BEFORE THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR

In the Matter of:
Demand and Distributed Energy Market Integration
Track 1: End-User Exports in Demand Response Performance Management
Track 2: Demand Flexibility Enhancements

(March 2026 Straw Proposal and Issue Paper)

COMMENTS OF ENCHANTED ROCK, LLC

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I. Introduction and Interest of the Commenter

Enchanted Rock, LLC ("Enchanted Rock") submits these comments in response to the California Independent System Operator's ("CAISO") Demand and Distributed Energy Market Integration Straw Proposal and Issue Paper. These comments represent Enchanted Rock's initial participation in this stakeholder initiative and reflect a commitment to constructive, long-term engagement with CAISO and other stakeholders. Enchanted Rock believes that robust market participation pathways for flexible loads, especially those enabled by dispatchable on-site resources, will enhance reliability, protect energy affordability, and improve market efficiency.

Enchanted Rock develops, manufactures, and operates dispatchable generation resources co-located with customer load to serve-on-site and grid reliability needs.

These loads integrate on-site generation to enable verifiable load reductions and authorized exports[1]. Enchanted Rock therefore has a direct interest in ensuring that CAISO market constructs recognize co-located generation based on operational capability, performance certainty, and reliability contribution.

II. General Support for the Direction of the Straw Proposal and Issue Paper and Its Track-Based Approach

Enchanted Rock supports CAISO's incremental, reliability-first approach that pairs near-term, implementable reforms in Phase 1 with longer-term exploration of broader participation frameworks in Phase 2.

III. Track 1: End-User Export Recognition

Behind-the-meter exports can physically occur today where behind-the-meter generation exceeds on-site load. In Enchanted Rock's experience, customers who deploy on-site generation solutions for resiliency typically deploy significant excess generation to achieve required power availability targets through redundancy. Under current Demand Response System Quality Meter Data ("DR SQMD") development processes, retail customer load meter data is zeroed out on a customer-by-customer basis, including for customers approved to export[2]. During dispatch intervals, when behind-the-meter generation exceeds on-site load, net exports can and do occur, as reflected by negative net-load meter values[3].

Enchanted Rock supports CAISO's proposal to remove customer-level export zeroing for customers approved to export, while retaining reliability safeguards through an aggregation-level export limit. An aggregation-level export "floor" (i.e., an aggregation-level limit preventing net exports beyond zero) at the demand response resource or sub-LAP level is an appropriate near-term safeguard to preserve the load-curtailment function and maintain topology alignment[4]. These aggregation-level limits should be clearly framed as transitional measures rather than an end-state for dispatchable, export-capable co-located generation. These Track 1 reforms provide a near-term pathway for recognizing authorized export capability within existing demand response participation models, while preserving the load-curtailment function and associated reliability safeguards.

Enchanted Rock supports applying the export recognition framework across all Performance Evaluation Mechanisms to ensure that authorized behind-the-meter exports can be measured, verified, and considered for their potential contribution to Resource Adequacy and related reliability constructs, rather than limiting these reforms to a single program type. A

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[1] California Independent System Operator, *Demand & Distributed Energy Market Integration* (Stakeholder Presentation) 24 (Mar. 13, 2026)

[2] *DDEMI Stakeholder Presentation*, at 17

[3] *DDEMI Stakeholder Presentation*, at 17

[4] California Independent System Operator, *Demand & Distributed Energy Market Integration: Straw Proposal & Issue Paper* 22 (Mar. 13, 2026).

technology-neutral application will promote consistency, fairness, and efficient participation across the demand response portfolio.

IV. Track 2: Supply-Side Participation Pathways for Co-Located and Export-Capable Resources

CAISO has identified significant large-load growth driven by new industrial facilities, data centers, and residential/fleet electrification, and has appropriately sought pathways for measurable, dispatchable, and reliable response. Many of these emerging loads require very high service reliability and rely on purpose-built, dispatchable co-located generation operated as part of normal reliability and grid-support strategies. These resources are distinct from emergency standby resources limited to infrequent outage response, or on other dispatchable distributed resources capable of responding to identified reliability needs.

Technology-neutral market design should evaluate participation eligibility based on dispatchability, controllability, telemetry, and verifiable performance attributes. Such an approach should preserve eligibility for dispatchable generation that meets these operational criteria and are capable of supporting state energy and reliability objectives. Track 2 participation frameworks should therefore classify co-located resources and large-load adjacent resources based on measurable operational attributes rather than behind-the-meter configuration alone.

