participants and a formula based on the number of participants would resolve that problem.

The issue of the P factor is also important. Since it addresses the level of homogeneity of the population and also would affect the sample size (because it is part of the formula), there is merit to the proposal to allow a showing to be made of the degree of homogeneity of a

population, leading to an opportunity to use a different P value. Would the CAISO have the personnel to review such proposals?

The CAISO proposal currently is to allow sampling from within a population rather than using a control group. It would be helpful if the CAISO would include the use of a control group as a matter for consideration in 2016.