

## **SCE consolidated comments on the CAISO Draft Final Proposal For the Design of Proxy Demand Resource (PDR) dated April 22, 2009**

The CAISO Draft Final Proposal for the Design of Proxy Demand Resource (PDR) dated April 15, 2009 does an excellent job of articulating the many complex issues related to PDR.

As stated in the document, a stakeholder process will continue through August 2009 to determine requirements and business processes as they relate to the design of PDR. SCE looks forward to participating in the stakeholder process and believes a more thorough understanding of the design and schedule for the stakeholder process would help participants prepare for and best contribute to a productive and timely design effort.

SCE continues to be concerned with the apparent priority of the May 2010 deadline over thoroughness for implementing the proposed CAISO enhancements. SCE reiterates our position that the CAISO should take the necessary time to resolve these issues in a thorough and thoughtful manner to develop appropriate processes and systems to ensure market integrity.

For example, the settlement issue has many differing viewpoints about how the demand response is measured or base-lined and how both the LSE and CSP will be compensated for their participation in a fair and equitable manner through a settlement process. Developing stakeholder consensus around these issues is vital to ensuring a successful PDR market.

Some of the more detailed aspects of the PDR proposal will also need to be understood. For example, the Market Operations Business Practice Manual indicates that Ancillary Services are bid, dispatched and settled using "Ancillary Services Regions." These regions may be distinct and separate from the DLAP/SLAP/CLAP topology that CAISO intends to use to bid, dispatch and settle energy. If Ancillary Service Regions do not coincide with SLAPs, SCE will need to understand how CAISO proposes to reconcile the two topologies for a PDR resource providing Ancillary Services which is bid and settled at the CLAP.

As a minor typo, the diagram on page 15 states "Consider a specific Sub-LAP where there are two Local Capacity Areas." but the diagram labels show a DLAP with two LCAs. Either the sentence or the labels should be corrected.

SCE is encouraged by the stakeholder process that has resulted in the CAISO Draft Final Proposal for the Design of PDR. We look forward to continuing this collaborative effort as PDR is refined into an operational MRTU market product for Demand Response.