



California ISO
Your Link to Power

News Release

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California consumers to compete alongside conventional power plants

FOLSOM, Calif. – Consumer-controlled demand response gains new access to California’s competitive energy market under a plan approved yesterday by the California Independent System Operator Corporation (the ISO) Board of Governors. The action creates a new “proxy” demand response product for energy and operating reserves that will be auctioned in the ISO wholesale electricity market. An estimated 500 megawatts of existing electricity load reduction or “negawatts” will help balance electricity supply and demand by summer 2010.

This zero-emission “people power” product includes smaller customers who agree to reduce consumption such as air conditioning, for limited periods and large commercial customers who shift their use or curtail consumption. “Expanded demand response products can play an important role in maintaining reliability, balancing the intermittent nature of wind and solar generation, reducing greenhouse gas emissions, and meeting summer peak demand,” said Vice President of Technology & Corporate Services and CFO Steve Berberich.

Demand response products already exist in California, mostly offered through local utilities. The Federal Energy Regulatory Commission Order No. 719 issued in October 2008 requires grid operators such as the ISO to enable demand response aggregators, also known as curtailment service providers, to act as a proxy to bid demand response on behalf of retail customers into organized electricity markets. In addition, the rules governing proxy demand response simplify forecasting and scheduling requirement for load serving entities to more easily allow customer participation. The ISO and its stakeholders developed the concept of proxy demand resources to meet regulatory mandates and address accounting issues.

Proxy demand response is not an all-encompassing product, but it is an initial step to provide options for demand response to participate as a resource in the ISO markets. The ISO intends to introduce demand response products in the future, as the wholesale markets evolve and the ISO and stakeholders identify additional needs and opportunities.

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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 non-profit public benefit corporation.