

California Department of Water Resources State Water Project Comments on Draft Stakeholder Initiatives Catalog Revised Draft

December 4, 2012

California Department of Water Resources State Water Project (SWP) welcomes CAISO's continued effort to update the 2012 Stakeholder Initiatives Catalog reflecting policy changes, market design enhancements, and infrastructure planning processes. SWP appreciates the opportunity to provide comments to CAISO on the November 20, 2012 Revised Draft Stakeholder Initiatives Catalog.

1. Regulatory Must-Run Pump Load (Section 2.7)

The table (page 1 through page 3) excludes the initiative (2.7) Regulatory Must Run pump load. SWP provided its comment on this initiative stating the need to classify it as a non-discretionary item and reminding CAISO that CAISO had agreed in principle to provide higher scheduling priority for certain critical pumping facilities. This may not be ranked high by various stakeholders except SWP as the issue is primarily associated with SWP operations. As a result of ranking, it is not being considered a high priority issue despite the fact that ISO had initiated a stakeholder process to assign regulatory must run status to certain pumping facilities. SWP urges CAISO to reconsider this initiative, categorize it as non-discretionary, and restart the stakeholder process which began in December 2010.

2. Aggregated Pumps and Pump Storage (Section 11.5)

As indicated in comments to the previous version of the CAISO's 2012 Stakeholder Initiatives Catalog, SWP respectfully requests CAISO re-add Participating Load Enhancements (Section 3.12) with a level of priority reflecting long awaited improvements to provide additional flexibility and reduced barriers to Demand Response as directed by FERC for the SWP and Participating Loads. Rather than using products such as Proxy Demand Resource (PDR), as CAISO indicates in Section 11.5 of this revised draft catalog, SWP would appreciate CAISO providing focus and resources to address the capabilities of SWP facilities and implementing full functionality of Participating Load as it was envisioned before delays exacerbated by MRTU.

PDR was developed for retail level resources directly participating in the CAISO market to provide Demand Response services and not designed for use by wholesale pump load. PDR required a base line to calculate Demand Response amount for each resource. Due to primary water delivery requirements and additional regulatory restrictions SWP's facilities are not suited to provide a

consistent base line. This was affirmed by CAISO's filings in regards to FERC Order 745. PDR did not fully meet the needs for wholesale level resources such as Participating Loads participating in the market to provide Demand Response and Ancillary Services.

SWP requests CAISO to include the Participating Load enhancements in the 2012 stakeholder initiative catalog and designate this long overdue flexibility as non-discretionary within the Day-Ahead Market (Section 2), Real-Time Market (Section 3), or Other category (Section 11) as appropriate.