



Stakeholder Comments Template

PDR - Resource Adequacy Clarifications Initiative

- **Effective Flexible Capacity Value for Proxy Demand Resources Tariff Clarifications**
- **Slow Demand Response Final Proposal** (formerly within RA Enhancements initiative)

This template has been created for submission of stakeholder comments on the **Proxy Demand Resource (PDR) – Resource Adequacy (RA) Clarifications Initiative** web conference that was held on April 28, 2020. The meeting material and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/StakeholderProcesses/Proxy-demand-resource-resource-adequacy-clarification>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on May 8, 2020.

Submitted by	Organization	Date Submitted
<i>Luke Tougas 510.326.1931</i>	<i>California Efficiency + Demand Management Council</i>	<i>May 8, 2020</i>

Please provide your organization’s comments on the following topics and indicate your organization’s position on the topics below (*Support, Support with caveats, Oppose, or Oppose with caveats*). Please provide examples and support for your positions in your responses, as applicable.

The California Efficiency + Demand Management Council (“Council”) appreciates this opportunity to provide comments in response to the CAISO’s Proxy Demand Resource – Resource Adequacy Clarifications initiative. As discussed further below, the Council is generally supportive of the Effective Flexible Capacity Value for Proxy Demand Resources Initiative Issue Paper and Straw Proposal. The Council is also generally supportive of the CAISO’s efforts regarding “slow” demand response (DR) but with several caveats, and reiterates its concerns about the CAISO’s interpretation of NERC requirements.

1. Effective Flexible Capacity (EFC) for PDRs

The Council remains supportive of the CAISO's proposal to remove subsection 40.10.4.1(c) from its tariff and adopt the approach for determining the Effective Flexible Capacity (EFC) of a Proxy Demand Resource (PDR).

2. Slow Demand Response (DR)

The Council would like to preface its comments by saying that DR is a local, distributed resource, and is available to reduce demand in local capacity areas. As a general principle, the Council does not support the CAISO's requirement that certain local capacity resources must be dispatchable within 20 minutes. It continues to be unclear why the CAISO has chosen to interpret the associated NERC requirement differently than every other ISO/RTO in the country by requiring sub-30 minute dispatch capability of certain local capacity resources.

Despite these concerns, the Council supports the CAISO proposal with three major caveats. First, the CAISO indicated during the April 28 stakeholder call that the post day-ahead market process by which the CAISO would determine whether to schedule slow DR resources would be completed by approximately 3:00 p.m. each day. This time frame is reasonable because for some DR participants, the relevant staff needed to take actions the day prior to the scheduled dispatch to implement the required load reduction may not be onsite after a certain time of the day. This timing should be explicitly indicated when voted on by the Board.

Second, CAISO should specify that only those PDRs that are indicated in an LSE supply plan as providing Local Resource Adequacy (RA) should be subject to pre-contingency dispatching to maintain local reliability. PDRs that are not being compensated for providing Local RA to an LSE should not be subject to potentially more frequent dispatch. If the IOUs are not required to put their DR resources on a supply plan they should separately indicate monthly which of these DR resources are providing Local RA and should be available to the CAISO for pre-contingency dispatch just as third-party DR resources that provide Local RA are.

Third, the CAISO should explicitly specify that slow DR resources providing Local RA in an LSE supply plan (or on a listing from an IOU) will be recognized in its Local Capacity Technical Studies to ensure that additional local capacity resources are not procured when they are not needed.

In addition to these necessary clarifications, the CAISO should also specify what types of contingencies would be assessed in the post day-ahead market process to determine whether pre-contingency dispatch of a slow DR is needed. Similarly, the CAISO should provide some indication of how frequently they expect pre-contingency dispatch to be needed. These two pieces of information are especially critical to DR providers to make informed decisions on whether they want to provide Local RA to an LSE (or whether they can based on their customers' capabilities) and at what price. Without this information, DR providers may be less willing to provide Local RA which would contradict the CAISO's purpose for developing the slow DR mechanism in the first place.

