



Proxy Demand Resource – FERC Order

Margaret Miller
Manager, Market Design & Regulatory Policy
August 24, 2010

FERC conditionally accepted the ISO tariff provisions for PDR with some compliance provisions

- None of these issues to be resolved in compliance warrant a delay in implementation
- ISO has 60 days to comply
- Start date still August 10th!!

FERC ordered the following items be resolved in compliance:

- Perform study on the affects of PDR on the broader market
- Move baseline calculation into the tariff
- Revise sections 4.3 & 8.3 of the *pro forma* agreement
- Remove registration requirement for the LSE to approve or reject a PDR registration
- Revise tariff language related to suspension
- Provide tariff language that explains how the ISO will verify load curtailment for ancillary services and account for normal load variations

Response - Pro-Forma Agreement

- The language to sections 4.3 and 8.3 of the pro forma agreement has been revised as specified by FERC.
- The ISO has issued the original pro forma agreements for execution purposes to those Market Participants that had submitted an Information Request Form by July 12th.
- Market Participants should review and sign the pro forma agreement as soon as practical in order to participate on August 10th.
- Pro Form Agreement has been published on the CAISO website: <http://www.caiso.com/248e/248ec06314bd0.html>

Response –Registration Requirement

- Short Term Solution – validation rather than approval/rejection
 - Revise business process and use software as designed
- Long Term Solution – modify software to support process
 - Modify software to provide functionality that clearly support the newly defined LSE/UDC review process and actions associated with it.

Proxy Demand Resource (PDR)

Short Term Solution

- DRS approve and deny action will be used by LSE/UDC to signify completion of registration review process.
 - DRP submittal of registration will trigger review process for LSE, UDC and CAISO
 - A10 business day review period will continue to be enforced
 - LSE and UDC will continue to have two review decisions using current action functionality in DRS
 - DRS Approve Action = Review Complete with No Comments decision
 - DRS Deny Action = Review Complete with Comments decision
 - If deny action employed, LSE/UDC must provide comments for CAISO consideration.
 - CAISO will receive task and comments for final review and disposition
 - DRS deny action will continue to generate a task for the DRP, however, no action is required by them until CAISO final review.

Proxy Demand Resource (PDR)

Short Term Solution (continued)

- CAISO performs final review of DRP's registration detail to ensure completeness and accuracy.
 - DRS approve and deny decision will be made by CAISO to end review process.
 - DRS approve action by CAISO will result in DRP notification and receipt of PDR resource ID
 - DRS deny action by CAISO will result in an alert to the DRP and return of the registration to them.
 - DRP must update denied registration with necessary changes and resubmit for review.

Proxy Demand Resource (PDR)

