Stakeholder Comments

Slow Demand Respond Working Group held on October 4, 2017

Submitted by	Company	Date Submitted
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SCE herein comments on the presentation regarding slow demand response provided at the workshop held on October 4, 2017.[1] The CAISO released a series of questions seeking feedback from stakeholders; SCE addresses those questions, but first SCE has some observations regarding the direction of the initiative.

At the end of the workshop, the CAISO concluded the presentation with the proposal to re-open the settlement agreement governing the dispatch of Reliability Demand Response Resources (RDRR) resources due to the potential to create barriers to "pre-dispatch". The CAISO clarified the limitations for the CAISO under RDRR as follows:[2]

- Does not make sense to call a 'Warning" or 'Emergency State' in the day-ahead market so that RDRR can be "pre-dispatched"
- Calling a 'Warning' or 'Emergency Stage' sets off reporting requirements"

SCE supports the implied policy statement in the first bullet whereby demand response (DR) resources can respond to a day-ahead dispatch, or more specifically, have a day-ahead response requirement, and still receive local Resource Adequacy (RA) counting treatment. However, SCE also questions the logic of calling such a Warning/Emergency event on a day-ahead basis. The only scenario where a day-ahead warning/emergency call should happen is

[1] http://www.caiso.com/Documents/Presentation_JointISO_CPUCWorkshopSlowResponseLocalCapacityResourceAssessment_Oct42017.pdf

[2] CAISO October 4, 2017 Presentation, slide 68.

significant transmission and generation outages, and/or loads approaching the 1-in-10 levels (i.e. a combined scenario approaching the 15% Planning Reserve Margin levels). This type of situation is being actively discussed in the resource planning process in the Santa Barbara/Goleta area. In this circumstance, RDRR resources may be called by the CAISO or SCE grid operators, and a Warning/Emergency declaration would be the appropriate vehicle to call upon the RDRR portfolio.

SCE does not support the second bullet whereby the CAISO cites "reporting requirements" as the reason for reopening the settlement. While SCE understands and sympathizes with the CAISO in terms of reporting requirements, this reason is not compelling. As a regulated utility in California, SCE is aware of how much staff time it takes to provide documentation to regulators; SCE would be happy to assist the CAISO with its reporting requirements with respect to SCE resources.

Based on recent history, such contingencies are not called very often, hence reporting after-the-fact information should not be overly burdensome. The RA planning process and the CAISO market design generally work well to keep the grid stable with respect to the number of resources available for dispatch. The dispatch on May 3, 2017 is a great example of the value of DR in response to system reliability events. When the CAISO call was received, SCE dispatched nearly every demand response resource in its portfolio that was available (integrated and unintegrated). In follow-up calls with CAISO operations staff, SCE received feedback that its DR resources performed exactly as hoped, with good timing, and SCE received further thanks for the expedient support provided by CAISO staff.

Finally, SB 350 aims to increase cost-effective demand response by 2030. It would be counter-productive to discontinue local RA counting of SCE's demand response megawatts due to a reporting requirement. Moreover, the solid performance of demand response on May 3 to help solve the Stage 1 emergency further supports the use of cost-effective demand response to meet the State's energy policy goals.

Responses to CAISO's Comments Template:

1. The ISO noted that the Settlement Agreement prevents it from "pre-dispatching" Reliability Demand Response Resources (RDRR). Is there anyone interested in opening the Settlement Agreement? If so, what do you think should change?

SCE is not interested in opening the Settlement Agreement at this time. SCE may consider supporting opening the agreement if it is necessary to achieve the objectives set forth in SB350 by increasing demand response programs or their quantity. In this situation, SCE would want to see clear reasons why changes are needed to achieve more demand response.

2. During the workshop California Large Energy Consumers Association (CLECA) and Southern California Edison (SCE) referred to a pilot that creates new day ahead RDRR bidding options. Would such a pilot help provide more RDRR into the market either as "fast" RDRR or help to "pre-dispatch" it? If not, in what way might it inform approaches to these challenges?

The pilot as it is being currently conceptualized by SCE would provide RDRR megawatts into the Day Ahead (DA) market as an economic resource. These megawatts would be responding to DA economic signals in the market such that if a contingency event can be predicted by DA pricing that meets the level of dispatch for these resources, then one could classify the activity as one of 'pre-dispatch'. SCE is also exploring the ability of some RDRR resources, which may have economic dispatch capabilities, to be registered as a PDR and participate as "fast" resources.

3. Currently, slow response resources may be "pre-dispatched" in the day-ahead timeframe. The ISO is developing policy to also "pre-dispatch" in the real-time timeframe via the Contingency Modeling Enhancements stakeholder initiative. Aside from this effort, do stakeholders have any other ideas about how the "pre-dispatch" can be accomplished in a shorter timeframe?

From a customer impact perspective, SCE supports "pre-dispatch" options that would happen closer to the real-time timeframe, as they would reduce the need for, and frequency of, pre-contingency dispatches. This in turn would preserve the resources for when they're truly needed, and limit negative impact to customers. However, SCE does

not agree that the Contingency Modeling Enhancements is the best option for possible pre-dispatch as it could lead to unnecessary DR calls.[3]

4. CLECA proposed in a CPUC rulemaking (A.17-01-012) that all IOUs should offer a Base Interruptible Program (BIP) 15 minute option, in addition to the existing 30 minute options. What are the barriers to this option, for instance the "excess energy penalty?" How can they be overcome? What options might exist for BIP customers that cannot meet a 15 minute response time?

   SCE has a BIP-15 program that offers incentives and penalties reflective of the commitment customers make to respond within 15-minutes. SCE customers who cannot operationally meet a 15 minute response time are enrolled in the 30 minute option or can adjust the firm service level to reflect the remaining load that cannot be curtailed within the 15 minute timeframe to avoid excess energy charges.
   SCE has also proposed using the BIP-30 resources' actual ramp rate to calculate program megawatts that meet fast dispatch (e.g. "20-minute") requirements to the CPUC and the CAISO for consideration. From SCE's experience in dispatching BIP resources, it is evident that customers participating in the BIP-30 program can provide significant megawatts within the 20 minute timeframe.

5. During the workshop it was stated that other ISOs (NYISO was referenced) fall below their operating reserves several times a year. What are NYISO's reporting requirements and are they different than CAISO's when calling a Warning or Emergency for access to RDRR?
   No comment.

[3] See SCE's comments on contingency modeling enhancements.

SCE provides the following additional comments on the workshop

1. **The CAISO and IOU Studies Confirm the Value of DR Resources to Meet Local Needs**

A key takeaway from the studies presented at the October 4th workshop is that the analyzed "Slow DR" resources have the basic requirements to meet the Local Capacity needs; specifically, they generally have the sufficient dispatch availability to meet the potential Local Capacity needs even in a 1-in-10 year scenario. The challenge, as identified in the workshop, is in operationalizing this, and bridging the gap between the contractual / tariff availability of these resources, and the practical limitations in dispatching them (e.g. dispatching "slow" reliability resources prior to a contingency occurring).

2. **SCE Supports Further Evaluation of the Intertie Bidding Construct for PDR**

SCE appreciates having additional options for bidding PDR resources into the market, and looks forward to further exploring the CAISO's proposal. Applying the Intertie Bidding construct to PDR resource may help continue the CPUC, CAISO and stakeholder efforts to reduce integration barriers for DR resources.

SCE would like to understand the reason(s) behind the CAISO's removal of language defining slow vs. fast response using the fifteen minute intertie bidding protocols on slide 62 and deletion of slide 64 of the presentation materials on October 10, 2017.