

Charter for
Supply Resource Demand Response Integration Working Group

V7

July 25, 2014

1. Purpose of Working Group:

The purpose of the Working Group is twofold: 1) to identify areas where requirements for integration of supply resources demand response into CAISO markets are adding significant cost and complexity, to determine whether these requirements can be simplified or changed without creating operational problems, to prioritize these possible changes, and to resolve them; and 2) to identify program modifications and operational techniques to make demand response programs more suitable and successful as supply resources. This is not a policy group but a technical group to discuss IT, systems, and operational matters.

2. Products:

- a. The first Working Group product should be a list of areas for change, priorities, proposed solutions (both from a CAISO perspective and from an IOU program redesign perspective) and a time-line for resolution.
- b. The output of the Working Group will be input into IOU demand response applications, CAISO stakeholder processes, resource adequacy proceedings, long term procurement proceedings, possible review of Rule 24/32 requirements adopted by the CPUC and other possible proceedings as appropriate.

3. Structure:

The Working Group will consist of members of the staffs of the investor-owned utilities (IOUs), demand response providers (DRPs), CAISO, and CPUC, as well as other load-serving entities (LSEs), customer representatives, and public interest groups, if interested. All members should be conversant in the technical aspects of integration of demand response into CAISO markets, Rules 24/32, and resource adequacy requirements.

4. Governance (process and principles):

Process: The group should focus on: 1) technical solutions and processes that may decrease the cost and complexity of integration of DR into the CAISO markets, and 2) program design changes or technology solutions that reduce the complexity and cost of integration. While the CAISO is the ultimate entity to approve changes to its requirements, the group should collaborate to find mutually-acceptable solutions.

5. Schedule:

The Working Group should begin meeting by September 2014, with the intention of developing a list of proposed changes, priorities, and a time-line by mid-year 2015, at which time the Working Group will have no additional tasks unless further agreed by the Working Group

members based on experience in 2015. While this time frame precedes a decision in Phases 2 and 3 of R. 13-09-011, discussion to date shows consensus on a number of issues. Since solutions will take time, in order to allow increased integration of DR into CAISO markets sooner rather than later, the group should start working before any December 2014 decision.

6. How results will be used:

The results should be used to inform future CAISO stakeholder processes addressing demand response integration issues and possibly to inform a future review of possible changes to Rule 24/32 or RA requirements. Proposed demand response program design changes will inform the IOUs' 2017-2019 demand response applications.

7. Prioritization:

The Working Group will establish its own priorities for reviewing the areas for possible change already identified and developing new ones. Based on work to date, the following areas are good initial candidates for possible change and additional items will be considered by the group. To the extent that some issues involve policy considerations or policy changes, the Working Group will identify and prioritize but not address such issues:

- a. automating CAISO resource registration and updates (includes bulk-loading registrations and functionality to update existing PDRs)
- b. reconsidering the requirement that each resource must contain customers from a unique LSE
- c. reconsidering of the requirement for LSE approval for utility and non-utility DRPs to bid load of customers into CAISO markets
- d. business systems automation for verifying that no load participates in more than one resource
- e. creating functionality for changes to RDRR locations during the year, at least on a monthly basis, and proposals that qualifying capacity changes of RDRR be accounted for in RA showings per rules established in CPUC RA proceeding for CPUC-jurisdictional LSEs
- f. creating of CAISO stakeholder process to consider adding functionality for constrained or discrete dispatch option for marginal dispatch of DR
- g. automating support of baseline and performance requirements, e.g. for partial dispatch of PDR over monthly use limitations
- h. implementation of statistical sampling rules
- i. creating CAISO stakeholder process to address near real-time data requirements, including exploration of use of AMI local network, KYZ pulse output, and 3rd party systems; may involve review of 1-minute requirement
- j. program dispatch automation
- k. enhanced forecasting techniques and methodologies
- l. tailored program offerings (one size does not fit all) and incentive structures
- m. Consider way to reduce constraints imposed by the 100 kW minimum resource requirement by sub-LAP and LSE. Explore alternatives such as combining LSEs in a single registration or combining sub-LAPs if and where operationally acceptable. Also consider how to better integrate LCAs and SubLAPs.

