TURN wishes to comment briefly on recent developments with respect to the integration of Demand Response (DR) resources into CAISO markets. TURN was alarmed by the initial presentation of the CAISO's planned DR models (PDR and DDR) at the November 5, 2008 stakeholder meeting, as indicated by the comments filed on our behalf by JBS Energy, Inc. on November 12.

Subsequently, TURN has participated in the working group lead by Muir Davis of Southern California Edison and is pleased to report that we are very impressed by the alternative Proxy Demand Response (PDR-A) proposal being developed by that group. In particular, TURN is supportive of the approach that "unbundles," for purposes of scheduling and settlement, the DR offered by a Curtailment Service Provider (CSP) for a particular Custom Aggregation Group (CAG) from the load scheduled by the customers' Load Serving Entity (LSE). We support the concept of continuing to schedule and settle all LSE loads at the LAP level, while scheduling and settling the DR provided by CSPs at the CAG level (as a proxy generator), and suggest that this approach solves a number of thorny problems with the CAISO's proposed approach to PDR and DDR. This model also eliminates the potential gaming and perverse incentive problems identified in our November 12 comments. Indeed, TURN believes that gradual evolution of the PDR-A model can ultimately provide the same benefits that the CAISO hopes to achieve with DDR, with far less cost and hassle. At the same time, the principle that all loads are priced at the LAP level would be preserved.

Accordingly, TURN urges the CAISO to embrace the PDR-A model being developed in the working group as its preferred approach to the integration of DR into MRTU.

Thank you for the opportunity to present these comments.

MIKE FLORIO for TURN