



Stakeholder Comments Template

Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response Draft Final Proposal

This template has been created for submission of stakeholder comments on the *Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response Draft Final Proposal* that was published on October 2, 2019. The proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on October 24, 2019.

Submitted by	Organization	Date Submitted
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Please provide your organization’s comments on the following topics. When applicable, please indicate your organization’s position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please explain your rationale and include examples if applicable.

The California Efficiency + Demand Management Council (the “Council”) appreciates this opportunity to provide comments in response to the CAISO’s October 9 *Draft Final Proposal on Local Resource Adequacy with Availability-Limited Resources and Slow Demand Response*. These comments are limited to the Slow Demand Response proposal but the Council reserves the right to comment on other aspects of the Resource Adequacy Enhancements initiative in the future.

1. Local Assessments with Availability-Limited Resources

- Please provide your organization’s feedback on the *Local Assessments with Availability-Limited Resources* proposal as described in *Section 3*.

The Council reserves comment on this issue.

2. Slow Demand Response

- Please provide your organization's feedback on the *Slow Demand Response* proposal as described in *Section 4*.

The Council would like to preface its comments by saying that demand response is a local, distributed resource, by its very nature. It is available to reduce demand in local capacity areas. However, the Council does not support the CAISO's requirement that certain local capacity resources must be dispatchable within 20 minutes. It continues to be unclear why the CAISO has chosen to interpret the associated NERC requirement differently than every other ISO/RTO in the country by requiring sub-30 minute dispatch capability of certain local capacity resources. However, with this said, the Council provides its comments below in the hope of mitigating some of the difficulties created by a 20-minute dispatch requirement, without forfeiting its disagreement with the premise.

The Council is supportive, in concept, of the CAISO's proposal to develop a post-day-ahead market solution to dispatch "slow DR", DR resources that cannot be dispatched within 20 minutes, after the day-ahead market runs. It is the Council's understanding that this solution would enable all block-scheduling options proposed in the CAISO's September 3, 2019 Energy Storage and Distributed Energy Resources Phase 3 (ESDER 3) tariff amendments to qualify for local capacity in the CAISO's planning processes.

Before the Council can support this proposed approach, key details must be known regarding the post-day-ahead market solution. Specifically, how frequently would slow DR resources typically be dispatched? This question has been asked in stakeholder meetings and in comments, but has been unanswered by CAISO. Also, by what time in the day prior to the dispatch day would scheduling coordinators be informed that their eligible slow DR resources were scheduled in the real-time market? The Council understands that there are several dynamic factors involved that will impact the frequency of pre-contingency dispatch on any given day. However, it would be helpful to have a clearer understanding of what constitutes a pre-contingency event and an estimated range of potential dispatch events and durations, if possible. There are differences in assumptions between what constitutes a contingency for planning purposes and what constitutes a contingency for operational purposes. As the CAISO is well aware, resources that are not dispatchable within 20 minutes' notice have been excluded from being included in the transmission planning analysis for Local Resource Adequacy for an N-1-1 contingency. The Council assumes that N-1-1 will not be the only contingency criteria that would trigger a pre-dispatch event operationally.

As indicated in the Draft Final Proposal, the CAISO has targeted Fall 2020 implementation of the post-day-ahead market solution. The Council would appreciate any additional information from the CAISO regarding the schedule of the associated stakeholder initiative, especially when the CAISO would expect to initiate it. Notably,

Fall 2020 would be during a DRAM delivery year and would precede the filing of the annual Resource Adequacy showing for 2021. It is important not to erode any resource value during a contract year. The CAISO should take this into consideration and work with the CPUC on preserving existing contract value from erosion due to a rule change.

In summary, please provide your organization's position on the *Local Capacity with Availability-Limited resources and Slow Demand Response Draft Final Proposal*. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats and explain your rationale)

As explained above, if the Council's understanding is correct that the CAISO's post-day-ahead market solution would enable slow DR resources operating in the real-time market using one of the ESDER 3 block scheduling options to qualify for local capacity, then the Council supports with caveats. In this instance, the caveats are the details, some of which are discussed above, of how the solution would operate. At this time, the Council takes no position on the Local Assessments with Availability-Limited Resources proposal but reserves the right to take a position in the future.