

 California ISO	Market and Infrastructure Policy	Template Version:	1
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Policy Initiatives Catalog Submission Form		Date Created:	6/1/2017

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This purpose of this form is to propose potential policy initiatives that require a stakeholder process and typically require tariff changes. Do not use this form to request or propose process improvements or administrative changes. Such requests should be made through your Customer Service Representative or Account Manager

Date: 7/3/2018

Submitter Information

Organization	Contact Name	E-mail	Phone
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Please provide a title for the issue.

MOO and RAIM treatment for weather-sensitive Demand Response

Please provide a summary description of the issue (i.e. 500 words)

The CAISO should re-examine the Must Offer Obligation (MOO) and the Resource Adequacy Availability Incentive Mechanism (RAIM) exposure for weather sensitive Demand Response (DR) resource in light of the California Public Utility Commission's (CPUC's) bifurcation decision and the resulting market integration of DR.

Under the present CPUC and CAISO rules weather sensitive DR resources providing Resource Adequacy capacity, have a MOO that does not reflect their actual performance expectation, and the resulting RAIM may be unduly double-penalizing them.

Net Qualifying Capacity (NQC) for Demand Response resources is set through the annual Load Impact Protocol (LIP) process, which sets one "expected" MW value for each month. The NQC is used to meet RA compliance obligation. RA values set the CAISO Must-Offer Obligation (MOO) and the value is the same for every hour of the day (i.e., 24 hours, 7 days a week) for a given month, regardless of the time of day and weather conditions throughout the month. If the DR resource (e.g. a PDR) does not bid up to its RA value, CAISO will insert a bid up to the RA value for that hour. Weather-sensitive DR capabilities will vary with temperature and can deliver more or less than the NQC on any given day. If the resource bids below the RA value to reflect a more accurate load impact in the day ahead market, it is penalized for non-performance as the RAIM is applied during the availability assessment hours. Any NQC/LIP value based on the coolest day or minimum amount of performance will result in RAIM and SIBR bid insertion. NQC/LIP value based on the "coolest" day can also underestimate the reliability benefits provided by the PDR. Currently PDRs are not allowed to submit partial de-rates as CAISO cites potential gaming concerns.

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Please provide any data/information available that would characterize the importance or magnitude of the issue.

Weather sensitive resources provide about 400 MW of Resource Adequacy capacity across the Investor Owned Utilities, and likely more through the Demand Response Auction Mechanism Pilot. As a result, not resolving this issue could have significant financial impact to customers.

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Please provide a title for the issue.

Energy Storage and Distributed Energy Resources (ESDER) Phase 4

Please provide a summary description of the issue (i.e. 500 words)

The CAISO, through the current ESDER initiative, is working with the stakeholders to address a number of Energy Storage and Distributed Energy Resources integration issues, and has made significant progress in many areas, including DR. However, the current Phase 3 of the initiative has left a number of issues not yet addressed, and the ESDER process should continue (See SCE's comments on the ESDER Phase 3 revised straw proposal:

<http://www.aiso.com/Documents/SouthernCaliforniaEdisonComments-EnergyStorage-DistributedEnergyResources-RevisedStrawProposal.pdf>

An example of such issues are the run-time use limitations. Many of the Utility DR programs and third-party contracts have a maximum number of event hours per day. For the utilities, these are usually 4-6 hours. There is no enforcement of a parameter in the CAISO resource data template to specify a maximum number of run hours per day. As a result, without a maximum run time, resources are not taken out of the market when they should be. There is currently no provision in any CAISO stakeholder process to resolve this problem.

Please provide any data/information available that would characterize the importance or magnitude of the issue.

DR supply-side resources provide over 1500 MW of Resource Adequacy capacity across the Investor Owned Utilities, therefore it is important to keep improving their ability to effectively participate in the market and accurately reflect their capabilities and limitations.

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