


PG&E Comments

Proxy Demand Resource Draft Tariff Language Modifications

Submitted by	Company	Date Submitted
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Pacific Gas & Electric Company (PG&E) appreciates the opportunity to participate in the process to develop the Proxy Demand Resource tariff language and to submit comments regarding the Draft Tariff Language Modifications provided by the CAISO on January 19, 2009.

PG&E believes this set of proposed tariff changes is an important step in encouraging the participation of Demand Response in the California Independent System Operator (CAISO) wholesale markets. PG&E looks forward to working with the CAISO to develop future changes to the tariff. PG&E offers the following comments arranged in three sections: 1) Suggested tariff Edits - High Priority, 2) Other Suggested Tariff Edits and 3) General Questions and Comments:¹

(1) SUGGESTED TARIFF EDITS – HIGH PRIORITY

PG&E believes that there could be potential gaming opportunities as a result of the interaction between the CRR allocation process and the dispatch of PDR.²

4.10.3.3 Proxy Demand Resources and the Congestion Revenue Right Allocation Process

Proxy Demand Resources are prohibited from acting as a source or a sink in any phase of the Congestion Revenue Right Allocation processes.

PG&E believes that it is important that LSEs and UDCs have the right to reject the registration of a customer service account that a DRP wishes to include in a PDR. However, PG&E understands that the LRA has jurisdiction over these issues and that the CAISO should not be involved in resolving potential disputes of this nature. We have proposed language that attempts to address this.

¹ Please note that PG&E's proposed changes to existing draft tariff language are represented by bold text.

² Section 4.10.3.3 does not currently exist in CAISO Tariff; we requests that this section be added to the tariff.

4.13.2 Requirements Applicable to Demand Response Providers and Proxy Demand Resources

*...Each Proxy Demand Resource is required to be associated with a single Load Serving Entity and ~~for~~ a single Utility Distribution Company. **Each Proxy Demand Resource** is required to be located in a single Sub-LAP. All underlying Locations of a Proxy Demand Resource must be located in a single Sub-LAP. The Meter Data for each Proxy Demand Resource will be metered Load data. Each Demand Response Provider is required to satisfy registration requirements and to provide information to allow the CAISO to establish Customer Baselines in accordance with the applicable Business Practice Manuals. **Registration of a Location for participation in Proxy Demand Resources requires the approval of the underlying Loads' Load Serving Entity and Utility Distribution Company. Disputes regarding the rejections of a registration of a Location shall be undertaken with the applicable Local Regulatory Authority and shall not be arbitrated or in any way resolved through a CAISO mechanism or process.***

PG&E believes that the CAISO will need to develop metrics to actively monitor the behavior of PDRs (as was stated in Section 4.7 of the CAISO's Draft Final Proposal)³; this will ensure the legitimacy of a PDR's load reductions. The CAISO should be allowed to investigate and suspend a PDR that (successfully or unsuccessfully) attempts to game the market.

30.6.3 Rescission of Payment and Suspension of Market Participation by a Proxy Demand Resource

The CAISO will monitor Proxy Demand Resources using metrics to determine if a Bid from a Proxy Demand Resource represents a deliberate adjustment of Load taken in response to a Dispatch Instruction. Failure in one or more of these metrics could result in a market study to determine if the Bid from a Proxy Demand Resource represents a deliberate adjustment of Load taken in response to a Dispatch Instruction. These metrics will include those listed in the Business Practice Manuals. In the event that the CAISO determines that a Bid for Energy from a Proxy Demand Resource (i) does not represent a deliberate adjustment of Load taken in response to a Dispatch Instruction ~~and (ii) has resulted or will result in a payment for Demand Response Services not actually provided by the Proxy Demand Resource,~~ the CAISO *may* rescind such payment and may immediately suspend the ability of the Proxy Demand Resource to provide Demand Response Services by sending written notification of the suspension to the Scheduling Coordinator for the Demand Response Provider representing the Proxy Demand Resource...

³ CAISO Staff: *Draft Final Proposal for the Design of Proxy Demand Response*, Sept. 2, 2009, p.17. <http://www.caiso.com/241d/241da56c5950.pdf>

(2) OTHER SUGGESTED TARIFF EDITS

PG&E assumes that the purpose of this language is to allow the DRP SC to be different from the LSE SC for a given meter. We would like to clarify the tariff language to ensure that it only applies to an existing approved PDR.

4.5.1.1.3 Duplicate Information

*...Nothing in this Section 4.5.1.1.3 or any other provision of the CAISO Tariff shall prohibit one Scheduling Coordinator from registering with the CAISO to submit Bids for Demand Response Services from an **approved** Proxy Demand Resource associated with an **approved** given meter (or Meter Point) where a different Scheduling Coordinator is registered for Load associated with that meter (or Meter Point).*

4.13.3 Identification of Proxy Demand Resources.

*Each Proxy Demand Provider shall provide data, as stipulated in the **Business Practice Manual**, identifying each of its Proxy Demand Resources and such information regarding the capacity and the operating characteristics of the Proxy Demand Resource as may be reasonably requested from time to time by the CAISO. All information provided to the CAISO regarding the operational and technical constraints in the Master File shall be accurate and actually based on physical characteristics of the resources.*

6.3.1 Scheduling Coordinator Responsibility to Pass Dispatch Instructions to Participating Generator, Participating Load, or Demand Response Provider

*...The CAISO may, with the prior permission of the Scheduling Coordinator concerned, communicate with and give Dispatch Instructions to the operators of Generating Units, **Participating Loads**, and to Demand Response Providers, directly without having to communicate through their appointed Scheduling Coordinator. In situations of deteriorating system conditions or emergency, the CAISO reserves the right to communicate directly with the Generator(s) **and Demand Response Providers** as required to ensure System Reliability.*

11.5.2 Uninstructed Imbalance Energy

*...The Tier 2 UIE Settlement Amount for non-Participating Load and MSS Demand under gross Settlement is settled as described in Section 11.5.2.2 **and 11.5.2.4**. For MSS Operators that have elected net Settlement, the Tier 2 UIE Settlement Amount for Demand of a net MSS Demand is calculated for the*

Trading Hour as the sum of the product of the hourly Tier 2 UIE quantity and the Real-Time Settlement Interval MSS Price.

