

## Stakeholder Process: Regulation Energy Management

### Summary of Submitted Comments

**Stakeholders submitted four rounds of written comments to the ISO on the following dates:**

- Round One: Renewable Integration: Market and Product Review Discussion Paper, 07/30/10
- Round Two: Renewable Integration: Market and Product Review Issue Paper, 10/18/10
- Round Three: Regulation Energy Management Straw Proposal, 12/01/10
- Round Four: Regulation Energy Management Draft Final Proposal, 01/07/11
- Round Five: Response to DMM Comments on Draft Final Proposal, 01/12/11

**Parties that submitted written comments:** A123 Systems, Beacon Power Corporation, California Energy Storage Alliance, Dynergy, ENBALA Power Networks, Pacific Gas & Electric, Powerex, Southern California Edison, and Western Power Trading Forum

**Parties that participated in meetings or conference calls:** (All the parties above), California Department of Water Resources, California Public Utility Commission, City of Anaheim, City of Riverside, Customized Energy, Edison Mission, KEMA, Megawatt Storage Farms, Modesto Irrigation District, San Diego Gas & Electric, Turlock Irrigation District, WAPA

**Stakeholder comments are posted at:** <http://www.aiso.com/27e3/27e3c4fbfbd0.html#28607cd936950>

**Other stakeholder efforts included:**

- In-person stakeholder meeting to review discussion paper, 07/16/10
- In-person stakeholder meeting to review issue paper, 10/05/10
- In-person Market Surveillance Committee meeting to review straw proposal, 11/19/10
- Stakeholder conference call to review draft final proposal, 12/21/10
- Stakeholder conference call to review revised draft final proposal, 01/20/11

Management Proposal	A123 (LESR)	Beacon (LESR)	CESA (LESR)	Dynegy (Generator)	Powerex (Importer)	PG&E (IOU)	SCE (IOU)	Management Response
Settlement of regulation energy and energy offset	Supports	Strongly Supports	Strongly Supports	Supports	No Comment	Supports	Supports	The settlement of regulation energy is the same for all resources. The energy offset including losses will receive the locational marginal price.
Capacity determined based upon 15 minute duration	Strongly Supports	Strongly Supports	Strongly Supports	No Comment	Does not support Recommends 30 minutes	Does not support Recommends further analysis	Neutral ISO should monitor for sustained events and have explicit tariff authority to simply not purchase REM in hours where it cannot perform the service being sold.	15 minutes is the minimum time necessary for the ISO to manage the resource's state of charge. The capacity determination is similar to market designs approved in other ISOs.
Ongoing monitoring of REM. If operational issues arise the ISO will propose changes to the design.	Supports	Strongly Supports	Strongly Supports	No Comment	Does not support ISO may not be able to acquire a high volume of regulation capacity in the real-time market.	Does not support REM should be a pilot	Supports	The ISO intends to monitor the operational performance of resources using REM and will determine if modifications are needed based on actual operating experience even at low penetration levels.
Eligibility to participate in REM based upon technical characteristics	Supports	Strongly Supports	Strongly Supports	No Comment	No Comment	No Comment	Supports But urges ISO to remain open to expanding to all resources in the future.	The qualification requirement is similar to the rule for multi-stage generation. The rule ensures that REM cannot be used for unintended purposes.
Rescission of regulation capacity payment when resource unable to respond to automatic generation control	Supports	Strongly Supports	Strongly Supports	No Comment	Supports	Neutral Seeks additional analysis	Supports	Comparable treatment between conventional generation and limited energy resources.

Management Proposal	A123 (LESR)	Beacon (LESR)	CESA (LESR)	Dynegy (Generator)	Powerex (Importer)	PG&E (IOU)	SCE (IOU)	Management Response
Pro-rata disqualification when RTD cannot meet energy offset	Supports	Strongly Supports	Strongly Supports	Neutral  Concerned resources that could have provided day-ahead regulation were displaced from doing so by resources providing REM	No Comment	Neutral  Seeks additional analysis	Supports	Recognizes that the real-time energy market is necessary to maintain the full regulation capacity. The pro-rata approach addresses concerns that scarcity pricing could be triggered if the total capacity from resources using REM had been disqualified.
Allow resources using REM to count towards spinning/non-spinning requirements	Supports	Strongly Supports	Strongly Supports	No Comment	Neutral  Seeks confirmation that rule will not impact reliability	Does not support	No Comment	The ISO manages regulation capacity that has counted towards spinning/non-spinning requirements under AGC. The ISO will monitor resources using REM operational performance during contingency events.
Resources using REM are not required to submit symmetrical bids	Supports	Strongly Supports	No Comment	No Comment	No Comment	No Comment	No Comment	The ISO procures different quantities of regulation up and regulation down. The ISO co-optimizes regulation, operating reserves and energy bids and there may be instance where a symmetrical award is not optimal.
Mileage payment is within scope of RI-MPR Phase 2	No Comment	Supports	Supports	No Comment	No Comment	No Comment	No Comment	Changes to overall regulation payment structure is within scope of Phase 2