Additional comments

N/A



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Submitted by	Organization	Date Submitted
<i>Paul Nelson (213) 444-9349 paul@barkovichandyap.com</i>	<i>California Large Energy Consumers Association (CLECA)</i>	<i>May 8, 2020</i>

Please provide your organization’s comments on the following topics and indicate your organization’s position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please provide examples and support for your positions in your responses, as applicable.

1. Effective Flexible Capacity (EFC) for PDRs

Please provide your organization’s feedback on the proposed EFC value for PDR tariff revisions.

CELCA has no comments at this time.

2. Slow Demand Response (DR)

Please provide your organization’s feedback on the Slow DR final proposal and tariff clarifications.

The California Public Utilities Commission (CPUC) has jurisdiction over resource adequacy for the investor-owned utilities, community choice aggregators, and electric service providers. The CPUC has provided guidance to the CAISO that Reliability Demand Response Resources (RDDR) that provides part of their full response capability during the 20 minutes that CAISO desires should count for local RA. We have provided details of that guidance in previous stakeholder comments, which we include below. The CAISO continues to ignore CPUC's guidance. A RDDR program has a ramp rate similar to thermal resources and can provide some response very quickly, even if full response may take more than 20 minutes. As SCE mentioned in prior comments, in its "Base Interruptible Program (BIP), under the "30 minute" option subscribed customers have consistently delivered significant DR load reduction within the first 20 minutes".¹ Therefore, RDDR programs that take 30 minutes to achieve their full response are able to respond within 20 minutes provided the CAISO dispatch instruction takes into account the RDDR's ramp rate. However, the CAISO continues to ignore the capability of these 30-minute RDDR resources, instead incorrectly labeling them as slow response.

At the April 28, 2020, stakeholder call, the CAISO confirmed that it does not place this similar restriction on other generating resources by ignoring their ramp rate. We do not know why the CAISO continues to disregard the CPUC decisions and the state's preference to use demand response (and energy efficiency) before other preferred resources.

Below are the comments CLECA has submitted previously in the Resource Adequacy initiative, which outlines the repeated guidance on this issue by the CPUC.

CLECA continues to disagree with the CAISO's assertion that slow response Reliability Demand Response Resources (RDDR) cannot provide any local reliability support. If 80% of a 30-min 100 MW RDDR can respond in 20 minutes, then 80 MW should count toward meeting local reliability value. This sound principle has been adopted by the CPUC and repeatedly

¹ Southern California Edison, April 17, 2020, [Comments on PDR - Resource Adequacy Clarifications Initiative](#) at 3

confirmed for purposes of setting local RA requirements. After first rejecting the Calpine proposal that a 20-minute response time requirement be imposed on demand response resources in 2015,² for the past four years (2016, 2017, 2018 and 2019), the CPUC has reiterated its reasoning. In 2016, the CPUC stated:

We plan, instead [of imposing a 20-minute response time requirement], to undertake significant effort, in collaboration with CAISO, DR providers, and other parties, to develop an implementation of this new policy that is consistent with our continued, strong support of DR as a preferred resource. ... As a threshold matter, we agree with the CAISO that local RA resources should be useful to the CAISO in operating the grid reliably, in accordance with applicable standards. ... On the other hand, we agree with SCE that the portion of a resource that reliably responds within the required period (even if less than 100%) should be counted for local RA. ... Finally, we agree with parties who argue the details of these matters could unnecessarily diminish DR. ... Further, we wish to avoid instituting unduly narrow or discriminatory restraints on DR through the RA program; instead we want to allow maximum flexibility to DR providers.³

The CPUC concluded that the CAISO stakeholder process should include five tasks, with the fifth task being:

Identify a method to calculate the portion of a slower responding DR program that can reliably respond within the required period, and therefore be counted for Local RA.⁴

The CPUC ended its discussion of the issue in 2016 by stating:

We encourage the parties to work quickly, but without sacrificing quality or due process. If more time is needed to carefully implement these requirements, that time should be taken.⁵

In 2017, the CPUC stated:

² CPUC D. 15-06-063, at 35 (recommending re-evaluation in the future).

