

January 15, 2016

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER06-615-000
Public Version of Annual Report Evaluating Demand Response
Participation in the CAISO for 2015**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”)¹ submits this annual report evaluating demand response participation in the CAISO for 2015 (“2015 Annual Report”), pursuant to the Commission’s June 25, 2007 order in this proceeding² The CAISO submits two versions of the Annual Report – a public version that redacts privileged information and a privileged version containing no redactions.³ Due to technical difficulties, the CAISO is submitting the Annual Report after 5:00 p.m. EST on the due date. The CAISO regrets any inconvenience this may have caused.

The information provided in the 2015 Annual Report covers the period from January 1 through November 30, 2015 (“Reporting Period”). Each of the CAISO’s previous annual reports on demand response participation has also covered the period from January 1 through November 30 of the subject year. This is because, to produce the annual report, the CAISO must cull, correlate, and organize information compiled mainly from a larger pool of underlying data in the CAISO’s settlement system, and all settlement data elements for December are not available in time for the CAISO to include them in the annual report due in January. Notwithstanding these time constraints, each annual report reflects data for the large majority (11 of 12 months, or 92 percent) of the year.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff.

² See *California Independent System Operator Corp.* 119 FERC ¶ 61,313, at P 226 (2007). The CAISO has filed annual reports on demand response participation each January since that order was issued.

³ The CAISO requests privileged treatment of the privileged version of the 2015 Annual Report pursuant to section 388.112 of the Commission’s regulations (18 C.F.R. § 388.112), because the report contains commercially sensitive data regarding participation in the CAISO market.

I. Summary of the CAISO’s Demand Response Programs for the Reporting Period

The CAISO operated two demand response programs during the Reporting Period: a participating load program and a proxy demand resource program. Participation in each program is summarized below.

A. Participating Load

For the Reporting Period, there were [REDACTED] active participating load resources associated with large pumping resources registered in the CAISO Master File⁴. These participating load resources can be broken down as follows:

Market Participant: California Department of Water Resources State Water Project

No. of resource IDs: [REDACTED]

Market Participant: San Diego Gas and Electric

No. of resource IDs: [REDACTED]

These participating load resources represent an aggregation of pumps; they have been aggregated into separate participating load “facilities” for scheduling and settlement purposes.

B. Proxy Demand Resources

For the Reporting Period, there were [REDACTED] active proxy demand resources registered in the CAISO Master File. These proxy demand resources can be broken down as follows:

⁴ These [REDACTED] participating load resources are unique, non-pumped hydro storage facilities. This report follows the CAISO’s previous annual reports in not including data for pumped hydro storage facilities. As the CAISO explained in the first annual report (submitted in this proceeding on January 25, 2008), the reason for this approach is that pumped hydro storage facilities operate differently from traditional demand response resources, in that pumped hydro storage facilities affirmatively schedule and increase load as well as provide load curtailment. The CAISO believes that this report’s focus on traditional demand response resources results in more meaningful content, because the reported information can be more meaningfully compared with information for other regions and organized markets, which was a primary purpose for implementing the reporting obligation.

Market Participant: Pacific Gas and Electric Company
No. of resource IDs: ■
Market Participant: San Diego Gas & Electric Company
No. of resource IDs: ■
Market Participant: Southern California Edison Company
No. of Resource IDs: ■
Market Participant: Olivine, Inc.
No. of Resource IDs: ■

Each of these ■ proxy demand resources represents an aggregation of retail service accounts assembled into ■ resource for scheduling and settlement purposes.

C. Reliability Demand Response Resources

For the Reporting Period, there were ■ participating reliability demand response resources registered in the ISO Master File. These reliability demand response resources can be broken down as follows:

Market Participant: Southern California Edison Company
No. of Resource IDs: ■

Each of these ■ reliability demand response resources represents an aggregation of retail service accounts assembled into ■ resource for scheduling and settlement purposes.

II. Non-Spinning Capacity Awards and Payment from Demand Response Resources

In the CAISO's wholesale market, market participants can choose to bid ancillary services (such as non-spinning reserves), or to self-provide them. Market participants that choose to bid ancillary services are paid at the ancillary service market clearing price. Accordingly, the CAISO makes payment to them for the ancillary service capacity type that was offered and accepted. Market participants that fulfill their ancillary service obligations by self-providing effectively receive an offset of their ancillary service obligations. The offset reduces or eliminates the quantity of ancillary service capacity that they must procure from the market.

TABLE 1a - Non-Spinning Reserve Capacity Awards and Payment*			
Total non-spinning capacity bid (MW)	Total non-spinning capacity awarded (MW)	Total non-spinning capacity payments (\$)	Total non-spinning capacity self-provided (MW)
■	■	■	■

* These values represent cumulative totals based on all demand response resources.

TABLE 1b - Spinning Reserve Capacity Awards and Payment*			
Total spinning capacity bid (MW)	Total spinning capacity awarded (MW)	Total spinning capacity payments (\$)	Total spinning capacity self-provided (MW)
■	■	■	■

A. No-Pay for Unavailable Non-Spinning Capacity from Demand Response Resources

No-pay is a settlement mechanism to encourage resources, both generators and demand response resources, to keep awarded ancillary services available for CAISO dispatch by following dispatch instructions and avoiding uninstructed deviations. When triggered, the no-pay mechanism results in the rescission of payment for the provision of spinning reserve or non-spinning reserve when the ancillary service becomes either undispachable capacity, unavailable capacity, undelivered capacity, or, in certain circumstances, unsynchronized capacity subsequent to the ancillary service award for such ancillary services and the CAISO payment for the services. A portion of the total non-spinning capacity awarded to demand response resources may be rescinded

through the no-pay settlement mechanism during the Reporting Period. Table 2 below summarizes the total MW and dollar amounts associated with these rescission results.

TABLE 2 - Summary of Unavailable Non-Spinning Capacity		
Total non-spinning capacity awarded and self-provided (MW)	Total non-spinning capacity unavailable subject to the no-pay provision (MW)	Total non-spinning capacity payment rescinded subject to the no-pay provision (\$)
█	█	█

B. Real-Time Energy and Payment from Demand Response Resources

To meet its real-time reliability needs, the CAISO dispatches real-time energy from dispatchable demand response resources when it is economic to do so, based on the submitted bids that the scheduling coordinator has submitted to the CAISO for demand response resources. A demand response resource can bid to curtail energy. Pursuant to CAISO real-time dispatch instructions, a demand response resource is paid for the amount of energy the resource is instructed to curtail. This is analogous to the CAISO paying a generator to increase output relative to the resource’s scheduled energy amount. Any deviations associated with the CAISO’s real-time dispatches (*i.e.*, under-deliveries or over-deliveries) are settled with the demand response resource as uninstructed energy. Table 3 below summarizes the total MW amounts associated with net settlement of the CAISO’s instructed and uninstructed energy for dispatches to decrease consumption during the Reporting Period.

TABLE 3 - Decrease Energy Dispatches - Real-Time Energy and Settlement Summary				
Total real-time energy offered (MW)	Total no. of dispatches (events)*	Total real-time instructed energy (MW)	Total real-time energy delivered (MW)	Total energy settlement payments to demand response resources (\$)
█	█	█	█	█

**Where dispatches equal to or greater than 0.015 MW, in any interval, are aggregated by trading hour.*

C. Real-Time Energy Dispatch Detail for Demand Response Resources

See table attached to Privileged version of filing.

III. Communications

Correspondence and other communications regarding this filing should be directed to:

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 15th day of January 2016.

ls/ Martha Sedgley

Martha Sedgley