California ISO | WESTERN ENERGY IMBALANCE MARKET (WEIM)

Decision on reliability demand response resource (RDRR) enhancements – Phase 2

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Management proposes two changes to the RDRR real-time market rules

1. Ensure that real-time market respects the maximum number of times a discrete RDRR can be dispatched per day
2. Allow discrete dispatch RDRRs to register up to 100 MW in size, or larger if they meet certain criteria

RDRR Background

- The ISO implemented the RDRR product in its market in 2012 as a result of a multi-party settlement approved by the CPUC to integrate utility retail emergency triggered demand response programs into the ISO market
- The settlement also allowed utilities an option to specify that the ISO could only dispatch an RDRR to its full load reduction
  - In the ISO's market this is represented as the "discrete" dispatch registration option and is the focus of the proposed enhancements discussed today

2021 Summer Readiness Enhancements

- The Final Root Cause Analysis of 2020 events found that RDRRs were manually dispatched out of market by the ISO system operators versus through the “market” as originally envisioned.
- As a result, in its 2021 Summer Readiness initiative, the ISO modified its tariff so that RDRRs could be more optimally dispatched by the market.
- Utilities highlighted that there was potential for market dispatches to not respect the number of RDRR starts per day.

The first change management proposes addresses the number of RDRR shut downs per day

The ISO proposes to fix the issue of market dispatches moving discrete RDRRs between on and off states by:

1. Modifying the operating range of the resource to prevent its movement to zero without recognizing it as a shutdown
2. Modeling a cost to the resource's modified minimum operating level

Management proposes changes to the discrete cap

The ISO is proposing to increase the discrete RDRR cap from 50 MW to 100 MW

- Increasing the cap is enabled by the first enhancement
  - This allows for better alignment between what the market prices versus what it schedules, eliminating any material imbalance
- This addresses a long-standing utility request to increase the discrete cap

RDRRs above 100 MW must apply for an exception and will be evaluated by the ISO

Any RDRR larger than 100 MW may apply for an exception. These resources must submit an affidavit as a part of the Master File registration process that attests:

- The RDRR is located at a single site;
- The RDRR load cannot be safely or operationally split;
- The RDRR does not have the ability to operate continuously based on the source of load providing curtailment; and
- To the type of load or technology providing load curtailment during RDRR events.

Stakeholders largely support the proposed change to RDRR bidding requirements

- Utilities, demand response providers, and DMM support the ISO's RDRR Bidding Enhancements Track 2 proposals
- DMM further recommends the ISO allow continuous RDRR to reflect a minimum load cost in a future RDRR initiative

Management requests the ISO Board of Governors and Western EIM Governing Body Approve Management's proposed RDRR bidding enhancements to

1. Ensure that real-time market respects the maximum number of times a discrete RDRR can be dispatched per day
2. Allow discrete dispatch RDRRs to be up to 100 MW in size, or larger if they meet certain criteria