³ CPUC D.16-06-045, at 34-36.

⁴ CPUC D.16-06-045, at 37 (emphasis added).

⁵ CPUC D.16-06-045, at 38.

SCE argues that if a 20-minute requirement is adopted, the portion of a slow response resource that can reliably respond within 20 minutes should receive local RA credit. (Id.) A number of parties support this proposal, including PG&E (PG&E January 13, 2017 Comments at 12), California Large Energy Consumers Association (CLECA) (CLECA January 13, 2017 Comments at 17) and NRG (NRG January 13, 2017 Comments at 15).

While we are not adopting a 20-minute requirement here, the idea underlying SCE's proposal is consistent with this Commission's determination in D.16-06-045 that: "[T]he portion of a resource that reliably responds within the required period (even if less than 100%) should be counted for local RA." (D.16-06-045 at 36.) We reiterate that determination here, but note that SCE (and other parties) acknowledge that further work in this area (coordinated with the CAISO) is necessary.⁶

In 2018, the CPUC referenced its prior decisions and noted (again) the need for further work by the CAISO and stakeholders.⁷ Most recently, in 2019, the CPUC explained, in connection with local RA requirements, that "[t]he CAISO clarifies that it is not proposing specific or new requirements."⁸ The Commission stated:

The Commission plans to work closely with the CAISO to ensure that availability needs are met in all local reliability areas.⁹

CLECA submits that that work still includes the as-yet unfinished fifth task:

Identify a method to calculate the portion of a slower responding DR program that can reliably respond within the required period, and therefore be counted for Local RA.¹⁰

This treatment is consistent with the energy policy preference for demand response.

The CAISO assumption also ignores the resource's capability. It is no different from a traditional resource with a slow ramp rate. Some

⁶ CPUC D. 17-06-027, at 22.

⁷ CPUC D. 18-06-030, at 46-48 ("Many parties suggest that further works needs to be done. We agree").

⁸ CPUC D. 19-06-026, at 52.

⁹ CPUC D. 19-06-026, at 52.

¹⁰ CPUC D.16-06-045, at 37 (emphasis added).

changes to CPUC RA accounting rules may be required for certain RDRR resources that would need to have two RA values, one for local and another for system. The RA accounting for local and system already uses two different load targets, local and system, so there is no reason why two different capacity values cannot be developed and used in determining the respective RA compliance for local and system.

In summary, please provide your organization's position on Local Resource Adequacy (Section 5.3). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

CLECA continues to oppose the CAISO's blanket proposal not to count 30-minute RDRR for local RA capacity as it disregards the clear, repeated directives of the CPUC; we note that California law vests jurisdiction over setting RA requirements with the CPUC, while giving the CAISO a consulting role.¹¹

Additional comments

Please offer any other feedback your organization would like to provide on the PDR-RA Clarifications initiative.

¹¹ *P.U.Code § 380 (a) "The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities."* (emphasis added).

Comments on Proxy Demand Resource Resource Adequacy Clarifications Draft Final Proposal

Department of Market Monitoring

May 12, 2020

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Proxy Demand Resource – Resource Adequacy Clarifications Tariff Clarifications and Draft Final Proposal*.¹

I. Background

This new initiative combines Effective Flexible Capacity (EFC) Value for Proxy Demand Resources (PDRs) tariff clarifications and the Slow Demand Response (DR) proposal. The ISO's draft final proposal includes minor updates to the issue paper/straw proposal.

DMM supports the ISO's proposed tariff clarifications for developing EFCs for proxy demand resources. DMM appreciates the ISO's additions to the draft final proposal which make it clear that scheduling coordinators are required under the tariff to submit accurate master file characteristics. DMM also appreciates the ISO specifying that "Where a PDR's performance does not align with its registered master file values the CAISO may request further information to validate the existing master file information."² DMM suggests that the ISO commit to validating master file information when it determines that demand response resource performance does not align with registered master file information.

