



California ISO

Reliability Demand Response Resource Dispatch Clarification

White Paper

March 5, 2019

Table of Contents

1. Executive Summary 1

2. Stakeholder Engagement Plan..... 1

3. Problem Statement..... 1

4. Proposed Resolution 3

5. Next Steps..... 3

1. Executive Summary

The CAISO proposes to amend its tariff to clarify when it will dispatch reliability demand response resources (RDRR). CAISO tariff section 34.7(13) currently provides that the CAISO may make RDRR eligible for dispatch in accordance with the applicable Operating Procedures either: (a) after issuance of a warning notice and immediately prior to a need for the CAISO to attempt to obtain assistance from neighboring Balancing Authorities or imports; (b) during stage 1, stage 2, or stage 3 of a system emergency; or (c) for a transmission-related system emergency. Consistent with the California Public Utilities Commission’s (CPUC) recent Decision (D.) 18-11-029, the CAISO proposes to clarify that RDRR is eligible for dispatch after issuance of a warning notice without any additional conditions.

2. Stakeholder Engagement Plan

Date	Milestone
March 5, 2019	White paper and tariff amendment
March 11	Comments due on white paper and tariff amendment
March 15	Conference call
March 29	File tariff amendment with FERC

3. Background

On June 24, 2010, in D.10-06-034 the CPUC approved a multi-party settlement in its demand response proceeding (R.07-01-041) that required investor-owned utilities to transition their CPUC-approved retail emergency-triggered demand response programs into a CAISO reliability demand response product.¹ The settlement specified the minimum operating and technical requirements for retail emergency-triggered demand response resources. The CPUC settlement also required these resources be made available for dispatch earlier under CAISO emergency operating procedures.

To fulfill the terms of the CPUC settlement, the CAISO developed the RDRR product. On October 26, 2010, the CAISO Board of Governors authorized the RDRR product. The Board of Governors memorandum approving the RDRR product specifically noted that it would enable the CAISO “to dispatch these emergency-triggered programs when and where they are needed and, appropriately, reflect their value in the [CA]ISO market.”

¹ *Decision Adopting Settlement Agreement on Phase 3 Issues Pertaining to Emergency Triggered Demand Response Programs*, June 25, 2010, available at: http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/119815.pdf.

On May 20, 2011, the CAISO filed its initial tariff amendment with the Federal Energy Regulatory Commission (FERC) to implement its RDRR product (Docket No. ER11-3616).² FERC rejected the CAISO's RDRR product proposal and the CAISO subsequently submitted a compliance filing for the RDRR product and FERC Order No. 745³ (Docket No. ER11-3616 ad ER11-41-00) on March 14, 2012.⁴ FERC issued an order on July 18, 2013 accepting in part and denying in part the CAISO's compliance filing (Docket No. ER11-3616 and Docket No. ER11-4100), and directed the CAISO to submit a further compliance filing.⁵

On August 19, 2013, the CAISO submitted a subsequent filing in compliance with FERC's July 2013 Order (Docket No. ER11-3616 and Docket No. ER13-2192),⁶ with the currently effective language in section 34.7(13) of the conformed CAISO tariff.⁷ This language provides general dispatch principles for RDRRs. This section was adopted "to be fully consistent with the terms of the CPUC settlement agreement and ISO emergency operating procedures."⁸ In its August 19, 2013 compliance filing, the CAISO noted that it revised this section "to reflect the [dispatch] trigger more accurately, providing that the [CA]ISO may consider bids from reliability demand response resources prior to seeking assistance from neighboring balancing authority areas and entities not otherwise obligated to comply with an ISO dispatch."⁹ This language was accepted by FERC in March of 2014.¹⁰

In late 2018, the CPUC issued D.18-11-029, which clarified that "the use of RDRR can occur anytime within the Warning Stage, in the case of In-Market dispatch and Out-Of-Market or exceptional dispatch. This dispatch flexibility is consistent with the Settlement and D.10-06.034."¹¹ Based on this clarification, the CAISO seeks to update the tariff's general dispatch principles for RDRR resources.

² The CAISO's RDRR tariff amendment is available at http://www.aiso.com/Documents/2011-05-20_RDRRAmendment_ER11-3616-000.pdf.

³ *Demand Response Compensation in Organized Wholesale Energy Markets*, FERC Order No. 745, 134 FERC ¶ 61,187 (2011).

⁴ The CAISO's compliance filing is available at http://www.aiso.com/Documents/2012-03-14_ER11-4100_NetBenefits-RDRR_Comp.pdf.

⁵ *Cal. Indep. Sys. Operator Corp.*, 144 FERC ¶ 61,047 (2013), P 62 fn. 47 (July 2013 Order).

⁶ The CAISO's August 19, 2013, compliance filing is available at http://www.aiso.com/Documents/Aug19_2013Compliance-ReliabilityDemandResponseResourceER13-2192-000.pdf.

⁷ The language was initially added to section 34.5 in the CAISO's August 19, 2013 compliance filing, and later moved to section 34.7 in the CAISO's Order No. 764 compliance filing (*Integration of Variable Energy Resources*, FERC Order No. 764, 136 FERC ¶ 61,246 (2012)), available at http://www.aiso.com/Documents/Nov27_2013_TariffAmendment-ComplianceFERCOrder764_ER14-495.pdf, *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,205 (2014).

⁸ August 19, 2013 compliance filing at p. 4.

⁹ *Id.*

¹⁰ *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,233 (2014).

¹¹ *Decision Resolving Remaining Application Issues for 2018-2022 Demand Response Portfolios and Declining to Authorize Demand Response Auction Mechanism Pilot Solicitations*, D.18-11-029, dated November 29, 2018, at p. 40, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M248/K670/248670669.pdf>.

4. Proposed Resolution

The CAISO proposes to modify CAISO tariff section 34.7(13) to clarify when it will dispatch RDRRs.

Proposed Tariff Amendment:

34.7 General Dispatch Principles

The CAISO shall conduct all Dispatch activities consistent with the following principles:

* * * * *

(13) The CAISO may make Reliability Demand Response Resources eligible for Dispatch in accordance with applicable Operating Procedures either: (a) after issuance of a warning notice ~~and immediately prior to a need for the CAISO to attempt to obtain assistance from neighboring Balancing Authorities or imports~~; (b) during stage 1, stage 2, or stage 3 of a System Emergency; or (c) for a transmission-related System Emergency.

The CAISO will request that this clarification become effective July 1, 2019.

5. Next Steps

The CAISO will discuss this white paper and the proposed tariff amendment with stakeholders during a conference call on March 15, 2019. Stakeholders are asked to submit written comments by March 11, 2019, to initiativecomments@caiso.com.