

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U39E) for Approval of Demand Response Programs, Pilots and Budgets for Program Years 2018-2022.	Application 17-01-012 (Filed January 17, 2017)
And Related Matters.	Application 17-01-018 (Filed January 17, 2017)
	Application 17-01-019 (Filed January 17, 2017)

COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON THE PROPOSED DECISION RESOLVING REMAINING APPLICATION ISSUES FOR 2018-2022 DEMAND RESPONSE PORTFOLIOS AND DECLINING TO AUTHORIZE ADDITIONAL DEMAND RESPONSE MECHANISM PILOT SOLICITATIONS

I. Introduction

Pursuant to Rule 14.2 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits these comments on the proposed decision issued in this proceeding on October 25, 2018 (Proposed Decision). The CAISO’s comments are limited to the Proposed Decision’s clarification that the CAISO can use reliability demand response resources (RDRR) anytime within a Warning Stage event.

II. Discussion

The CAISO supports the Commission’s clarification that the CAISO can use RDRR “anytime within the Warning Stage, in the case of In-Market dispatch and Out-of-Market or exceptional dispatch.”¹ The CAISO notes that its current tariff section 34.7(13) states that that RDRR will be eligible for dispatch “(a) after issuance of a warning notice and immediately prior to a need for the CAISO to attempt to obtain assistance from neighboring Balancing Authorities or imports; (b) during stage 1, stage 2, or stage 3 of a System Emergency; or (c) for a transmission-related System Emergency.” The CAISO will seek to modify this tariff section to allow the CAISO to make RDRR eligible for dispatch after issuing notice of a Warning Stage

¹ Proposed Decision, p. 39.

event.

For clarity, the CAISO notes that the impact of this change will be to allow the release of RDRR into the CAISO's bid stack upon declaration of a Warning Stage event. As a result, RDRR will be available for dispatch through the CAISO's market optimization at a bid price of 95%-100% of the bid cap (currently \$950-\$1,000) per the settlement agreement.² Thus, RDRR resources are not dispatched during a Warning Stage event unless prices reach this high bid price. However, if a situation or emergency threatens system reliability that cannot be addressed by the real-time market optimization or system modeling, then RDRR resources may be exceptionally dispatched per the settlement agreement and CAISO tariff.³

III. Conclusion

The CAISO appreciates the Commission's efforts to refine and improve the use of demand response resources to meet the state's reliability need and policy goals. The CAISO looks forward to working with the Commission to continue making improvements as the state continues its efforts to reduce greenhouse gas emissions from the electric sector.

Respectfully submitted

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² Commission Decision (D.) 10-06-034 adopted a settlement agreement detailing of the dispatch requirements for RDRRs.

³ CAISO Tariff section 34.11.1 and Commission Decision (D.) 10-06-034.