The proposed tariff clarifications for proxy demand response resources could have significant monitoring and compliance implications for ISO staff. For example, in order to assess whether proxy demand response performance aligns with master file values, the ISO must be able to validate resource performance. These assessments will require review of both underlying load data and the statistical methodologies used to calculate baseline load values. Ultimately, however, these monitoring and compliance efforts will be imperative to ensure that resources which qualify to sell flexible capacity can actually operate consistent with their registered operating characteristics.

Regarding the slow demand response proposal, DMM continues to have questions and concerns about the proposed dispatch process for slow demand response resources. It remains unclear whether the ISO will model new minimum on-line commitment (MOC) constraints in the day-ahead market and how these constraints will be defined and determined "infeasible".

¹ *Effective Flexible Capacity Value for Proxy Demand Resources Draft Final Proposal*, April 21, 2020: <http://www.caiso.com/InitiativeDocuments/IssuePaper-StrawProposal-EffectiveFlexibleCapacityValue-ProxyDemandResources.pdf>

² *Draft Final Proposal*, p. 9.

DMM also remains concerned about the ISO's proposal to exclude slow demand response resources from being effective towards local reliability constraints in the day-ahead market process while ultimately allowing these resources to count towards local resource adequacy requirements.

While the ISO's proposal may be directly applicable to a relatively small amount of capacity, these resources are part of a more general category of energy-limited or availability-limited resources which are being relied upon to meet an increasing portion of resource adequacy requirements. As noted in recent comments by DMM in the CPUC long-term integrated resource planning proceedings, DMM is concerned about the cumulative effect of these resources:

These energy-limited or availability-limited resources include renewables, import capacity, demand-side resources and energy storage. Unlike gas and nuclear capacity, these resource types may have limited availability to meet both peak demand and demand across all multiple hours in an operating day. When available, these resources could also be very expensive to dispatch. If increased reliance is placed on these resources to meet RA requirements, DMM is concerned that the RA fleet could have limited output during hours when net loads – and the potential for uncompetitive supply conditions – are highest.³

Thus, DMM urges the ISO to fully consider and resolve key details and questions in a manner that is consistent with the broader issue of how to count and manage energy-limited or availability-limited resources being relied upon to meet an increasing share of resource adequacy requirements.

II. Effective Flexible Capacity (EFC) Values for Proxy Demand Resources

The ISO has concluded that performing the tests required under tariff subsection 40.10.4.1(c) to establish *effective flexible capacity* values (EFCs) for *proxy demand response* (PDR) resources would be “difficult to manage and would require costly investments in system upgrades to administer the tests and avoid unduly distraction of operational staff.”⁴ Therefore, the ISO proposes instead to calculate EFCs for proxy demand resources using the general formula under the ISO tariff section 40.10.4.1(a) and to extend unannounced testing provisions to assess the validity of EFC values *ex post*.

While DMM supports the ISO's proposed approach, DMM has expressed that it will be imperative for the ISO to ensure that scheduling coordinators submit accurate proxy demand resource characteristics to the ISO's master file, as certain master file parameters directly

³ *Reply Comments of the Department of Market Monitoring*, R.16-02-007, August 12, 2019. p. 2. Also see discussion and analysis of demand side resources on pp.8-11. <http://www.caiso.com/Documents/CPUC-DMMReplyCommentsonRulingInitiatingProcurementTrackandSeekingCommentonPotentialReliabilityIssues-Aug122019.pdf>

⁴ *Issue Paper/Straw Proposal*, p, 6

impact EFC calculations.⁵ Under the ISO's proposal, the start-up times, ramp rates, and Pmin values submitted by scheduling coordinators for proxy demand resources will determine the EFC calculation and how much flexible capacity that demand response resources can sell or be counted for. Whether a resource is 5-minute dispatchable will also determine if a resource is eligible to provide flexible capacity. If resources submit inaccurate operating characteristics in the ISO master file, demand response resources which are not actually flexible or dispatchable may receive EFC values and may be counted towards meeting flexible resource adequacy requirements.

