

Stakeholder Comments
 Commitment Cost Enhancements Phase 3 (CCE3)
 Revised Straw Proposal, Nov. 3, 2015

Submitted by	Company	Date Submitted
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The California Large Energy Consumers Association (CLECA) provides these brief comments on the Revised Straw Proposal in the Commitment Cost Enhancements Phase 3 (CCE3) stakeholder process. CLECA's comments focus on how the revised straw proposal would affect demand response (DR) integrated into the CAISO's markets as a Proxy Demand Resource (PDR) or as Reliability Demand Response Resource (RDRR).

The CAISO through this proposal is planning to eliminate the default treatment of PDR or RDRR as use-limited and instead will be requiring such resources to register at the CAISO to achieve such status. The documentation to date does not provide any clarity as to under which category PDR and RDRR would be deemed to be use-limited. Would tariff provisions for retail DR programs qualify as regulatory use-limited? Design use-limited? If a utility has a DR contract that specifies limitations on the amount a DR program can be dispatched, the CAISO position appears to be that it does not qualify as use-limited because the limitation is contractual. If such a contract was approved by the CPUC or another LRA, why would it not qualify as use-limited for regulatory reasons? It appears as though the definition of contractual has been developed on the basis of contracts for generation resources and those definitions may not fit DR well. We cannot support a determination that a use limitation approved by a regulatory agency for a resource is insufficient for that resource to be determined to be use-limited by the CAISO. CLECA strongly opposes this aspect of the Revised Straw Proposal; the final proposal should be revised to continue to allow RDRR and PDR to qualify automatically as use-limited where the contractual limitations of PDR and RDRR resources were approved by the CPUC or another LRA.

What documentation would be required for PDR or RDRR to qualify as use-limited? It appears that resources that are no longer going to be deemed use-limited on a default basis will have to register and provide some form of documentation. They will never have had to do this before. Furthermore, if, as discussed, they have to register in March 2016 before any tariff changes have been approved by FERC, will the registration requirements even have been decided? There appears to be a period of time contemplated during which existing, default use-limited resources will retain that status; how long would this period last and how would these resources be notified when they need to apply under the CAISO's proposed new qualification

process? New PDR resources are expected to be integrated into the CAISO's markets in 2016 as part of the DR Auction Mechanism and possibly additional integration will occur of existing utility DR programs. What rules will they have to follow? There is much uncertainty surrounding this proposal. If not removed as recommended above, the details of the proposal should be clarified in the next iteration of staff's proposal.

It is also not clear whether being defined as use-limited under the registration process makes PDR eligible for opportunity costs. We understand that RDRR is not permitted to have start-up and no-load costs, although it is our understanding that economic, as opposed to emergency, DR in PJM's markets is entitled to opportunity costs. The papers and the discussions to date do not provide clarity about whether PDR in the CAISO's markets can make a case for opportunity costs. CLECA asks that this too be clarified in the next iteration. We also seek to clarify that PDR will not now be subject to bid insertion or to offer price mitigation.

The CAISO stated on the November 8 call that it will honor the parameters of DR resources that are included in the master file. This should include the relevant use limitations, which are also permitted under the CPUC and CAISO RA requirements, i.e. dispatch for 4 hours per day for three days, after which an outage ticket may be submitted, and 24 hours per month unless the resources is willing and able to be dispatched more. This was all discussed in RS11.

The CAISO also stated that daily limitations are generally associated with monthly start limitations and that the latter are probably more restrictive. This is likely true for DR resources although it cannot be guaranteed.