

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
California Independent System Operator Corp.
Docket Nos. ER11-3616-000 and
ER11-3616-001

November 18, 2011

Sean A. Atkins
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Dear Messrs. Atkins and Miliauskas:

On May 20, 2011, the California Independent System Operator (CAISO) filed tariff revisions to implement its Reliability Demand Response (RDR) proposal. On August 26, 2011, the Commission issued a letter notifying CAISO that its filing was deficient and additional information was necessary. On September 21, 2011, CAISO filed a response to that request. Please be advised that CAISO's submittal continues to be deficient and additional information is necessary to process the filing.

In order to better evaluate CAISO's proposal, staff requires that the following information be provided:

(1) CAISO states in its response to our original request for information that:

Reliability demand response resources will be subject to bidding and dispatch restrictions in the real-time market, where economic dispatch can only occur once real-time threshold operating conditions are met. Moreover, as discussed below, reliability demand response resources will

be subject to additional special dispatch rules to address abnormal system and system-modeling conditions.[¹]

CAISO's deficiency response describes both the "bidding and dispatch restrictions" and the "additional special dispatch rules" to which Reliability Demand Response Resources will be subject. However, CAISO does not describe the "threshold operating conditions" that must be met before economic dispatch can occur in real-time. Please describe these "threshold operating conditions." Please submit any necessary tariff revisions.

(2) CAISO states in its original filing that "energy dispatched in real-time from reliability demand response resources is only available for dispatch under specific conditions."² CAISO also states in its original filing that Reliability Demand Response Resources "are available for dispatch as specified in the ISO emergency operating procedures."³ It is unclear whether these "specific conditions" and these specifications in the emergency operating procedures are equivalent to the "threshold operating conditions" CAISO references in its deficiency response, discussed above. Please describe these "specific conditions" and specifications and their relationship to the "threshold operating conditions" mentioned above. Please submit any necessary tariff revisions.

Please submit seven copies of your response to the information requested within 30 days of the date of this letter. Submit six copies of your response to the following:

Federal Energy Regulatory Commission
Office of the Secretary
888 First Street, N.E.
Washington, DC 20426

¹ CAISO September 21, 2011 Deficiency Response at 2-3.

² CAISO May 20, 2011 Transmittal Letter at 16 (Transmittal Letter).

³ *Id.* at 16 n.42. *See also*, Reliability-Based Demand Response Settlement at 4-5, available at <http://docs.cpuc.ca.gov/efile/MOTION/114111.pdf> (stating that demand response resources will be eligible for dispatch once CAISO has issued a warning notice under its emergency operating procedures).

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Also, please send the seventh copy to Marion Whitaker (202-502-8264). Response to this letter will constitute an amendment to your filing, and a notice will be issued upon receipt.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this deficiency letter within the time period specified may result in an order rejecting your filing.

This order is issued pursuant to the authority delegated to the Director, Division of Electric Power Regulation – West, under 18 C.F.R § 375.307(a)(1)(v) and is interlocutory. This order is not subject to rehearing pursuant to 18 C.F.R § 385.713.

If you have any questions regarding this letter order, please contact Marion Whitaker at (202) 502-8264.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation – West

cc: All Parties

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