

Subject: Tariff Modifications to Implement Proxy Demand Resources

Submitted by	Company	Date Submitted
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General Comments

EnergyConnect appreciates the opportunity to comment on the CAISO's proposed tariff modifications to add Proxy Demand Resources (PDR) to the CAISO's markets. The observations and suggestions that follow are based on our review of the redlined tariff pages contained in <http://www.aiso.com/246b/246b7d812b000.pdf> that were initially posted prior to November 19, 2009 and were posted again on November 25 to include a Pro Forma Demand Response Provider Agreement. We did not attempt to review other sections of the tariff to determine whether changes other than those proposed by the CAISO would be required.

We would like the CAISO to provide any other proposed changes in connection with placeholder notes (for example, Sections 8.10.8.1 and 8.10.8.2) as soon as possible.

Specific Comments

- 1) The defined term Demand Response Application refers to a software system that is apparently designed to capture information about each demand resource. We recommend this term be changed to "Demand Response Registration System" or some similar term that cannot easily be confused with a document the CAISO might require at some point from aspiring Demand Response Providers.
- 2) The notion of a Demand Response Service appears to be in conflict with a Proxy Demand Resource. Moreover, Proxy Demand Resource appears to be a more appropriate term everywhere Demand Response Service appears. For example, in Section 7.1.3 (f), dispatch instructions typically apply to resources, not services. We recommend the definition of a Demand Response Service be eliminated and Proxy Demand Resource be used in its place everywhere the term Demand Response Service appears.
- 3) In Section 8.4.5 (page 14), the obligation to be capable of receiving communications from the CAISO should be limited to the times during which a resource submits bids that might require it to be dispatched. The 24 hour requirement makes no sense if the PDR (or any other resource, for that matter) is only going to be made available between 7 AM and 7 PM, for example.

- 4) In Section 8.9 (there may also be other places), which party bears the obligation if the owner and operator are different entities? There needs to be clarity around this point for PDR and for loads.
- 5) The language in Section 8.9.3.2 that allows the CAISO to issue a Dispatch Instruction and requires the operator to provide a report regarding the capability of a PDR is ambiguous and likely not a reasonable way to conduct tests. If, as stated in Section 6.3, Demand Response Providers are responsible for carrying out dispatch instructions, then test dispatch instructions should be issued to the Demand Response Provider rather than the owner or operator. Tests should be conducted by issuing dispatch instructions and observing meter data or telemetry.
- 6) In the discussion regarding settlement quality meter data that begins in Section 10.3 (page 22), LSEs must provide either actual or estimated meter data within 5 days, but Demand Response Providers or their Scheduling Coordinator cannot provide estimated meter data. It's not entirely clear that a) Demand Response Providers must provide actual meter data within 5 days, or b) what the consequences are if they don't. Some additional clarity on this point would be helpful. It would also be helpful to clarify precisely which entity – Demand Response Provider or Scheduling Coordinator – is responsible for providing the CAISO with settlement quality meter data rather than leaving the responsibility vague.
- 7) The language in 11.6 is not clear. The CAISO should be settling for each Proxy Demand Resource based on a comparison of metered Load and the Customer Baseline. We suggest this paragraph be changed to read, "Settlements for Energy provided from Proxy Demand Resources will be determined by comparing each Proxy Demand Resource's metered Load with its Customer Baseline as established in accordance with the CAISO's applicable Business Practice Manuals."
- 8) In Section 16.5.1 (pages 37 and 38), Demand Response Providers should be changed to Proxy Demand Resources if it is the resource that's required to comply rather than the entity. Some clarity on this point would be helpful.
- 9) In Section 30.6 (page 40), the Day-Ahead Energy Market and the Real-time 5-minute markets are not the same. We recommend the language here be clarified.
- 10) The definition of Customer Baseline should be changed to note that it is an estimate of a PDR's Load assuming it is not dispatched.
- 11) The definition for Proxy Demand Resource Uninstructed Deviation Amount for Energy on page 62 refers to a section 11.6.1.1 that is not included in the markup.
- 12) In section 3.2.1 of the Pro Forma Proxy Demand Resource Agreement, it seems a little unusual to condition a party's right to cure a default on whether it is "capable of being remedied". We suggest removing this particular condition because it appears to provide the CAISO with a unilateral and commercially unreasonable right to determine whether an event of default can be remedied.
- 13) In general, Section 3.2 of the Pro Forma Proxy Demand Resource Agreement implies that once it signs this agreement a Demand Response Provider assumes an indefinite, open-ended financial obligation. We recommend instead that the CAISO place a commercially reasonable, bilateral time limit on any new financial obligations of no more than two

years from the date of termination. This means that a Demand Response Provider's obligation to assume new payment obligations would end two years after the termination date and its right to be paid as a result of new payment obligations imposed on others would also end two years after the termination date.

- 14) In Section 4.1 of the Pro Forma Proxy Demand Resource Agreement, we recommend the first sentence be changed to read, "...the Demand Response Provider shall provide the CAISO with all relevant technical and operational information requires by the Demand Response Application for each Proxy Demand Resource that it owns, operates or to which it has a contractual entitlement." Moreover, stakeholders have agreed that UDCs and LSEs need to be able to verify certain information provided to the CAISO by Demand Response Providers, but UDCs and LSEs should not have the ability to approve or disapprove a customer's participation in the CAISO's markets as a Proxy Demand Resource (or as part of a Proxy Demand Resource). Accordingly the last sentence of this section should be changed to read, "The CAISO will maintain the required technical and operational information, which has been verified by the appropriate Load Serving Entity and Utility Distribution Company...".
- 15) Section 4.3 of the Pro Forma Proxy Demand Resource Agreement appears to shift the burden of proof in FERC's directive regarding the role of local regulatory authorities. We would like the CAISO to explain its rationale for requiring Demand Resource Providers to certify that they have obtained the approval of local regulatory authorities. We would also like the CAISO to explain how this apparent representation and warranty differs from the provisions of Section 8.

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