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News Release

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For more information, contact:

Stephanie McCorkle | smccorkle@caiso.com

Gregg Fishman | gfishman@caiso.com

ISO Board approves reliability demand response product

Provides opportunity to sell electricity demand curtailments into the ISO market

FOLSOM, Calif. – Reducing the demand for electricity at the right time can be just as effective for balancing the grid as increasing power supply. That concept is behind a reliability demand response product approved today by the California Independent System Operator Corporation (ISO) Board of Governors.

The new reliability demand response product integrates emergency-triggered retail demand response programs into the ISO market and operations. Many of these customers are enrolled in utility interruptible load programs that reduce demand for electricity under emergency conditions. Commercial or industrial electricity users typically received a reduced rate or incentive from the utility for joining such a program.

Under the proposal approved today, these programs will transition over a three year period into the ISO market. The program creates opportunities for customers and demand response providers to gain economic benefits from “selling” electricity demand curtailments through the ISO market. Emergency-triggered residential air conditioning cycling programs are also included.

“Currently we can only access those megawatts after we get into emergency conditions,” said ISO Vice President of Market and Infrastructure Development Keith Casey. “This new reliability demand response product works through our existing market structure and lets us use these resources prior to an ISO declared emergency.”

The new demand response concept arose from a multi-party agreement approved by the California Public Utilities Commission (CPUC.) The agreement reduces the amount of emergency-triggered demand response that can count as resource adequacy capacity, and transitions emergency-triggered programs into economic-triggered demand response programs, a policy that has been encouraged by the ISO and the CPUC.

“The CPUC Staff believes that this integrated process is an excellent example of inter-agency coordination to maintain short- and long-term reliability,” said CPUC Legal Counsel for Demand Response Elizabeth Dorman.

The Board approval today clears the way for the ISO to file the proposal with the Federal Energy Regulatory Commission (FERC). Pending FERC approval, the ISO anticipates implementing the new product in spring of 2012. More details can be found in the ISO [memo to the Board](#).

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California ISO Media Hotline | 888.516.6397

151 Blue Ravine Road | Folsom, California 95630 | www.caiso.com

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