



# California ISO

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## Frequently Asked Questions

### *Slow Demand Response Project*

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## TABLE OF CONTENTS

Introduction .....	4
Terms and Acronyms .....	4
1 Will the recent Tariff amendment imply a change to ED (for RT and DA) for slow DR resources? .....	5
1.1 ED Tariff Authority.....	5
1.2 Settlements.....	5
2 What is the Master File change needed for Slow DR? .....	5
3 What is the Master File activation Date? .....	5
4 Where can a Market Participant find more information on ED and Settlement for this project? .....	5
5 When will the ED and Settlements changes be effective? .....	6

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		<b>Document Version:</b>	<b>1</b>
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## Introduction

This project was initiated after a BPM appeals process in which the CAISO committed to operationalizing “slow DR” such that they can be useful as a local RA resource. “Slow” demand response resources are those that cannot fully respond within 20 minutes post-contingency. NERC standards and the CAISO tariff specify a maximum manual adjustment time of 30 minutes after a first contingency event for the CAISO to prepare the system for a subsequent contingency. Based on operational experience, the CAISO has determined that CAISO operators need 10 minutes to identify the contingency and assess the problem, identify a solution, and then redispatch the system, which means full resource response must occur within 20 minutes post-contingency. Because slow PDRs cannot respond within 20 minutes post-contingency, the CAISO must dispatch them prior to a contingency, i.e. pre-contingency, to ensure the system can be repositioned within 30 minutes after the potential contingency event.

The CPUC currently credits DR programs as meeting local RA needs today, even though there is currently no process to dispatch slow DR on a pre-contingency basis for local reliability needs. The goal of this project is to operationalize pre-contingency dispatch of slow demand response resources so that the currently credited local RA capacity value is available for ISO dispatch when needed to prevent a local contingency.

## Terms and Acronyms

Term/Acronym	Definition/Expansion
BPM	Business Practice Manual
CAISO	California Independent Systems Operator
CPUC	California Public Utilities Commission
DR	Demand Response
ED	Exceptional Dispatch
ISO	Independent Systems Operator
MF	Master File
NERC	North American Electric Reliability Corporation
PDR	Proxy Demand Resource
RA	Resource Adequacy
RT	Real Time
RUG	Resource Users Group

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		<b>Document Version:</b>	<b>1</b>
<b>Frequently Asked Questions Slow DR Project</b>		<b>Date Created:</b>	<b>7/31/2020</b>

Below is a list of frequently asked questions for the Slow DR project.

## 1 Will the recent Tariff amendment imply a change to ED (for RT and DA) for slow DR resources?

### 1.1 ED Tariff Authority

This is not a change to ED tariff authority, it is just extending *when* an exceptional dispatch can occur and clarifying its *settlement price* when it occurs prior to the Operating Day.

The settlement price will be applicable to all resources receiving an ED prior to the operating day and not just slow DR PDRs. The solution to operationalize Slow DR PDRs, so they can continue to qualify as local RA, requires them to be pre-contingency dispatched (ED) prior to the Operating Day and settled at this newly established Settlement price.

### 1.2 Settlements

Because of the ED, the Settlement implication is a BPM change.

The implication is that there will be a different settlement price for resources that receive an ED for energy prior to the Operating Day. See tariff revisions for what that settlement price will be.

The implication for a different settlement price is already existing functionality.

## 2 What is the Master File change needed for Slow DR?

The Master File change is a result of the need to identify which PDRs will be classified as “slow DR” based on their MF resource parameters, so that they can be pre-contingency dispatched when providing Local RA.

## 3 What is the Master File activation date?

For GRDT 14, the Master File activation target date is November 4, 2020.

## 4 Where can a Market Participant find more information on ED and Settlement for this project?

For this change, there is no exceptional dispatch implication, only a Settlement implication. The CAISO has always had tariff authority to exceptional dispatch a resource. What is being added is how an exceptional dispatch prior to the Operating Day will settle. This was needed for the operationalization of slow DR because with that enhancement, an identified Slow DR resource providing Local RA would be pre-contingency dispatched using the CAISO’s ED authority, but prior to the day ahead.

 <b>California ISO</b>	<b>Technology</b>	<b>Template Version:</b>	<b>1</b>
		<b>Document Version:</b>	<b>1</b>
<b>Frequently Asked Questions Slow DR Project</b>		<b>Date Created:</b>	<b>7/31/2020</b>

The settlement price for this type of exceptional dispatch needed to be different than an exception dispatch in RT recognizing the DA bid price along with the RTD LMP. Tariff language was added for settlement of an ED prior to the operating day.

See the change to the Tariff language in **red** below:

*New Tariff: [For resources that receive an Exceptional Dispatch energy instruction prior to the Operating Day, the Exceptional Dispatch Settlement price is the maximum of the (a) applicable FMM or RTD LMP; (b) IFM Energy Bid price; or (c) the Default Energy Bid price if the resource has been mitigated through the MPM in the Day-Ahead Market and for the Energy that does not have a IFM Energy Bid price;]*

## 5 When will the ED and Settlements changes be effective?

The EDs are already effective. The Settlement changes for Slow DR ED will become effective upon the implementation of the enhancement to operationalize Slow DR (targeting November 4, 2020). The timing for this change will be communicated via RUG updates and a market notice ahead of the activation.