

# CAISO Stakeholder Initiatives Catalog Process

## Olivine Inc. Comments for Clarification, Questions and Suggestions on Discretionary Items

Olivine appreciates the opportunity to provide these comments seeking clarification and providing elaboration on several discretionary initiatives in the process outlined in the CAISO September 28, 2012 Market Notice. The existing catalog commentary for each initiative is included in regular font and Olivine's comments appear in italics.

### 3.8 DLAP Level Proxy Demand Response (D)

PG&E comment on 2010 draft catalog - Currently, there is no mechanism for a default load aggregation point (DLAP) level proxy demand response (PDR) resource to be explicitly incorporated into the ISO market. Adding the ability to create a PDR resource at the DLAP level would allow potential utility DLAP wide dynamic rate tariffs to be explicitly incorporated into the ISO markets.

*Comment:*

*DLAP level PDR aggregations may be more conducive to Aggregator Managed Programs and ease the burden of PDR management by eliminating the undefined process by which the DRP determines the Sub-LAP for locations. Until such time there is an explicit premium for locational DR, there is no commensurate value in the added administrative overhead of identifying and restricting PDRs to a sub LAP.*

### 5.5 30 Minute Operating Reserve (D)

During the stakeholder process of various market initiatives (CPUC Long Term Resource Adequacy proceeding, Scarcity Pricing) stakeholders have raised the potential benefits of a new ancillary services product to address 30 minute reliability contingencies. Under the current market ancillary services structure, potential contingencies that could be covered by a 30 minute product are addressed using 10 minute ancillary services products which could result in the ISO needing to procure ancillary services on a sub-regional basis in higher amounts than would otherwise be necessary to meet WECC operating reserve requirements. Additionally, if the ISO is unable to procure enough reserves through the market, Exceptional Dispatch would be used. An alternative that has been suggested is to develop a new 30 minute A/S product. In its 2009 Order on the revised pricing rules for Exceptional Dispatch, FERC has required that the ISO examine the need for such a new product to reduce the frequency of Exceptional Dispatch

*Comment:*

*30 minute reserve products are also attractive to DR and certain types of storage that could provide critical reliability capability for the grid especially if the product can be designed and implemented without the cost prohibitive requirements of telemetry that currently exist for reserves.*

*Question:*

*Initially the renewables integration process contemplated market changes that included 15 minute RTED and 1-minute Real-Time Imbalance Service. It isn't clear to Olivine where these two deferred items ended up and whether or not they were candidates to be re-introduced to the Catalogue in any other existing or new initiative. The scope of 30-minute operating reserve is a logical initiative for inclusion of these items. Is the CAISO willing to consider expansion of this item to include deferred items?*

## **5.6 Fractional MW Regulation Awards (D)**

SDG&E proposes that the ISO establish minimum thresholds for regulation awards. SDG&E has observed that certain of its AGC-capable units receive regulation awards of as little as 0.01 MW, which is not only infeasible but also removes otherwise available capacity above the regulation range from the market. An effective solution may be to enable market participants to specify a minimum regulation award quantity.

*Clarification:*

*Does the comment suggest that DAM and RT RD and RU awards combined can be less than the PMin of the resource or that the award can be a fractional portion of a bid segment? Self-determination of minimum capacity award quantities could be expanded beyond RD and RU to better help the SC manage resource configuration so long as it doesn't significantly burden the market optimization software.*