

**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON THE
11/19/09 DRAFT TARIFF LANGUAGE FOR PROXY DEMAND RESOURCE (PDR)**

The Alliance for Retail Energy Markets (AReM)¹ has reviewed the draft tariff language and recommends the following clarifications.

1. **Demand Response Providers As Separate Entities (§ 4.13.1)** -- This section leaves the strong impression that Demand Response Providers (DRPs) are required to sign a separate agreement to participate at the CAISO as if they were a separate entity requiring some kind of registration. Also, the defined term in the definitions states that DRPs are required to execute the “applicable” agreement. I understand, however, that electric service providers (ESPs) wishing to set up their own PDRs and who are already their own Scheduling Coordinators (SCs) are not required to sign any additional agreement to become a DRP (except a PDR agreement). It would be good to clarify the specific requirements of a DRP.
2. **Submission of Estimated SQMD for Initial Settlement (§ 10.3.6.1)** – This section prohibits the submission of *estimated* settlement quality meter data (SQMD) for the initial settlements, which are based on T+5 meter data. This raises questions about how the initial settlements will be calculated for the load-serving entities (LSEs) associated with the PDR. If the CAISO plans to do no PDR-related calculation until both the LSE and the PDR submit real SQMD, then the CAISO should say so. Further, the CAISO should explain how the initial settlement would work for the LSE associated with the PDR and how it would be trued-up later.
3. **Adjusting LSEs’ Meter Data to Calculate Uninstructed Imbalance Energy (UIE) (§ 11.5.2.4)** – As AReM understands it, the CAISO calculates the PDR performance (the metered load drop adjusted through the baseline formula) and then adds this quantity to the associated LSE’s meter data for purposes of determining UIE. The tariff describes this process as adding the “Energy delivered by a Proxy Demand Resource” to the LSE’s meter data. This description is confusing and AReM recommends revising it. For example, the use of the defined term “Energy” does not describe what is delivered by the PDR, nor does it describe the process that must precede the LSE adjustment. In particular, the tariff makes no reference to the fact that the meter data from the PDR is adjusted by the baseline formula before being added to the LSE meter data.
4. **Requirement for Separate Submission of Meter Data** -- PDR meter data will be submitted in a completely separate process from the way meter data are currently provided to the CAISO. AReM recommends including this requirement in the tariff language because it differs from the requirements for submitting non-PDR meter data.

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¹ AReM is a California mutual benefit corporation formed by electric service providers that are active in California’s direct access market. The positions taken in this filing represent the views of AReM and its members, but not necessarily the affiliates of its members with respect to the issues addressed herein.