California ISO

Stakeholder Comments Template

Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response Draft Final Proposal

This template has been created for submission of stakeholder comments on the *Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response Draft Final Proposal* that was published on October 2, 2019. The proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at:
http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on October 24, 2019.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following topics. When applicable, please indicate your orginzation's position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please explain your rationale and include examples if applicable.

1. Local Assessments with Availability-Limited Resources

SCE does not have comment at this time but may provide comments later.

2. Slow Demand Response

SCE would like CAISO to confirm whether a PDR[1] Demand Response resource dispatched through the CAISO's proposed "post-day-ahead market dispatch notification" would be compensated based on the bid[2] prices submitted in the day-

[1] SCE understands CAISO's "post-day-ahead market dispatch notification"proposal to only apply to PDRs, and not to RDRRs.
[2] It is unclear if the CAISO is using the day-ahead bid quantities only, or also the day-ahead bid prices for selection and compensation of demand response resources purusuant to the proposed "post-day-ahead market dispatch

ahead market, or some other price (e.g. $950/MWh as the lower bound for reliability only RDRRs). How can a selection criteria based on a bid price and compensation based on the bid when selected alievate some concerns expressed by SCE and other stakeholders with respect to the uncertainty around frequency of "post-day-ahead market dispatch" of slow DR resources. Addtionally, a slow demand response resource, may be participating in the Day-Ahead market and the Real-Time market (per the hourly block bidding option), and may as a result of a "post-day-ahead market dispatch notification" forego higher revenues should it be dispatched by the post-day-ahead dispatch tool.

SCE would like the CAISO to confirm which PDR demand response resources would be subject to the proposed "post-day-ahead market dispatch notification" method for slow demand response. In other words, how does the CAISO identify which specific subset of resource IDs in its optimization should be considered slow demand response resources and available for the purposes of being given a "post-day-ahead market dispatch notification"? Would this identification be based on registered start-up time in the Resource Data Template (RDT) alone, or in combination with another (new) identifier, or whether a resource ID is on a LSE's RA supply plan for Local RA?

SCE understands the CAISO's proposal in that a Demand Response Resource with a notification time longer than 20 minutes, but quick enough and capable of using the hourly block bidding option released with ESDER 3A (i.e. a demand response resource that is capable to respond to the 52.5 minute notification provided by the ESDER 3A hourly block bidding option) without the post-day-ahead tool would not be considered providing Local RA benefit. Please confirm if SCE's understanding of the proposal is incorrect in this respect.

SCE understands CAISO's proposal[3] to mean that slow demand response RDRR resources can be shown for either 1) the MW amount they can respond within 20 minutes for both local and system RA capacity, or 2) the full MW capacity for system RA only. SCE believes that it would be appropriate and more effective that the MW amount a RDRR resource can respond within 20 minutes count for local resource adequacy, and the full MW capacity counts towards system resource adequacy (e.g. a resource that can respond with 40 MW within 20 minutes, but a full response of 50 MW sometime after 20 minutes, would count as 40 MW for local resources adequacy and 50 MW of system resource adequacy). Not reflecting this

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notification". The CAISO draft final proposal, page 13: "CAISO will dispatch resources for energy, rather than committing them to Pmin, based on their bids into the day-ahead market and their ability to resolve the local area need."

[3] The CAISO proposal, on top of page 15, lays out ways that slow demand response RDRR may be utilized for resource adequacy: "These include showing the resource for the amount they can respond within 20 minutes for both local and system or counting their full capability for system only. Such a solution remains consistent with existing CPUC RA counting rules that allow local capacity to count for system capacity."

differentiation between the 20 minute capability and full capacity, as CAISO's proposal seems to suggest, may leave demand response operators with a choice between two suboptimal alternatives, thereby stranding either local resource adequacy or system resource adequacy potentially at an additional unnecessary cost to the customers.