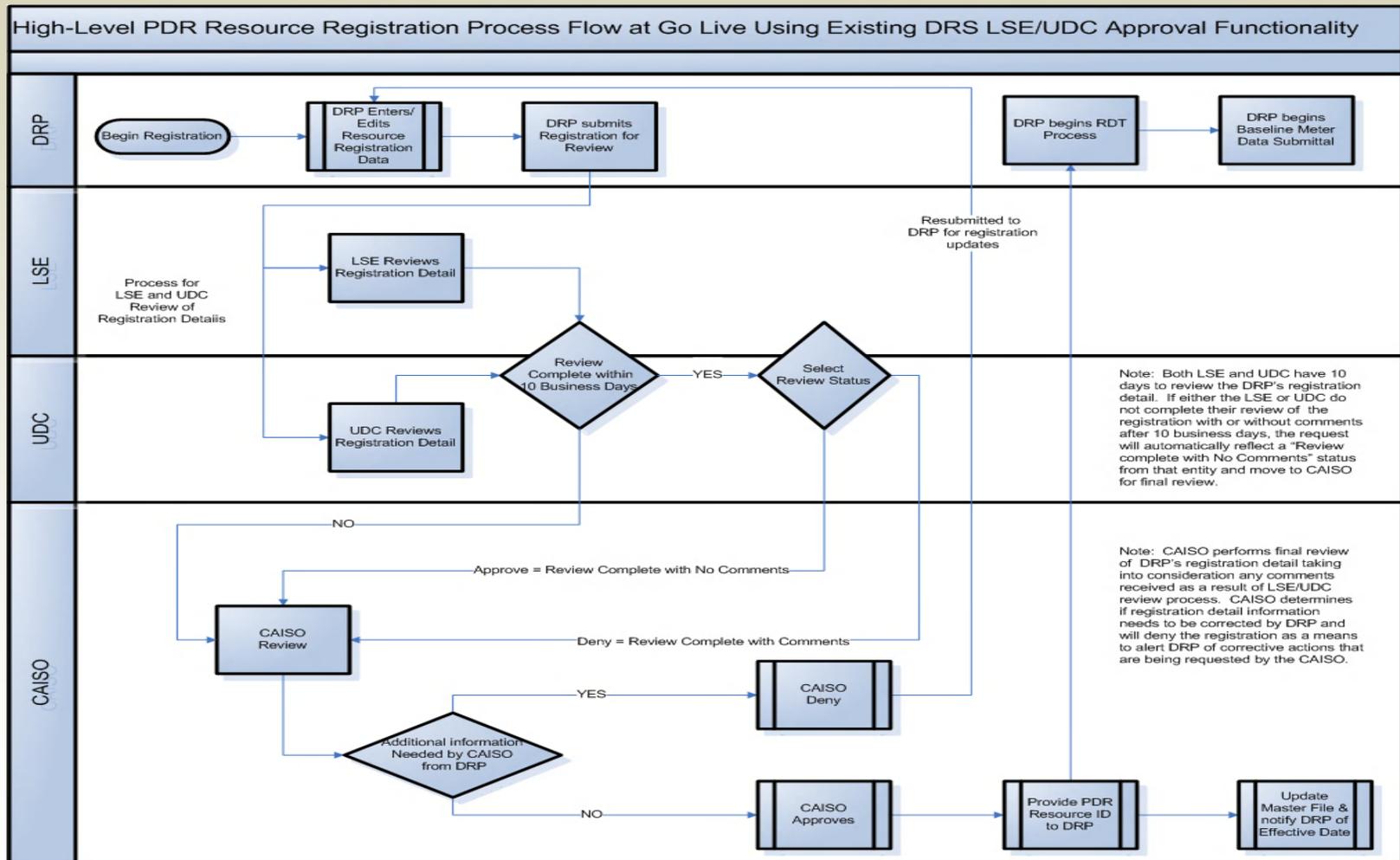
Short Term Solution

- Current review window for submitted registrations

The screenshot shows a web interface for reviewing PDR registrations. At the top, there are six tabs: Decision, Locations, Performance, Comments, Process History, and Data History. The 'Decision' tab is currently selected. Below the tabs, the interface is divided into several sections:

- Decision:** This section contains two radio buttons: 'Approve' and 'Deny'. The 'Approve' radio button is selected.
- Denial Reasons:** This section contains three checkboxes:
 - Incorrect information
 - Wrong LSE or UDC
 - Regulatory non-conformance
- Comments:** This section contains a large yellow text area with a vertical scrollbar on the right side, intended for entering review comments.

Proxy Demand Resource (PDR)



Proxy Demand Resource (PDR)

Long Term Solution

- Modify DRS to provide functionality that clearly support the newly defined LSE/UDC review process.
 - LSE and UDC given opportunity to review details of assigned registrations in DRS.
 - Ability through DRS to provide the CAISO comments on registration detail for final review and disposition
 - A “review complete” decision for LSE and UDC using modified action functionality in DRS allows for submittal of comments to CAISO during the registration review process window
 - Enforce 10 business day review period
 - No DRP tasks associated to LSE/UDE review decisions
- DRS approve and deny decision will be made by CAISO to end registration review process.

Proxy Demand Resource (PDR)

Long Term Solution

Mock Up of modified DRS window for LSE/UDC Review Decision.

