

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking To Enhance the
Role of Demand Response in Meeting the
State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 13, 2013)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

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I. Introduction

Pursuant to the March 23, 2016 Assigned Commissioner's Ruling directing activities in response to the Aliso Canyon Storage facility (Aliso Canyon) leak, the California Independent System Operator Corporation (CAISO) hereby files comments regarding the April 4, 2016 proposal (Proposal) submitted by Southern California Edison Company (SCE).

II. Discussion

The CAISO applauds the Commission's efforts to boost demand response capabilities in areas affected by limited availability of Aliso Canyon. Demand response programs with adequate performance characteristics can play an important role in maintaining electric reliability in Southern California. In general, the CAISO believes that SCE's Proposal is appropriate and should help the CAISO address operational challenges that may occur due to limited availability of Aliso Canyon. The CAISO's comments on the Proposal address SCE's recommendations regarding procurement and prioritization of demand response resources to meet identified reliability risks.

A. Need for Fast-Responding Resources.

The CAISO appreciates that the Proposal recognizes that an auction for new resources to address summer 2017 reliability risks "should focus on fast-response resources that can help reduce the CAISO system needs for intra-day incremental gas generator dispatch."¹ The CAISO agrees that SCE should prioritize procurement of fast-responding resources because longer-starting resources are not likely to address the real-time operational challenges and the limited flexibility of gas-fired generation units caused by the loss of the Aliso Canyon facility.

¹ SCE Proposal, p. 17.

B. Need for Locationally Effective Resources.

The Proposal asserts that “[b]ecause of the system-wide impact of the proposed limitations on the use of gas, efforts to enhance DR should not prioritize the geographic area covered by Aliso Canyon.”² The CAISO disagrees with this statement and asserts that demand response resources in the Los Angeles Basin should be prioritized. As noted in the April 5, 2016 Aliso Canyon Risk Assessment Technical Report³ (Technical Report) released by the CAISO and other stakeholder entities, the amount of gas curtailment that can be managed depends on a number of factors including “local transmission constraints within [CAISO]’s Southern California system and the amount of electric supply available that can use remaining transmission capacity between [CAISO] and neighboring balancing authority areas.”⁴ The Technical Report also found that:

Generating resources served by the Aliso Canyon gas storage facility represent almost 70 percent of the local capacity resources identified in [CAISO]’s 2016 Local Capacity requirements for the Los Angeles Basin...If these resources are limited or curtailed due to gas limitations, it may be necessary to interrupt electric load in the local capacity area to avoid cascading blackouts and maintain system reliability as required by NERC Reliability Standards.⁵

To best maintain reliability, SCE’s procurement should be targeted at the Los Angeles Basin to take the place of local generation that will potentially be unable to provide the necessary flexibility to respond to real-time operational needs. As a secondary matter, fast-responding demand response across the SCE and southern California footprints are generally helpful if the impact of gas curtailments are broader than just the Los Angeles Basin.

Respectfully submitted,

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² SCE Proposal, p. 3.

³ http://www.energy.ca.gov/2016_energypolicy/documents/2016-04-08_joint_agency_workshop/Aliso_Canyon_Risk_Assessment_Technical_Report.pdf.

⁴ Id. at 46.

⁵ Id. at 12-13.

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