Comments of the California Large Energy Consumers Association
on the Reliability Services Initiative Second Straw Proposal

The California Large Energy Consumers Association (CLECA) provides these comments on the California Independent System Operator's (CAISO's) Second Reliability Services Initiative (RSI) Straw Proposal (Proposal), dated August 11, 2014. CLECA's comments on the Proposal focus on how it applies to demand response (DR), many aspects of which are unclear in the current draft.

Based on a conversation with Carrie Bentley, CLECA recommends that the next version of the Proposal explicitly clarify the following points:

- ✓ That PDR will not be treated as non-hydro and dispatchable use-limited resource per pages 67-68; rather, specific proposed provisions applicable to PDR will be included in the text and Appendix A in the next version.

- ✓ Whether the 5 peak hours during which the AIM offer requirement applies will be the same hours for the entire year or not;

- ✓ That upon reaching the use limit of 24 hours per month (i.e. through dispatch), an outage card can be submitted and the PDR resource would have met its must offer obligation and be exempt from the AIM for the rest of the month. An outage card can also be submitted for one day if the PDR resource has reached its limit of being dispatched 4 hours for 3 days.

- ✓ Where part of a resource can be dispatched more than 24 hours per month and another part cannot, it may be possible to put in a derate, but the derate mechanism must be developed, with appropriate consideration of baseline calculation issues;

- ✓ That PDR will not qualify for RUC, since RUC is a unit commitment tool with no Pmin; and

- ✓ That PDR resources have no market power and can offer at the price cap without mitigation.

These requested clarifications are each discussed briefly below.

PDR will NOT be treated as a non-hydro and dispatchable use-limited resource per pages 67-68. A future Proposal should include specific provisions for PDR in the text and in the table in Appendix A.

The relationship between availability and must offer requirements (AIM and MOO) is somewhat confusing. This is CLECA's understanding of the two obligations. If this is wrong, we request clarification in the next straw proposal.

Availability: PDR will be subject to the AIM. It will have to offer into the market at least during the 5 peak hours. It is unclear if these will be the same 5 hours for the entire year. Please clarify. Since the maximum use for PDR for system RA is 4 hours a day, the CAISO's optimization would select the best 4 hours. Since some PDR cannot start and stop without negative customer impacts, a minimum run time of 4 hours can be set. The AIM availability percentage (compared to 96.5%) is based on the amount of MW shown for RA value for eligible days of the month, subject to the use limitations. If the full PDR resource is bid in for the full 24 hours per month determining its QC, it would be considered fully available. Of course, if possible, it can be bid in for more hours.

Must-Offer Obligation: PDR will not initially have a Use Plan, although the CAISO may require one in the future. A PDR resource's monthly use limitation would be 24 hours per month. Since a monthly use limitation is not reflected in the Master File, once the use limit of 24 hours per month is reached (i.e. through dispatch), an outage card can be submitted and then the resource would have met its must offer obligation. It would also be exempt from the AIM for the rest of the month. An outage card can also be submitted for one day if the resource has reached its limit of being dispatched 4 hours for 3 days. This would also have no negative impact on availability for the AIM, although the resource would still have to be dispatched at least 24 hours in that month before submitting a monthly use limitation outage card.

If part of a resource can be dispatched more than 24 hours per month and another part cannot, it may be possible to put in a derate, but only if the base amount is determined in advance. Otherwise there would be a problem with the baseline calculations. The mechanism for a derate would have to be developed. The remaining resource once derated would still have to meet the 100 kW size limitation.

PDR will not participate in RUC since RUC is a unit commitment tool and it has no Pmin. Please clarify that this is the case. There would be no penalty for not bidding into the real-time market unless the PDR is providing flexible RA.

PDR would have no limitation on the price at which it is offered and could offer at the price cap. It is not subject to market power mitigation.