

## Stakeholder Process: Reliability Demand Response Product

### Summary of Submitted Comments

**Stakeholders submitted four rounds of written comments to the ISO on the following dates:**

- Round One: Initial design concepts, 06/24/10
- Round Two: Straw Proposal, 08/12/10
- Round Three: Draft Final Proposal, 09/20/10
- Round Four: Revised Draft Final Proposal, 09/29/10

**Parties that submitted written comments:** Calpine, California Department of Water Resources, California Public Utilities Commission - Division of Ratepayer Advocates, Dynegy, EnergyConnect, EnerNOC, Pacific Gas & Electric, San Diego Gas & Electric and Southern California Edison

**Parties that participated in meetings or conference calls:** (All the parties above), Customized Energy, Modesto Irrigation District, Turlock Irrigation District, City of Anaheim, Olivine, JP Morgan, WAPA, Powerex, RTO Advisors, California Public Utilities Commission, APX

**Stakeholder comments are posted at:** <http://www.caiso.com/27f4/27f476832fc20.html>

**Other stakeholder efforts included:**

- In-person working group meetings to discuss product design concepts, 06/10/10 and 06/18/10
- In-person stakeholder meeting to review straw proposal, 08/05/10
- Working group conference call to discuss refinements to the product design outlined in the straw proposal, 08/17/10
- Stakeholder conference call to review draft final proposal, 09/13/10

Management Proposal	CDWR	Calpine (Generator)	Dynegy (Generator)	DRA (Ratepayer Interests)	PG&E (IOU)	SCE (IOU)	SDG&E (IOU)	EnergyConnect (Demand Response Provider)	EnerNOC (Demand Response Provider)	Management Response
Product availability limits of 15 events and/or 48 hours per 6 month term	No Comment	No Comment	No Comment	No Comment	Generally support; OK with 48 hours; would prefer 12 events vs. 15 events	No Comment	No Comment	No Comment	Supports	The settlement agreement recognizes that these resources have limited availability. Availability limits proposal is generally supported by stakeholders.
Minimum resource size limit of 500 kW (100 kW on an exception basis)	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment	Opposed; feels 500 kW is too high; OK with min being 100 kW	It is very challenging to manage many small resources; thus, the need for a larger minimum resource size requirement. However, the ISO will consider approving smaller resources on an exception basis, down to 100 kW.
Performance Incentive	Supports	Neutral; should be subject to SCP incentive payments and penalties	Generally supportive; but SCP is likely a better fit	No Comment	Oppose; high imbalance energy prices provide sufficient incentive and inconsistent with adopted settlement	Oppose; should be considered under SCP	Oppose; should be addressed in SCP initiative and outside of settlement	No Comment	Generally supportive of concept	The ISO desired a product feature that would award and penalize based on a resource's performance. This was largely opposed by stakeholders with the predominate suggestion being to address resource availability through the ISO standard capacity product initiative.
Day-ahead and real-time participation (dual participation capability)	No Comment	No Comment	No Comment	No Comment	Strongly supports	No Comment	Neutral; utilities can manage	No Comment	Strongly supports	This capability satisfies the settlement agreement by aligning product functionality with retail emergency demand response program design features.
Exceptional Dispatch	No Comment	Oppose; Must always contribute to LMP price formation	No Comment	No Comment	Oppose; need clear operational mechanisms for dispatch	No Comment	No Comment	No Comment	No Comment	Certain stakeholders did not want these resources to be exceptionally dispatched for any reason. The ISO opposed this limitation as it could not forego its authority to exceptionally dispatch resources that could help stabilize the system if for some reason the market or other ISO systems fail to dispatch these critical resources.
Set the locational marginal price	No Comment	Strongly support	Strongly support	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment	Allowing these high value resources to set the locational marginal price is a key feature of this product. This is supported by stakeholders.

<b>Management Proposal</b>	<b>CDWR</b>	<b>Calpine (Generator)</b>	<b>Dynegy (Generator)</b>	<b>DRA (Ratepayer Interests)</b>	<b>PG&amp;E (IOU)</b>	<b>SCE (IOU)</b>	<b>SDG&amp;E (IOU)</b>	<b>EnergyConnect (Demand Response Provider)</b>	<b>EnerNOC (Demand Response Provider)</b>	<b>Management Response</b>
Real-time energy bid submission requirement of 95% of the bid cap up to the bid cap	Supports	Supports	Supports	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment	This bidding requirement ensures that these high value resources cannot set a low locational marginal price and negatively impact prices during stressed system conditions. This requirement is not opposed by stakeholders.
Discrete dispatch capability	No Comment	No Comment	No Comment	No Comment	Strongly supports	No Comment	No Comment	No Comment	No Comment	This feature is supported by stakeholders and eases the integration of certain retail demand response program types that require a discrete dispatch.