

## Olivine Comments on Demand Response Baselines Presented on August 27, 2015

Olivine appreciates the opportunity to comment on the CAISO Baseline proposals as presented on August 27, 2015. Having been involved in the DR ISO Integration Working Group and the baseline sub-group gives Olivine a unique perspective on this process and the proposals. Our comments are split between the two main topics: Meter Generator Output and Type 2 Baselines.

### Meter Generator Output

In general, Olivine supports the inclusion of Meter Generator Output as an option for metering the performance of PDRs and RDRRs. There was some discussion during the stakeholder call as to whether such locations might be compensated by the CAISO for doing what they would have done anyway. Part of this discussion suggested that the problem needed to be resolved by the CAISO and the IOUs; however, Olivine feels that this issue is primarily an issue for the CAISO to resolve. The clearest reasoning behind this is that such a sub-metering configuration does not imply IOU control – either direct or indirect – over that metered asset. As such, wholesale settlements must treat that asset independently of any retail program.

It is also worth noting that the support for this measurement method at the CAISO is only the beginning of a process that will likely require LRA oversight and – in the case of utility metering – may require substantial changes to policy and systems impacting the management of PDR/RDRR locations utilizing sub-metering.

Because the next steps on this methodology are not clear, Olivine proposes that the CAISO hold an on-site workshop where interested parties and CAISO metering and modelling staff can work together on workable solutions to support this use case.

### Type 2 Baseline

In general, Olivine agrees with this initial step in supporting type 2 baselines for statistical sampling in the case where underlying location-level revenue-quality meter data (RQMD) are unavailable for a PDR or RDRR resource. We think it is important that the definition of “unavailable” be very clear to support both of the following cases:

- Interval meter may exist for all underlying locations; however, it is not available to the DRP as RQMD in timelines to support CAISO market meter submission deadlines; and,
- Interval meter may exist for all underlying locations; however, it does not exist at the interval length required for participating in a particular market. Because the largest relevant metering interval is 1-hour, this second scenario only applies to products that have a need for 15-minute or finer-grained meter data (e.g., PDR in the real-time market).

It also must be clear that baseline Type 2 is a method for deriving settlement quality meter data (SQMD) from a sample of RQMD that has been collected at the desired interval length. For example:

- To participate in day-ahead energy, a Type 2 method would utilize RQMD from a subset of the locations in a resource to derive SQMD.
- To participate in real-time energy, a Type 2 method would utilize 15-minute RQMD from a subset of the locations in a resource to derive 15-minute SQMD (which could be sub-divided into 5-minute intervals

per the existing tariff). Alternatively, 5-minute RQMD from a subset of locations could be used to derive 5-minute SQMD.

In no case would non-RQMD be used within such a calculation.

Different from what was proposed by the CAISO, but as discussed during the stakeholder call, Olivine supports the notion of a prescriptive formula for determining the required sample size for a population, with this formula being based on 90% confidence, 10% error, and a p-value of 0.5.

Olivine would prefer that this proposal was augmented by the ability for a DRP to perform variance studies to establish the heterogeneity (i.e., the actual p-value) of the target population; however, we understand this may be re-evaluated in the future.