

**California Department of Water Resources State Water Project  
Comments to CAISO on Proxy Demand Resource Draft Tariff Changes**

Submitted December 1, 2009

The California Independent System Operator (CAISO) released their Proxy Demand Resource (PDR) Draft Tariff Language for the Fourth Replacement CAISO Tariff on November 25, 2009. In response to the proposed Tariff changes, the California Department of Water Resource State Water Project (CDWR-SWP) respectfully provides the following comments.

1. Open Ended Changes or Missing Changes

Many sections of the proposed Tariff changes contain a bracketed comment indicating “The CAISO may propose modifications to this Section in order to implement Proxy Demand Resource.” Will the CAISO allow Market Participants sufficient time for inspection and comment for any further changes that may be produced?

In Appendix A, Resource Location appears unmodified yet is listed in the PDR Table of Changes as being modified.

2. Equal Treatment

The additional Tariff language for Section 30.6 Bidding and Scheduling of Proxy Demand Resources, on Page 39, should be more generally defined to include Demand Response Services or products instead of only Proxy Demand Resources, especially when referring to treating Bids for Energy and Ancillary Services from such resources like Bids for Energy and Ancillary services from other types of generation resources.

3. Cost Recovery

The proposed Tariff changes are unclear as to how the CAISO will remain financially whole when paying a performing PDR at CLAP prices while only charging the underlying Demand for the PDR at DLAP prices, assuming a difference exists between these prices.