

## Proposed Modification to Meter Configuration B - Option B2 and B3

### Background

Currently,  $DR\_Supply(t) = -[G(t) - G\_LM]$

- Where  $G\_LM$  is the adjustment for typical retail load modifying behavior established by using a look back of similar non-event hours
- An “Event Hour” is any ISO market award, dispatch or outage recorded for the PDR/RDRR that occurs during an ISO Hour Ending interval

$G\_LM$  is necessary to estimate what a resource’s retail behavior would be when not dispatched by the CAISO.

SCE proposes a modification to the “Event Hour” definition to better estimate retail market behavior vs CAISO market behavior.

### Proposed Modification to the “Event Hour” Definition

Event Hour: Any ISO market award and dispatch at or above the demand response net benefits test price threshold or outage recorded for the PDR/RDRR that occurs during an ISO Hour Ending Interval.

- Demand Response Net Benefits Test Price Threshold: A price at which demand response resource bids are deemed cost effective (Required by FERC Order 745)
- The price threshold is a monthly value and is published by the CAISO before each operating month<sup>1</sup>

### Example Scenarios of the Proposed Modification

Scenario 1: Dispatch Below the Price Threshold

| Bid | Clearing Price | Monthly Price Threshold | PDR Performance | Market Payment                  | Event Hour |
|-----|----------------|-------------------------|-----------------|---------------------------------|------------|
| \$0 | \$10           | \$30                    | 1 MW            | $\$10 * (1 \text{ MW} - G\_LM)$ | No         |

Scenario 2: Dispatch At or Above the Price Threshold

| Bid | Clearing Price | Monthly Price Threshold | PDR Performance | Market Payment                  | Event Hour |
|-----|----------------|-------------------------|-----------------|---------------------------------|------------|
| \$0 | \$40           | \$30                    | 1 MW            | $\$40 * (1 \text{ MW} - G\_LM)$ | Yes        |

### Other Notes

The Net Benefits Tests it currently performed using Real Time clearing prices. It is possible that a DR resources could bid and be cleared/dispatched above the price threshold in the day ahead market, but have the real time prices be below the price threshold. Under this scenario, the dispatch should still be considered to have occurred in an Event Hour.

When DR resources are dispatched below the Price Threshold, CAISO performs a default load adjustment that results in LSEs paying for load as if the DR resource did not generate.

### Contact Information

Martin Blagaich  
626-302-3302  
Martin.Blagaich@sce.com

<sup>1</sup> Example Price Threshold (July 2015): <https://www.caiso.com/Documents/DemandResponseNetBenefitsTestResultsJuly2015.pdf>