DMM previously expressed that the ISO must make a commitment to assess the actual performance and capabilities of proxy demand resources based on actual market dispatches, operational data, and unannounced testing as necessary in order to ensure the validity of master file submissions and thus the validity of EFC values. In the draft final proposal, the ISO added language which makes it clear that scheduling coordinators are required under the tariff to submit accurate master file characteristics. The ISO also clarifies that "Where a PDR's performance does not align with its registered master file values the CAISO may request further information to validate the existing master file information."⁶ DMM appreciates the ISO adding these provisions to its draft final proposal. However, DMM suggests that the ISO commit to validating master file information when it determines that demand response resource performance does not align with registered master file information.

Monitoring and review of reported performance data

The proposed tariff clarifications for proxy demand response resources could have significant monitoring and compliance implications for ISO staff. For example, under current rules, the "demand response energy measurement" used to measure demand response performance (representing the difference between a counterfactual load baseline if demand response actions were not taken, and actual load) is calculated and self-reported by scheduling coordinators.⁷ Although scheduling coordinators are required to submit the underlying data used to calculate performance values, validating performance value accuracy requires an assessment of both underlying load data and the statistical methodologies used to calculate baseline load values. The ISO should be prepared to review and audit data on demand response performance that is self-reported by scheduling coordinators as described in tariff sections 11.6.1 and 4.13.4.

⁵ DMM comments on Issue Paper/Straw Proposal, April 20, 2020: <http://www.caiso.com/InitiativeDocuments/DMMComments-ProxyDemandResource-ResourceAdequacyClarifications-Apr32020.pdf>

⁶ Draft Final Proposal, p. 9.

⁷ ISO Tariff section 11.6.1

Ultimately, the ISO's monitoring and compliance efforts for proxy demand resources will be imperative to ensure that resources which qualify to sell flexible capacity can actually operate consistent with their registered operating characteristics.

Unannounced testing of demand response

The ISO's proposal to extend unannounced testing provisions to assess EFCs is also critical to ensure proxy demand resources can actually provide the flexible capacity for which they are being relied upon under the state's resource adequacy program. This is important because proxy demand resources can avoid being dispatched by simply submitting high commitment cost and energy bids in the ISO markets.

However, under the testing provisions of section 40.10.4.1 (c), proxy demand resources will be paid the resource's bid price. As previously noted, most proxy demand resources bid at or near the \$1,000/MWh bid cap. Although other resources are supposed to be subject to bid mitigation when exceptionally dispatched for testing, proxy demand resources are currently exempt from bid mitigation and do not have cost-based commitment cost bid caps or default energy bids for use in mitigation.

Thus, the ISO should place priority on using actual market dispatches to assess the performance of demand response resources and should resort to testing only if a resource has not been dispatched in the market.

III. Slow Demand Response Resources

As part of this initiative, the ISO is proposing to allow "slow" demand response to count toward local area resource adequacy requirements. To qualify to provide local resource adequacy capacity, resources must be able to respond at their full capacity within 20 minutes after a contingency. To ensure "slow" demand response can be dispatched to meet local needs and thus qualify to provide local resource adequacy capacity, the ISO proposes to develop a process to exceptionally dispatch slow demand response resources in the day-ahead timeframe.

As explained below, DMM continues to have several questions about the ISO's proposal for dispatching slow demand response resources and believes that issues regarding how demand response resources are modeled in the market should be resolved before moving forward with the proposed dispatch process, to avoid potentially inefficient market outcomes.

