



California ISO
Your Link to Power

News Release

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California ISO opens new market to consumer power

California's new energy market is making it easier to tap into "people power" or consumer-controlled demand response and creating opportunities to sell that clean power. When it comes to keeping the power grid in balance, changing the demand for electricity works just as well as changing the supply and it spells savings for consumers as well. That's why the California Independent System Operator Corporation (California ISO) launched a pilot project today that allows consumers to offer up their demand for electricity the same way a power plant offers to produce more electricity.

"We are breaking down barriers for consumers to bid into our market in a unique way that allows retail customer electrical load to compete alongside conventional power plants to provide ancillary services (operating reserves) that act as standby power," said California ISO Vice President of Market and Infrastructure Development Laura Manz. "Just like a generator, these demand response resources are fully integrated into and visible through our automated energy management system and dispatched when needed."

Large water pumps operated by the state have long participated in the ISO energy market because the electricity-run pumps are easy to turn on and off when needed to help meet grid reliability needs. Now, through advanced metering and automation technology, the ISO is opening its market to a broad cross-section of residential and industrial customers so that they can bid into the ISO market in the same way. The three investor-owned utilities in California, in collaboration with the ISO, each developed demand response projects totaling about 13 megawatts of load curtailment capability dispatchable by the ISO.

Pacific Gas and Electric recruited large consumers, such as IKEA, that will offer to curtail the electricity used in their businesses. Southern California Edison enrolled Fort Irwin, a U.S. Army base near Barstow, which will reduce electrical load by cycling residential air-conditioning units. Finally, San Diego Gas and Electric is bidding into the ISO market by aggregating small commercial and industrial customer load.

"This pilot project will help the ISO and the utilities develop more effective demand response to the benefit of consumers and the power grid. We also expect to gather data that will help us deploy demand response to offset the fluctuations of wind and solar power production. After validating the results from this pilot, we will take the lessons learned to substantially increase the participation from demand response in the ISO market," said Project Manager John Goodin.

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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 not-for-profit public-benefit corporation.