30.5.2.6.3 Non-Spinning Reserve Capacity

.... In the case of Non-Spinning Reserve Capacity from Participating Load within the CAISO Balancing Authority Area, the Ancillary Service Bid must also contain: (a) a Load identification name and Location Code, (b) Demand reduction available within ten (10) minutes, (c) time to interruption following notification (minutes), and (d) maximum allowable curtailment duration (hour).

In the case of Non-Spinning Reserve Capacity from Proxy Demand Resource within the CAISO Balancing Authority Area, the Ancillary Service Bid must also contain: (a) Location Code, (b) Demand reduction available within ten (10) minutes, (c) time to interruption following notification (minutes), and (d) maximum allowable curtailment duration (hour). *In the case of Aggregated Participating Load and Proxy Demand Resources, Scheduling Coordinators must submit Bids using a Generating Unit, ~~or~~ Physical Scheduling Plant Resource ID or Proxy Demand Resource ID for the Demand reduction capacity...*

34.8 Dispatch of Energy from Ancillary Services

*The CAISO may issue Dispatch Instructions to Participating Generators, Participating Loads, Proxy Demand Resources, (via communication with **the Scheduling Coordinators of Demand Response Providers**), System Units and System ...*

Appendix A

Demand Response Services

*Demand **reduction** from a Proxy Demand Resource that can be bid into the Day-Ahead Market and Real-Time Market and dispatched at the direction of the CAISO.*

Resource Location

*The Resource ID for a Generating Unit, Participating Load, **Proxy Demand Resource**, or System Resource.*

PG&E recognizes that a standard bilateral contract might not be the chosen method for all LRAs to handle the overpayment of the LSE's unused energy. We have proposed language that attempts to address this.

4.3 Of Appendix B: Demand Response Provider Requirements

*The Demand Response Provider must register with the CAISO through the Demand Response System and comply with all terms of the CAISO Tariff and certify to the CAISO that its participation is authorized by the Local Regulatory Authority applicable to Demand Response Providers, and that it has satisfied all applicable rules and regulations of the Local Regulatory Authority. The Demand Response Provider must certify to the CAISO **that the bilateral agreements or other relevant agreements** between the Demand Response Provider and the Load Servicing Entities are fully executed, **as applicable subject to the requirements of the applicable Local Regulatory Authority.***

C 2.1

*The operator must be able to completely disconnect the required Load or **provide the demand reduction requested by the CAISO through the Proxy Demand Resource** pursuant to a Dispatch Instruction within ten minutes after issue of the instruction;*

C 3.1

*The operator of the Generating Unit, System Resource, the Curtailable Demand, or the ~~Demand Response Services~~ **Proxy Demand Resource** must have a means of receiving a Dispatch Instruction to initiate an increase in real power output or a reduction in Demand (MW) within one minute of the CAISO Control Center's determination that Non-Spinning Reserve capacity must be dispatched; and*

(3) QUESTIONS AND COMMENTS ON TARIFF

- 8.9** Why does this tariff section only specify Scheduling Coordinators for PDR and not for Generating units, System resources, and Participating Loads?
- 8.9.14** There is no mention in this section of the audit required for a PDR or Participating Load.
- 11.6.2** PG&E desires that the CAISO include language that acknowledges the different settlement and performance metrics that are used with

PDR in Ancillary Services. The method agreed to in the Draft Final Proposal from September, 2009 is a “meter before / meter after” measurement.⁴

- 11.8** Line 10 of this states “All Bid Costs shall be based on mitigated Bids as specified in Section 39.7”. Since PDR are excluded from the MPM-RRD process per Section 31.2 and 33.4, section 11.8 (line 10) will need to be modified.
- 30.7.8** It might not make sense for a PDR to have only a single Start Up and Shut-Down time. Aggregations of DR are not necessarily the same as individual PL customers. Different PDR customers can have different start up and shut down times.
- 30.7.9** It might not make sense for a PDR to have only a single Start Up and Shut-Down cost. Aggregations of DR are not necessarily the same as individual PL customers. Different PDR customers can have different start up and shut down costs.
- 31.5.7.1** The telemetry requirement for PDR that wishes to participate in the RUC market has to have telemetry? This requirement should not necessarily apply to a PDR; other references to a telemetry requirement include Section 4.9.12.2.2. PG&E requests that the CAISO explain for what specific purposes telemetered data is required.
- 34.9.1** PG&E believes the CAISO has exceeded the requirements/capabilities of some PDR. Section 34.9.1 indicates that Exceptional Dispatch (ED) can be issued to PDR. However, some DR programs that will participate in PDR will not have the necessary communication systems, and requiring ED for PDR may be inappropriate.

⁴ CAISO Staff: *Draft Final Proposal for the Design of Proxy Demand Response, Sept. 2, 2009, p .27.*
<http://www.caiso.com/241d/241da56c5950.pdf>