



# Decision on the Reliability Demand Response Product

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# Proposal addresses long standing concerns with emergency demand response programs.

- Emergency demand response programs can only be utilized under extreme conditions but account for a significant amount of resource adequacy requirements (nearly 4%).
- Dispatching these resources outside of ISO markets and systems can suppress price signals.

*CPUC initiated a settlement proceeding as part of its demand response efforts to address these concerns.*

# The settlement resolved these concerns and defined requirements for reliability demand response product.

- Limits the quantity that can satisfy the resource adequacy requirement to 2% of the ISO all-time system peak.
  - Transitions from the current ~4% to the 2% limit as follows:

RA Qualifying Emergency Demand Response		
2012	2013	2014 & Beyond
3%	2.5%	2%

- Allows emergency resources to be available at a Warning Notice in advance of a Stage 1 or Stage 2 emergency.

# Proposal integrates the reliability demand response product into the ISO market dispatch.

- Product can be offered by any demand response provider
- Eligible to set the locational marginal price
- Like a generator, dispatched by location and MW quantity
- Enables economic energy bids in the day-ahead
- In real-time, bids limited to ISO bid cap and 95% of bid cap
- Sets availability limits of 15 times and/or 48 hours per term

# Proposal helps complete package of solutions for wholesale market demand response

## Proxy Demand Resource

- Integrates Price Responsive Demand Response

## Participating Load

- Integrates Pump Storage Resources

## Wholesale Demand Response

## Reliability Demand Response

- Integrates Emergency Demand Response

## Future Enhancements

- Load providing Regulation
- Participating Load refinements
- SCP for DR resources

## Management requests Board approval for the reliability demand response product.

- Integrates retail emergency-triggered demand response programs into ISO markets and operations.
- Enables the value of emergency-triggered demand response resources to be reflected in the ISO market .
- Fulfills the terms of the CPUC approved multi-party settlement agreement.
- Widely supported by stakeholders.