Submit comment on Final Discussion Paper

Initiative: Demand and distributed energy market integration

1. Please provide your organization's feedback on the DDEMI meeting discussion on March 13, 2026 and "Demand and Distributed Energy Market Integration Track 1: Straw Proposal: Reflecting End-User Exports in Demand Response and Track 2: Demand Flexibility Enhancements" paper.

The California Solar and Storage Association (CALSSA) appreciates the discussion on March 13, 2026, and offers the following comments in response to the workshop and the Straw Proposal:

- CALSSA strongly supports allowing customers to export past the utility meter as part of a Proxy Demand Resource (PDR) aggregation, as proposed in the Straw Proposal.
- The CAISO should allow exports at the PDR aggregation level to be credited rather than zeroing them out, as proposed in the Straw Proposal
- Concerns around exporting at the resource level that were raised at the workshop and/or in the Straw Proposal, such as deliverability and dual compensation, should be addressed in constructive ways with all the agencies and parties involved that create policies and rules that are not prohibitive and foster additional behind-the-meter (BTM) participation in the CAISO markets.
- Device-level telemetry is a priority issue that should be included as part of Track 1, even if it requires more time than Track 1 allows and needs to be finalized in future DDEMI years.

CALSSA provides more details on these points in response to the following questions.

2. Please submit your organization's overall comments on Track 1.

CALSSA strongly supports allowing customers to export past the utility meter as part of a Proxy Demand Resource (PDR) aggregation, as proposed in the Straw Proposal. CALSSA appreciates CAISO staff recognizing this as a major barrier during Phase 1 of the DDEMI Initiative and including this as part of Track 1.

However, the CAISO should additionally allow exports at the PDR aggregation level to be credited rather than zeroing them out, as proposed in the Straw Proposal. During the workshop when this proposal was raised, CAISO staff identified two broad reasons why the Straw Proposal did not include valuing exports at the resource level: 1) The PDR participation model is defined as load reduction and not generation, and 2) Exporting at the aggregation level triggers the need for deliverability studies while load reduction only at the aggregation level does not.

CALSSA understands these concerns, but they are not insurmountable within the DDEMI Initiative. CALSSA offers the following suggestions and recommendations on resolving these:

CALSSA proposes to view PDR resources that export as load reduction as long as there is still net load at the transmission and distribution (T&D) interface, whether that is at the sub-Load Aggregation Point (sub-LAP) or a more granular geographic area. If a resource exports but there is no reverse flow onto the transmission system, then these exports would be consumed by load behind the T&D interface, and the CAISO would still see this as load reduction.

CAISO has indicated that they understand that, as proposed, DR providers would need to find non-exporting loads and add them to exporting PDR resources such that the resource-level load never goes negative — even if those additional loads are not flexible. CALSSA's proposal is simply to generalize this rule to all loads within each sub-LAP (or other geographic unit), as opposed to specific loads associated with specific customers. CALSSA understands that a process would need to be put in place to limit and allocate settlement energy quantities across resources and Demand Response Providers in the exceedingly unlikely circumstance where PDR exports more than offset sub-LAP level load.

Historically PDR resources have not been subject to deliverability studies because they are load reduction only and are not sending energy onto the transmission grid. However, a PDR resource that reduces and exports a combination of 5 MW of load behind a T&D interface should have the same net impact on the bulk transmission system and the deliverability of other resources as a PDR resource that reduces 5 MW of load in that same load pocket. While CALSSA is not advocating for subjecting PDR to deliverability studies, CALSSA wishes to point out that this proposal could benefit from having more technical conversations of the impacts of load reduction and BTM exports on deliverability.

Thus, CALSSA proposes that CAISO teams that work on deliverability be brought into the conversation to see if and how exporting PDR resources impact deliverability and whether they should be subject to deliverability studies. It is difficult to rule out the possibility of exporting PDR resources due to deliverability concerns if there has not yet been a thorough analysis of the issue.

At a high-level, to make exporting PDR aggregations functional, certain conditions would need to be met and certain processes put in place, including:

- It would need to be clear what and where the T&D interfaces are, whether it is at the sub-LAP level, substations, or another point.
- There would need to be data on the net load at the T&D interface. This could be real-time data, a minimum load per month at certain hours (i.e. during the availability assessment hours), or another data point. But it would need to be clear to the CAISO and BTM system operators what the threshold is.
- The CAISO would need to know how much export should be expected from a PDR resource. To accomplish this, the CAISO could implement a reservation process and include a special tag in the resource data template (RDT) for expected exports from an aggregation. Each T&D interface could have a maximum amount of allowable exports as PDR, and the reservation system would allow the CAISO to track this.