Minimum on-line constraints

The ISO's *Local RA with Availability-Limited Resources and Slow Demand Response Draft Final Proposal* indicates that *minimum online constraints* (MOCs) will be defined in local areas with

slow demand response. The ISO describes local minimum on-line constraint requirements as follows:⁸

$$\text{MOC Requirement} = \text{Local Area Load} - \text{Import Capability} - \text{Available Generation}$$

Where:

MOC Requirement = A MW value of slow demand response that needs to be dispatched prior to a contingency occurring as a preventive measure

Local Area Load = Day-ahead load forecast of local capacity area load

Import Capability = Import capability into the local capacity area

Available Generation = MWs bid into the day-ahead market from generation within the local capacity area

Based on the definition above, it seems the day-ahead market processes (IFM and RUC) would already ensure that Import Capability plus Available Generation bid into the market is sufficient to meet Local Area Load. It is unclear what additional constraints the ISO will model that are not modeled or do not exist today. It is also unclear if the ISO will use an updated load forecast (rather than the day-ahead load forecast) in its assessment of the need to exceptionally dispatch slow demand response capacity.

Additionally, it is unclear how the ISO's proposed dispatch process for slow demand response aligns with the ISO's procedures for creating MOCs in the first place. The ISO's day-ahead market operating procedure (1210)⁹ states that a MOC cannot be created if there is not enough resource adequacy, CPM, or RMR capacity available to meet the requirement, unless additional capacity is made available through a change in unit status or an exceptional dispatch CPM. It is not clear how the ISO would consider slow demand response resource adequacy capacity in assessments for creating MOCs to enforce in the day-ahead market. If the ISO does not count slow demand response resource adequacy capacity as effective towards meeting MOC requirements when defining MOC constraints, this could result in the ISO unnecessarily issuing exceptional dispatch CPMs to non-RA resources. Additionally, it seems the ISO would only enforce MOCs if there is sufficient capacity available to meet MOC requirements in the first place—that is, MOC requirement must be feasible. Therefore, it is not clear how or when the ISO would deem a MOC “infeasible” (i.e. cannot be met) to trigger exceptional dispatch of slow demand response.

⁸ *Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response Draft Final Proposal*, California ISO, October 3, 2019, p. 13:

<http://www.caiso.com/InitiativeDocuments/DraftFinalProposal-LocalResourceAdequacy-AvailabilityLimitedResources-SlowDemandResponse.pdf>

⁹ Day-ahead market operating procedure, Procedure No. 1210, Effective 1/1/2020, p. 6:

<http://www.caiso.com/Documents/1210.pdf>

DMM asks that the ISO provide additional detail on what minimum on-line constraints will be defined in local areas that could potentially result in the commitment of slow demand response capacity. DMM also asks that the ISO clarify how slow demand response resource adequacy capacity would be considered when creating MOCs prior to the day-ahead market and how the ISO would determine that a MOC is “infeasible”.

Process for dispatching slow demand response

During the stakeholder call on April 3, the ISO presented a new process to dispatch slow demand response.¹⁰ The ISO explained that it will define minimum on-line constraints in local areas, and then run the day-ahead market processes excluding slow demand response from being effective towards resolving the minimum on-line constraints. The ISO will then commit slow demand response resources via exceptional dispatch only if minimum on-line constraints are “infeasible” based on capacity considered in the day-ahead market.

DMM has some concerns that the proposed approach could unnecessarily restrict the supply of capacity considered in the day-ahead market. If the ISO does not consider slow demand response capacity as effective toward the minimum on-line constraints in the day-ahead market, this will inaccurately limit the supply available to meet minimum on-line constraints in the day-ahead market. This is likely to result in inefficiencies which may drive up the cost of meeting minimum on-line constraints and may cause additional gas units to be committed which are not actually needed to meet reliability constraints.

Thus, DMM suggests that demand response capacity should not be excluded from resolving constraints in the day-ahead market, if these resources are in fact effective towards meeting those constraints.

Modeling limitations

DMM understands that the reason the ISO will not model slow demand response as being effective towards meeting minimum on-line constraints in the day-ahead market is that many of these resources are modeled with 0 MW Pmin and reflect no commitment costs. Therefore, these resources may appear inexpensive to commit in day-ahead market processes and may be committed at Pmin, when resources in fact, may not be fully dispatchable and must be “committed” in advance of real-time to some higher operating level.

The proposed dispatch process for slow demand response resources appears to be the result of accommodating modeling limitations for demand response. DMM believes that the ISO should address demand response modeling before developing a new dispatch process that may result in inefficient market outcomes.