Decision Locations Performance Comments Process History Data History

Decision: Review Complete

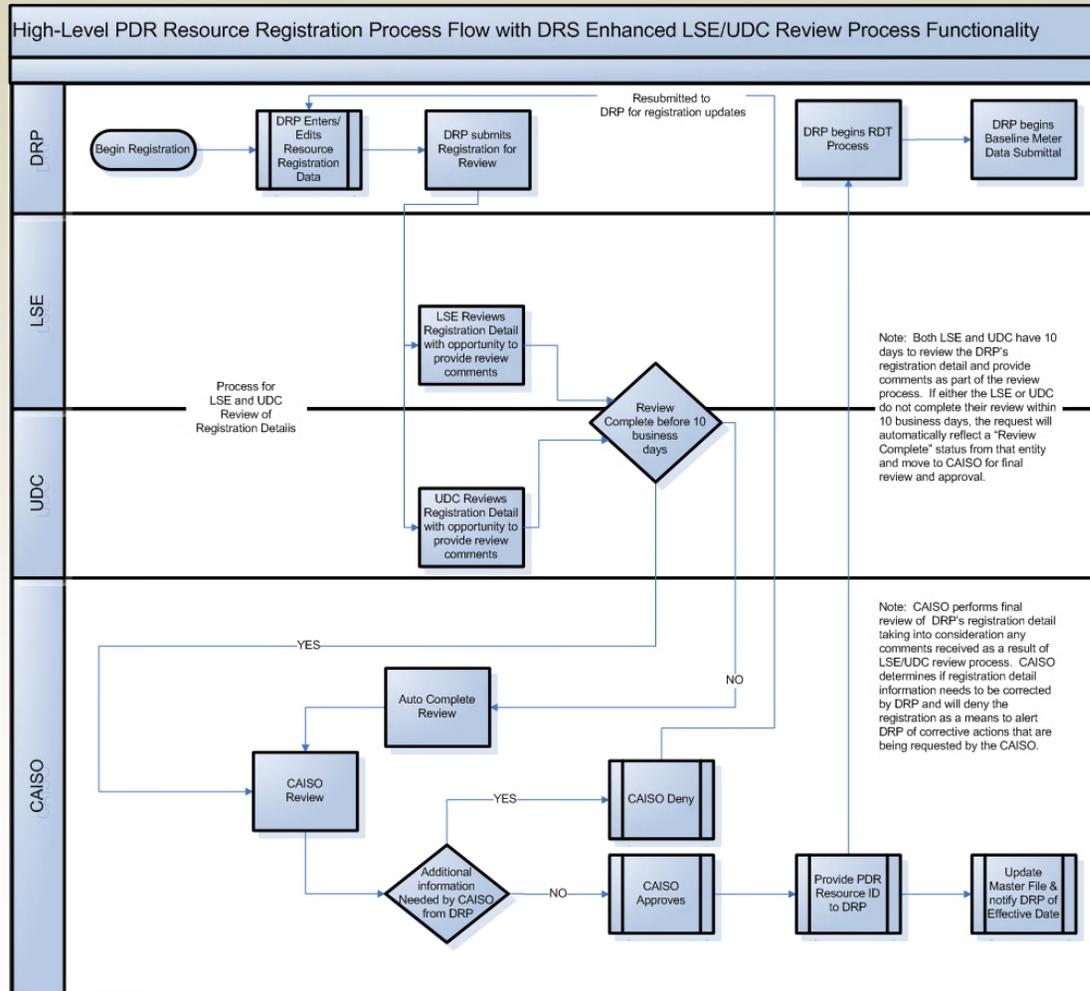
Review Findings:

- Incorrect information
- Wrong LSE or UDC
- Regulatory non-conformance

Review Comments:

All Locations in the registration details are not within the slap designated .
Location: 123 Main St. Folsom CA is not in the slap XYZ

Proxy Demand Resource (PDR)



Response - Suspension authority

- Tariff language regarding suspension must be revised, for example:
- Objectively identifiable behavior activity—i.e.. PDR resource is not paid when curtailment did not occur.
- Other situations- Behavior identified as a Market Violation will be referred to FERC for further investigation under our existing tariff
- ISO still evaluating how to revise tariff language to meet FERC directives while still maintaining the intent of the policy

Response – Verifying a PDR meets AS requirements

- Changes will be made to PDR No Pay Dispatch Performance calculation in DRS to account for normal hourly load variations.
- Example:
 - An AS dispatch event for 4 MW occurs in hour 1 and extends to hour 2.
 - Baseline indicates that PDR load is normally 3 MW lower in hour 2 when compared to hour 1.
 - PDR will have to reduce load 7 MW in hour 2 to receive a PDR No Pay Dispatch Performance that shows that 4 MW of AS was delivered in hour 2.