Stakeholder Comments Template

PDR - Resource Adequacy Clarifications Initiative

- Effective Flexible Capacity Value for Proxy Demand Resources Initiative Issue Paper and Straw Proposal
- Slow Demand Response RA Enhancements

This template has been created for submission of stakeholder comments on the Proxy Demand Resource (PDR) – Resource Adequacy Clarifications Initiative web conference that was held on April 3, 2020. The meeting material and other information related to this initiative may be found on the initiative webpage at: http://www.caiso.com/StakeholderProcesses/Effective-Flexible-Capacity-Value-for-Proxy-Demand-Resources

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on April 17, 2020.

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<tr>
<th>Submitted by</th>
<th>Organization</th>
<th>Date Submitted</th>
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<tbody>
<tr>
<td>Wei Zhou (<a href="mailto:wei.zhou@sce.com">wei.zhou@sce.com</a>)</td>
<td>Southern California Edison</td>
<td>April 17, 2020</td>
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Please provide your organization’s comments on the following topics and indicate your organization’s position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please provide examples and support for your positions in your responses, as applicable.

1. **Removal of requirement to conduct tests to set Effective Flexible Capacity for PDRs**

   Please provide your organization’s feedback on the proposal to continue with the current practice of setting a PDRs EFC using the general formula under tariff section 40.10.4.1(a)

   SCE supports the removal of random testing to set Effective Flexible Capacity (EFC) for Proxy Demand Resources. The CAISO proposed to remove the tariff requirement of random tests in setting EFC values for PDRs, in light of the current waiver of the
requirement to expire on August 1, 2020\(^1\). The CAISO proposed to amend the tariff to reflect the continuation of calculating PDR EFCs using the general formula, also described in the tariff (Section 40.10.4.1 a). The CAISO also proposed to establish or extend currently available unannounced testing provisions to PDR resources with an established EFC value and must offer obligation provisions for the PDR resources (e.g., 5-min bidding). SCE believes that the CAISO proposal is reasonable and generally supports this proposal, specifically, applying a general formula, coupled with unannounced testing, to calculating a PDR’s EFC value.

2. **Provision for unannounced testing at CAISO discretion**

Please provide your organization’s feedback on the proposal for CAISO to maintain the option to perform unannounced testing of PDRs providing flexible resource adequacy capacity.

See comments above.

3. **Clarification of 5-minute dispatchability and MOO for PDRs providing flexible resource adequacy.**

Please provide feedback on what your organization may want to see clarified in business practice manuals or user guides relating to the requirements for the provision of Flex RA from PDRs.

SCE supports the clarification of 5-minute dispatchability and MOO for PDRs providing flexible RA.

SCE requests that the CAISO clarify whether a resource of less than 1 megawatt (MW) of qualifying capacity (QC) would continue to be exempted from resource adequacy availability incentive mechanism (RAAIM) charges; and if so, whether this would create any concern for the CAISO for resources that can be either aggregated or disaggregated. According to the CAISO 2020 EFC list, there are many PDR resources with an EFC value at or below 0.99 MW\(^2\);.

4. **Slow Demand Response Update**

Please provide your organization’s feedback, if any, on the policy update discussion for the Slow Demand Response initiative.

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\(^1\) The CAISO Issue Paper/Straw Proposal, at 6.

SCE opposes parts of the CAISO’s initiative on slow Demand Response (DR). In the CAISO’s Slow DR update, SCE disagrees with the CAISO’s definition of “Slow” and “Fast” DR, specifically on the inclusion of the word “fully”. Stating that a resource is fast only if it can “fully” respond within 20 minutes would result in inappropriately diminishing the value of a DR resource. By this narrow definition, a 100 MW resource that can deliver 99 MW in 20 minutes, and 100 MW in 21 minutes would be considered “slow” under the CAISO’s definition and proposal. This approach undervalues fast and reliable DR resources, such as SCE’s Base Interruptible Program (BIP), where under the “30 minute” option, subscribed customers have consistently delivered significant DR load reduction within the first 20 minutes. This is conceptually the same as a ramp rate on a gas fired unit, where it takes some time to get to full output. SCE recommends that the CAISO define “Fast” DR resources as those than can substantially perform within 20 minutes. The specific MW counting could be based on the 20-minute capability (e.g. the sample 100 MW resource above would count for 99 MW toward meeting local reliability requirements).

SCE also recommends that the CAISO clarify the settlement prices of the pre-dispatched DR; would pre-dispatched DR settle at the Day-Ahead (DA) Locational Marginal Price (LMP), at the 15-minute market (FMM) LMP, or at some other price. In either case, SCE assumes that these dispatches would be subject to standard Bid Cost Recovery rules. During CAISO’s slow DR presentation, CAISO also advocated for changes in DR treatment and RA counting and the inclusion of integrated DR resources on load serving entities’ (LSEs) supply plans. It is unclear how DR RA counting and the inclusion of DR on supply plans correspond to the CAISO’s slow DR initiative. The CAISO claimed that this would provide them with the necessary information of what DR resources are available for dispatch. Investor Owned Utilities are already subject to the CPUC’s Least Cost Dispatch requirements and DR bifurcation; therefore, all integrated DR resources are available to the CAISO for dispatch. In fact, CAISO’s own report noted that non-Supply Plan DR have had a better performance record than the third party DR shown on the Supply Plans.\(^3\) As shown in Figure 1.16 of the report, supply-plan PDRs performed in the 0-35% range in 2018, while non-supply-plan PDRs performed in the 40-90% range! Furthermore, in addition to the market bids, the IOUs also send daily Excel reports to the CAISO planners and market operators on the availability and dispatched DR MW for both supply-side and load modifying resources. It is unclear what additional information the IOUs could provide to help the CAISO maintain the reliability of the system. SCE already bids all but one of its DR programs\(^4\) into the CAISO wholesale energy market – including these resources on the Supply Plan would not provide incremental information about the amount of DR available, nor would these changes increase the reliability of the grid.

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\(^4\) SCE’s Critical Peak Pricing (CPP) Program is not bid into the CAISO wholesale energy market and is treated as a load-modifying program under the CPUC’s bifurcation policy.
SCE recommends the CAISO refrain from these unwarranted RA counting comments as part of its slow DR initiative, as they are distracting from the relevant issues at stake.

Additional comments
Please offer any other feedback your organization would like to provide on the EFC Value for PDRs initiative.

SCE does not have additional comments at this time. SCE will provide additional comments when further information at a later time is available.