



California ISO
Your Link to Power

News Release

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California ISO opens market to new demand response product

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) further opened California’s power market to electricity customers, enabling them to compete alongside electricity suppliers. Beginning today, registrations are being accepted by the ISO for Proxy Demand Resources (PDR). Demand response providers can now bid electricity reduction capabilities into the ISO day-ahead and real-time markets as well as provide capacity in the ISO ancillary services (reserves) market. If dispatched, the provider would reduce electricity usage and receive payment similar to a power plant.

If dispatched, customers would reduce demand on the system by a specified number of megawatts. PDR is a flexible resource that enables all load types to participate in the ISO market, from aggregated residential loads to large industrial loads. The new PDR product will provide more choices and options for energy consumers to reduce costs and will help green the grid by assisting with the integration of renewable power.

“This is a clean, green energy product that allows consumers to sell energy consumption curtailments in our wholesale power market. In addition to helping meet peak demands, it can also be dispatched to help balance the swings in production associated with wind and solar generation,” said ISO Vice President of Market and Infrastructure Development Dr. Keith Casey. “Moreover, it is another step forward in meeting federal regulations that require us to put consumers and generators on equal footing.”

Traditionally, grid operators dispatch generators up or down to follow supply/demand fluctuations throughout the day. With more wind and solar power plants coming on line to meet the state’s renewables portfolio standards, a significant percentage of generation will also fluctuate. Wind power often produces at night when electricity demand is low—and is at low production in the afternoon when demand is higher. Demand resources give the ISO flexible load as another option in choosing the best way to keep supply and demand in balance.

The ISO ran market simulations for several months to get ready to dispatch the new market product. It will take about a month to process and verify the registrations before the ISO begins accepting bids and dispatching the new resources.

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The California ISO operates the state’s wholesale transmission grid, providing open and non-discriminatory access supported by a competitive energy market and comprehensive planning efforts. Partnering with more than 90 client organizations, the ISO is dedicated to the continual development and reliable operation of a modern grid that operates at the least cost to the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand. Recognizing the importance of global climate change, the ISO welcomes new, advanced technologies that will help meet the energy needs of 30 million Californians efficiently and cleanly. The ISO is a nonprofit public benefit corporation.