¹⁰ *New Initiative: Effective Flexible Capacity for Proxy Demand Resources*, California ISO, April 3, 2020, Slide 20: <http://www.caiso.com/InitiativeDocuments/Presentation-EffectiveFlexibleCapacityValue-ProxyDemandResources-Apr3-2020.pdf>



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Submitted by	Organization	Date Submitted
Wei Zhou (wei.zhou@sce.com)	SCE	May 8, 2020

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1. Effective Flexible Capacity (EFC) for PDRs

Please provide your organization’s feedback on the proposed EFC value for PDR tariff revisions.

[SCE supports the CAISO Proposal on EFC for PDRs¹. During the April 28,2020 stakeholder call, the CAISO asserted that the proposed 5-min bidding and dispatch requirement for PDRs to provide Flexible RA is not a new must-offer-obligation \(MOO\) requirement for resources providing Flexible RA, rather it is an eligibility criterion for](#)

¹ The CAISO proposed to remove the tariff requirement of random tests and to use the general formula described in the tariff (Section 40.10.4.1 a) in setting EFC values for PDRs. PDRs continue to be subject to existing CAISO tariff provisions that permits tests: testing to confirm capability to provide ancillary services and self-test results to validate resource characteristics when a PDR’s performance does not align with its registered master file values. 5-min bidding and dispatch requirement for PDRs to be eligible for providing flexible RA.

PDRs to qualify as providing Flexible RA. While SCE does not necessarily object to this interpretation at this time, SCE believes that additional clarification from the CAISO on the MOO requirement and eligibility criteria for resources providing Flexible RA would be beneficial. The CAISO should consider providing this information, such as in the form of CAISO Responses to Comments or a Stakeholder Comments matrix, preferably prior to the planned FERC filing.

For additional comments on the CAISO Proposal on EFC for PDRs, including the issue of 0.99MW EFC value, please refer to the prior comments submitted by SCE².

2. Slow Demand Response (DR)

Please provide your organization's feedback on the Slow DR final proposal and tariff clarifications.

As stated previously, SCE is concerned with the CAISO's adoption of this definition of Slow DR ahead of the California Public Utilities Commission's (CPUC) decision in the Resource Adequacy Rulemaking (R.) 19-11-009 which will treat and count certain demand response (DR) resources differently for local RA. If the CAISO adopts a 20-minute dispatch requirement (or sufficient pre-dispatch capability) for DR to qualify for local RA, DR resources such as SCE's BIP-30 program will no longer count as local RA and may cause SCE and other LSEs, that previously received local RA benefits from BIP-30, to procure additional local RA even though a portion of the BIP 30 program will respond within the required 20 minute time frame.

SCE recommends the CAISO delay adopting its Slow DR proposal until the CPUC issues a decision on the CAISO's Slow DR proposal and work with the CPUC and stakeholders to develop a method or proposal to estimate a value for 30-minute reliability DR resources which would allow these programs and resources to recognize their ramping value (i.e. the amount of load reduction that can be relied upon to have curtailed within the 20 minute time-frame) and capabilities and count them as local RA. These types of DR programs should get credit for the significant number of megawatts they can contribute within the 20-minute timeframe.

Additional comments

Please offer any other feedback your organization would like to provide on the PDR-RA Clarifications initiative.

² <http://www.caiso.com/InitiativeDocuments/SCEComments-ProxyDemandResource-ResourceAdequacyClarifications.pdf>



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<i>Nuo Tang</i>	<i>SDG&E</i>	<i>May 8, 2020</i>

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1. Effective Flexible Capacity (EFC) for PDRs

Please provide your organization’s feedback on the proposed EFC value for PDR tariff revisions.