If these conditions are met and exporting PDR resources do not backfeed energy across the T&D interface, then the exports would still be seen as load reduction from the CAISO's perspective, and an exporting PDR resource could still be seen as a load reduction resource.

Dual Compensation

Additionally, while not stated during the workshop, the Straw Proposal suggests that FERC rules disallow NEM or NBT customers that export to the grid from participating in CAISO markets as exporting resources due to dual compensation. The Straw Proposal raises this specifically in

reference to the Distributed Energy Resource Aggregation (DERA) problem statements raised during Phase 1 of the DDEMI Initiative, but this is an important issue that should be addressed. While FERC does prohibit dual compensation, CALSSA does not agree that a blanket prohibition on participating in CAISO markets for exporting NEM/NBT sites is the proper way to address this concern. CALSSA agrees that projects should not be dual compensated and suggests that there are more constructive ways than prohibitions to accomplish this. CALSSA does not propose this as an exhaustive list, but some options could include:

- Exporting NEM/NBT sites that participate in CAISO markets forego export credits from the Utility Distribution Company (UDC) and load-serving entity (LSE). An example would be an exporting NBT customer that is part of a PDR aggregation that is providing resource adequacy would not get any of the Avoided Cost Calculator (ACC) credits for energy exported to the grid but would receive CAISO energy payments and LSE capacity payments.
- Exporting NEM/NBT sites forego CAISO energy payments and instead receive retail credits per the NEM/NBT tariff

Whatever the solution, CALSSA is confident that through open dialogue with all the relevant stakeholders, a constructive policy can be created that is not prohibitive of certain types of customers.

3. Should the change in the straw proposal apply to all PEMs or be limited to MGO? Why or why not?

The changes in the straw proposal and in CALSSA's comments (i.e. allowing exporting PDR resources) should be applied to all PEMs. There is no reason to limit them to only MGO, and applying them to all PEMs would allow for aggregators to use the PEM that best fits their resource(s).

4. Are there considerations not mentioned in the paper for how individual end-use customers within a PDR should be treated (e.g., specifying which individual exporting customers should be zeroed out, or applying a pro-rata approach across all customers)?

Aggregators should not need to specify or identify which sites within an aggregation will be exporting. If a customer has an exporting interconnection agreement, then the UDC already studied and approved the site to export. Given the use of UL-certified power control systems to oversee grid exports, there should not need to be additional specification with the CAISO which sites can or will export to the grid.

5. Provide your organization's feedback regarding the proposal for exporting customers to have an approved interconnection for export onto the distribution system.

CALSSA strongly supports the proposal that only customers that have been studied and approved to export by the UDC should export as part of a PDR resource. One important point is that UDCs have studied all sites requesting to interconnect exporting technologies, and therefore their safety and impacts on the distribution grid are already taken into account by the UDC.

6. Please submit your organization's overall comments on Track 2.

CALSSA does not have comments at this time.

7. What locational construct, such as sub-LAP, CLAP, or BAA-level aggregation, facilitate reliable demand response market participation in WEIM/EDAM BAAs?
CALSSA does not have comments at this time.

8. Is DRRS suitable for demand response resources outside the CAISO BAA, or should other BAA-managed registration systems be explored? Why or why not?
CALSSA does not have comments at this time.

9. Does your organization support the ISO pursuing modifications to the existing RDRR construct to capture WEIM/EDAM BAA considerations? What modifications would you recommend and why? Alternatively, should the ISO consider developing a new reliability-triggered demand response product applicable to all BAAs?
CALSSA does not have comments at this time.

10. Do the proposed large load participation pathways adequately reflect the capabilities and preferences of large load? If not, what changes would you recommend and why? Is there other industry guidance or participation frameworks the ISO should be aware of?
CALSSA does not have comments at this time.

11. Should the exception criteria for the 100 MW RDRR discrete dispatch limit be modified to better accommodate large aggregated demand response portfolios? Why or why not?
CALSSA does not have comments at this time.

12. Please provide any additional comments, feedback, or examples. You may upload examples or data using the Attachments field below.