Comments on Demand and Distributed Energy Market Integration Working Group

Department of Market Monitoring

July 22, 2025

Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Demand and Distributed Energy Market Integration Working Group* presentation dated July 8, 2025.[1, 2] In these comments, DMM adds to our previous comments from the ISO's Demand and Distributed Energy Market Integration (DDEMI) Working Group Meeting on July 11, 2025.[3] These comments address the following two reliability demand response resource (RDRR) topics:

- **Minimum on-line times and costs.** RDRR should have their minimum on-line times, costs, and start-up costs accurately included in the market to avoid RDRR attrition, and continued access to these reliability resources. Included parameters should be limited to those necessary to accurately model the physical characteristics of the resources. Should these parameters be included, DMM recommends the ISO have processes in place to validate the reasonableness of these parameter submissions.
- **Allow for discrete RDRR larger than 100 MW.** DMM supports the removal of the 100 MW cap for discrete RDRR to improve market efficiency and access to reliability resources, to the extent necessary, to accurately reflect physical characteristics of these resources.

Comments

Reliability demand response resource minimum on-line time and costs

DMM continues to believe RDRR should have their operating parameters accurately reflected in the market.[4,5] These parameters may include both the minimum on-line time, and start-up and minimum load costs. If RDRR needs to be able to reflect these parameters to the market to ensure accurate

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[1] *Demand and Distributed Energy Market Integration Working Group Discussion Paper*, California ISO, June 13, 2025: https://stakeholdercenter.caiso.com/InitiativeDocuments/DiscussionPaper-DemandandDistributedEnergyMarket-June13-2025.pdf

[2] *Demand and Distributed Energy Market Integration Working Group*, California ISO, July 8, 2025: https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Demand-and-Distributed-Energy-Market-Intgeration-Jul8-2025.pdf

[3] *Comments on Demand and Distributed Energy Market Integration Working Group Discussion Paper*, Department of Market Monitoring, July 11, 2025: https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-jun-13-2025-working-group-discussion-paper-jul-7-2025.pdf

[4] *Comments on RDRR Bidding Enhancements Issue Paper/Straw Proposal*, Department of Market Monitoring, November 12, 2021: https://www.caiso.com/documents/dmm-comments-rdrr-bidding-enhancements-issue-paper-straw-proposal-nov-12-2021.pdf

[5] *Comments on RDRR Bidding Enhancements Revised Straw Proposal*, Department of Market Monitoring, January 11, 2022: https://www.caiso.com/documents/dmm-comments-reliability-demand-response-resource-bidding-enhancements-revised-straw-proposal-jan-11-2022.pdf

representation of costs and physical characteristics, then their inclusion in the market model is appropriate to ensure there is no RDRR attrition and continues the market's access to these reliability resources.

While DMM supports consideration of the proposal to allow RDRR to submit additional operating parameters, the ISO should also ensure it would have processes in place to validate the reasonableness of resource commitment cost submissions. Currently, proxy demand response (PDR) resources can submit a wider range of minimum on-line times, and have the ability to submit minimum load and start costs. This suggests these operating parameters can be made available for RDRR. DMM has found some PDR resources submitting very large commitment costs for the amount of capacity offered, and recommends the ISO develop guidelines for RDRR if this functionality is to be extended to RDRR.

Eliminate the 100 MW discrete RDRR cap

DMM supports improvements to the CAISO market that allow for increased and improved market function through accurate representation of resource costs and physical characteristics. The elimination of the 100 MW cap for discrete RDRR may allow some market participants to more accurately reflect their resources to the market, supporting more efficient access to reliability resources. As a result, DMM supports the elimination of the 100 MW cap for discrete RDRR to the extent it is needed to accurately represent some RDRR in the market that otherwise may be forced to participate as continuous RDRR.