While SDG&E agrees and supports the need to provide the CAISO with data to support the Masterfile parameters, such parameters are generally a snapshot in time that represents the ability of a resource for a period of time. For instance, a conventional resource may not adjust the Pmax parameter in the Masterfile monthly to account for ambient temperature conditions. Rather, the conventional resource may retain the Pmax value throughout the year and submit outages to account for performance reductions due to ambient temperatures. If the conventional resource

were to reduce its Pmax below its net qualifying capacity (“NQC”) value during the year for which the resource was shown for Local RA, the CAISO would also prohibit such changes to the Masterfile because the NQC cannot be lowered during the operating year for the Local resource.

As such, SDG&E recommends that such tests to justify the Masterfile parameters of a proxy demand resource (“PDR”) to be conducted during the month in which the resource has the highest NQC value of the year.

SDG&E also requests that wording in section 40.10.4.1(c)(2) and (3) are retained in the CAISO tariff to ensure that the applicable load data to measure the load modification of the PDR and also pay the resource’s bid price during the test period.

2. Slow Demand Response (DR)

Please provide your organization’s feedback on the Slow DR final proposal and tariff clarifications.

Ultimately, the resolution of whether IOUs include resource IDs in the supply plan requires the California Public Utilities Commission (“CPUC”) to modify the current process. SDG&E understands the CAISO’s desire to have IOU DR be submitted on a supply plan in order to allow the CAISO to know which IOU PDRs may be pre-dispatched for contingency purposes. SDG&E believes that it is pre-mature to require the IOU PDRs to be submitted on the supply plan because the CAISO has not implemented the weather sensitive DR solution as part of the Energy Storage Distributed Energy Resources Phase 4 (“ESDER 4”) initiative. SDG&E believes once ESDER 4 is implemented, then the IOUs should be able to better integrate the IOU PDRs into the supply plan.

In the interim, SDG&E believes the IOUs could work with the CAISO to provide a list of IOU specific PDR resources and the NQC values as established on the CAISO NQC list to better coordinate and achieve the CAISO’s solution.

Additional comments

Please offer any other feedback your organization would like to provide on the PDR-RA Clarifications initiative.



Stakeholder Comments Template

PDR - Resource Adequacy Clarifications Initiative

- **Effective Flexible Capacity Value for Proxy Demand Resources Tariff Clarifications**
- **Slow Demand Response Final Proposal** (formerly within RA Enhancements initiative)

The meeting material and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/Proxy-demand-resource-resource-adequacy-clarification>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on May 8, 2020.

Submitted by	Organization	Date Submitted
Anja Gilbert	PG&E	May 13, 2020

Please provide your organization’s comments on the following topics and indicate your organization’s position on the topics below (*Support, Support with caveats, Oppose, or Oppose with caveats*). Please provide examples and support for your positions in your responses, as applicable.

1. Effective Flexible Capacity (EFC) for PDRs

Support.

PG&E supports the various provisions in CAISO’s proposal to establish the EFC for PDR, including:

- Using the formula in CAISO’s tariff section 40.10.4.1 (a);
- Enforcing the testing requirement that require a resource to justify their Master File parameters; and
- Clarifying the bidding requirements that PDR would need to bid in the five minute market – as well as the associated tariff clarification to section 40.10.3.5 which make PDR that had elected hourly or 15 minute dispatch option ineligible to provide flex RA.

2. Slow Demand Response (DR)

Please provide your organization's feedback on the Slow DR final proposal and tariff clarifications.

Oppose.

PG&E opposes CAISO's proposal that only slow DR that is on a supply plan may count for local RA. As stated in PG&E's previous comments, PG&E makes these resources available to the market through its daily reports and market bids. The issue of how DR resources count for RA is up to the California Public Utilities Commission (CPUC), and this change is premature prior to a CPUC decision in the CPUC's Track 2 proceeding.

There is also value in what the resource provides in 20 minutes as it is ramping to full output and that quantity should also be captured. Accordingly, PG&E recommends CAISO work with stakeholders on a proposal to estimate the ramping value of resources (i.e., the ramping value of PG&E's Base Interruptible Program in 20 minutes which participates as Reliability Demand Response Resource) and approach to counting these resources for local RA.

Additional comments

Please offer any other feedback your organization would like to provide on the PDR-RA Clarifications initiative.