



Date: November 12, 2008

To: Jim Price, California ISO

From: Roger Richter, California Hospital Association  
Anthony Moddesette, California Society for Healthcare Engineering

Subject: Comments of CHA and CSHE on Post-Release 1 MRTU Functionality for Demand Response

The California Healthcare Association (CHA) and the California Society for Healthcare Engineering (CSHE) are providing comments on Post-Release 1 MRTU Functionality for Demand Response because demand response is an important issue for the healthcare industry. Demand response is important for all customer classes across the state whether bundled or direct access. We are concerned that the CAISO's proposal for Dynamic Demand Resources (DDR) will not provide the proper foundation for demand response in California and will shift costs between customers.

DDR is the venue for future participation of demand in the more lucrative capacity and ancillary service markets. Energy only programs by nature have a limited amount of incentive. That incentive level is not enough to get the demand response that is needed in California. Programs that allow the additional attributes of load response to be monetized need to be available if California is going to meet its demand response and other public policy goals. Without an attractive CAISO framework these programs will never develop.

The DDR framework is flawed and will not provide the level of incentives that are needed in California. These flaws have been identified by at least TURN, CLECA, CMTA, EUF and AReM. Those oral and written comments are incorporated by reference.

The CAISO needs to change the proposed course. Although we believe that effective demand response programs are needed as soon as possible, either the filing of a proposal needs to be delayed and adequate time be given to fully discuss all the issues with DDR or the filing should only address Proxy Demand Resources and a DDR plan should be filed at a later date. The necessary deliberations need to include all the ESP and end user representatives, including those that represent the issues of concern to CHA and CSHE.

CHA and CSHE do not have the resources to participate in CAISO issues on a daily basis, but CAISO issues are important to us. On key formation issues and CAISO governance issues we have provided input in the past and hope to continue in the future. We thank you for the opportunity to comment. If you have any questions, please contact Roger Richter at (916) 552-5750 or [rrichter@calhospital.org](mailto:rrichter@calhospital.org), or Tony Moddesette at (530) 749-4388 or [tmoddesette@frhg.org](mailto:tmoddesette@frhg.org).



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