



Decision on Proxy Demand Resource

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Why do we need Proxy Demand Resource?

- Moves the ISO closer towards active demand response participation in markets
- Integrates existing price responsive retail demand response programs into ISO wholesale markets
- Removes barriers to participation for demand response
- Meets FERC regulatory requirements

Proxy Demand Resource satisfies stakeholders' request for a more flexible demand response product.

- Simplifies forecasting and scheduling requirements
 - Facilitates end use customer participation
- Allows retail demand response programs to participate in the ISO markets through a market bid
 - Eliminates manual processes

The ISO worked with stakeholders closely to develop key elements of proposal:

- Settle Proxy Demand Resource at the Custom-LAP
- Determine performance through a pre-determined baseline
- Enable participation in the day-ahead, real-time, and non-spinning reserve markets
- Validate demand response performance using metrics

While stakeholders generally agree with the proposal, a few cited these concerns:

- More rules around the registration of resources
- Need for minimum bid limits and revenue caps
- Implementation schedule considered aggressive

Management requests approval of the proposal.

- Is first step to increase demand response participation
- Has widespread stakeholder support
- Balances stakeholder needs and ISO requirements
- Meets FERC *Order 719* requirements
- Ensures fair market practices

Targeted for April 1, 2010 implementation