

COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON THE DR BARRIERS PRESENTATION OF APRIL 8, 2009

The Alliance for Retail Energy for Retail Energy Markets (AReM)¹ is please to provide comments on the April 8, 2009 presentation of potential barriers affecting demand response (DR) in California. AReM understands that the CAISO will consider these comments in preparing its report on DR barriers, which is scheduled to be issued on April 24th.

Comments on Specific Slides

1. Slide 24 — This slide title says it identifies barriers to growth of the Curtailment Service Provider (CSP) and Electric Service Provider (ESP) programs, but the text says nothing about ESPs. The issues listed in bullets 1 and 4 also apply to ESPs and the report should make that clear. In addition, the report should note that the current suspension of the direct access market stymies the development of DR programs by ESPs, which is a significant DR barrier.
2. Slide 33 — The current CAISO DR rules were developed for customers connected at transmission-level voltages. The report should state that these rules should be re-evaluated and revised to address customer participation primarily at distribution-level voltages.
3. Slide 37 — The discussion about the proposed requirement that ESPs/CSPs meet IOU cost-effectiveness rules (in CPUC Proceeding R.08-01-025) should be deleted from this section (“Operation and Settlement Barriers”) and moved to “Regulatory Barriers,” which discusses the cost-effectiveness requirements (see Slide 28).

General Comments

1. Use of Term “Hybrid Market” — This term has been used commonly in California to describe the current generation market, in which utilities may build and own their own resources in competition with independent power producers. You use the term differently. To avoid confusion, we suggest that you use a different term to explain the demand response market in CA.
2. Administrative Rule Requiring One Scheduling Coordinator/Meter — This CAISO rule is a barrier to direct participation by DR providers and customers. This rule should be mentioned under “Operation and Settlement Barriers.”

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in California’s direct access market. These comments represent the position of AReM, but not necessarily that of any particular member or any affiliates of its members with respect to the issues addressed herein.

3. Need to Provide Information on Proposed Solutions and Timetable for Implementation — The April 8 presentation was basically a laundry list of issues/barriers affecting DR in California. We have no information on which of these issues/barriers the CAISO believes to be most critical, nor on the CAISO's proposed solutions and timetable, as required by FERC Order 719. AReM is concerned that the CAISO plans to move forward with its filing to FERC without effective stakeholder review or engagement on these issues.

Submitted On Behalf of AReM by:

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