Co-located generation capable of export exhibits operational supply characteristics. These resources are dispatchable, controllable, interval-metered, and capable of injecting energy into the grid. Existing demand response constructs, even with Track 1 improvements, remain conceptually focused on load curtailment rather than generation or export. Export-capable, dispatchable resources risk being undervalued or misclassified if constrained to load-limited demand-response-only models. CAISO should evaluate whether existing tariffed participation models can accommodate co-located, export-capable generation with these operational characteristics and, if not, consider developing an appropriate participation pathway—subject to applicable telemetry, settlement-quality measurement, and market-power mitigation requirements—that can credit verifiable net-load reduction and authorized exports.

These comments do not propose that CAISO adjudicate emissions attributes, but rather that participation eligibility remains focused on operational capability, verifiability, and reliability contribution, consistent with the ISO's statutory role.

V. Reliability-Focused Participation and Evolution of the RDRR Framework

The Reliability Demand Response Resource ("RDRR") is a supply-side demand response product that may clear in the day-ahead market but is dispatched in real time only for reliability purposes, including exceptional dispatch under CAISO Operating Procedure 4420[5]. CAISO is considering enhancements to RDRR or the development of a new reliability-triggered product that explicitly

[5] *DDEMI Straw Proposal*, at 19 (Mar. 13, 2026).

includes behind-the-meter generation commingled with load and/or load reductions, with energy payments only when dispatched and non-performance charges.

Enchanted Rock supports these concepts and encourages incorporation of operating characteristics such as minimum on time and fixed dispatch cost to improve dispatch optimization accuracy and better reflect real resource behavior[6]. The objective should be accurate representation and eligibility, not preferential treatment or guaranteed dispatch. Formal market participation improves CAISO visibility, accountability, and performance certainty during system stress events and can reduce reliance on higher-emission emergency resources.

VI. Planning and Operational Coordination Considerations

As large loads, flexible demand, and distributed energy resources continue to reshape power flows and operational conditions, CAISO has identified the need for improved visibility and coordination with co-located and large-load adjacent resources. While these resources may operate behind the meter or self-dispatch under normal conditions, greater transparency into their operational status and capabilities can support more effective real-time system operations and reliability management.

Market participation frameworks can advance these objectives by enabling observable, operationally consistent interfaces between CAISO and dispatchable demand-side and co-located resources. CAISO has emphasized the importance of situational awareness at the transmission-distribution interface and is developing coordination approaches intended to improve real-time and day-ahead visibility into large loads and distributed energy resources, with and without co-located generation. Participation pathways that rely on settlement-quality data, appropriate telemetry, and defined operational coordination protocols can support these goals while respecting the operational role of retail utilities and customers.

Experience in other jurisdictions demonstrates that enhanced visibility and coordination A can be achieved without requiring full grid-facing generator participation. For example, distributed energy resources in ERCOT are registered and provide telemetry to the market operator, even when self-dispatching, which improves transparency and enables system operators to understand available capabilities during system stress events. Similar approaches could be applied where CAISO seeks greater visibility or dispatch optionality provided that market structures offer clear incentives for resources to participate.

Participation frameworks for co-located and export capable resources should therefore emphasize verifiability and transparency through observable, settlement-quality measurement, defined telemetry standards, and clear eligibility and approval requirements[7]. Importantly, if CAISO seeks additional visibility coordination or control over these resources, corresponding

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[6] California Independent System Operator, *D-DEMI Working Group Proposals: Reliability Demand Response Resource* 5, 8 (July 2025).

[7] California Independent System Operator, *Demand & Distributed Energy Market Integration Discussion Paper* 26 (Nov. 26, 2025).

market incentives should be available to support necessary investments. Such an approach can enhance operational coordination and reliability outcomes while maintaining market integrity and voluntary participation.

VII. Recommendations and Path Forward for Track 1 and Track 2 Implementation

Enchanted Rock respectfully recommends that CAISO:

- Implement Track 1 export recognition reforms;
- Treat aggregation export limits as transitional measures rather than permanent constraints;
- Advance evaluation of participation pathways for co-located, export-capable generation through Track 2, building on near-term export recognition under Track 1 and assessing whether tariffed models can accommodate supply-like operational characteristics or whether targeted tariff changes are warranted;
- Enhance the RDRR construct or develop reliability-triggered products that accommodate co-located generation and accurately reflect operating characteristics; and,
- Preserve technology-neutral eligibility that does not categorically exclude dispatchable resources with ultra-low or offset emissions profiles, provided they meet CAISO's operational, telemetry, and performance requirements.

VIII. Conclusion

Enchanted Rock appreciates CAISO's leadership in advancing demand and distributed energy market integration and looks forward to continued engagement to support the integration of modern, dispatchable, and clean co-located resources in a manner that enhances reliability, supports energy affordability, and improves market efficiency.

Respectfully submitted,

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