

PRR1280 will have harmful impacts that are inconsistent with state law and state policy.

CAISO Response:

The key outcome of PRR1280 is to ensure consistent treatment of all RA resources under the CAISO tariff and that resources counting towards meeting RA obligations be shown on RA supply plans. This outcome is neutral as to particular resource types and ensures consistent and non-discriminatory treatment among all resources providing RA capacity. In general, resources shown on RA supply plans face exposure to RAAIM non-availability charges if they cannot satisfy their RA capacity obligations. The CAISO acknowledges some resources may now face such exposure because of this PRR. The CAISO, however, does not agree that ensuring more even application of RAAIM across resources meeting RA obligations is an impermissible harmful impact.

Proposed Response:

The CAISO's response fails to recognize that not all DR resources are similarly situated compared to the other resources for which RAAIM does currently apply. Non-variable energy resources, which properly fall under RAAIM, can control their output as their fuel source is generally unlimited. In contrast, Variable energy resources can only perform when fuel is available and are not subject to RAAIM. Notably this has included, wind, solar, and more recently hydro where the resources have been exempt from outages caused by a lack of fuel. DR has much more in common with a variable energy resource in that it is only capable of curtailing load if there is load at the customer's premise providing the service to begin with. Without a more comprehensive stakeholder process to assess DR exemption from RAAIM when the resources cannot reasonably be expected to perform while accounting for this variable nature in the establishment of their QC value, the CAISO proposed change does indeed subject customers to harmful impacts (i.e. RAAIM) while not affording appropriate mechanisms for a variable resource that has been developed consistent with State and other policy objectives. Due to the MW size of SCE's DR portfolio, SCE customers will be disproportionately financially harmed by CAISO's intent to require DR resources onto Supply Plans.

PRR1280 intrudes on state jurisdiction and exceeds CAISO authority.

CAISO Response:

The PRR relates to aspects of the RA program that are within the CAISO's tariff authority. LRAs may set their planning reserve margin and establish qualifying capacity methodologies. Nothing about PRR1280 intrudes on LRAs' ability to exercise their authority on those matters.

Proposed Response:

The CAISO's response ignores the significant costs of adhering to the CAISO tariff. CAISO seems to believe that if the LSE simply places DR on the supply plan, then the CPUC QC value will be realized. This is incorrect and ignores the point above regarding the variable nature of DR and the fact that DR deserves treatment similar to other variable energy resources wherein those resources are allowed to provide RA while not being unreasonably exposed to RAAIM. Without such a mechanism, while the PRR does not explicitly disallow the resource, it does make it potentially prohibitively expensive without providing treatment comparable to other similarly situated resources.

PRR1280 exceeds Board authority from Slow Demand Response initiative.

CAISO Response:

Questions regarding LRA crediting were highlighted in the Slow Demand Response initiative but concerns on this matter cut across all aspects of RA. Further, the tariff amendments from that initiative are tied to financial settlement and accounting of slow demand response resources and do not speak to the crediting issue.

Proposed Response:

In its original comments on this PRR, SCE cited the focal point language regarding *slow response* DR that the CAISO provided in its Board memo. Likewise, the Board meeting focused on slow DR. In his opening comments to the Board, Mark Rothleder noted that the issue of supply plan requirements was not in front of the Board and indicated that, because the CPUC had not taken action on this and rather deferred it to the RA OIR track 4, the CAISO was taking the initiative to not count any DR resource not included on a supply plan. SCE believes that the reason this element was not decided within the RA OIR was due to the lack of agreement over whether the current load impact protocols are sufficient for the valuation of QC from DR resources. While SCE understands and appreciates the CAISO's frustration, SCE does not believe that the lack of a decision from the CPUC should result in the CAISO unilaterally making a decision that has the impact of not counting DR toward RA needs, especially in light of the significant financial penalty exposure with no way for the resource to reasonably avoid such penalties consistent with other similarly situated resources.

PRR1280 is not necessary to achieve CAISO objectives.

CAISO Response:

The CAISO respectfully disagrees. There is value to the CAISO in ensuring that resources counting towards meeting RA obligations are on RA supply plans. This ensures equal and non-discriminatory treatment of all RA resources under the CAISO tariff and ensures that all RA resources follow the CAISO tariff.

Proposed Response:

As discussed above, PRR1280's proposed treatment of a variable energy resource in a way that is different from other variable energy resources is discriminatory and unfair. SCE believes that the CAISO should pursue this issue through the CPUC annual RA proceeding to establish the appropriate QC counting convention and adopt rules within the CAISO tariff that enable these resources to be recognized similarly to other variable energy resources in the evaluation of performance and application of RAAIM.

The over-arching objective of the CAISO is to ensure reliability of the electric system. The overwhelming majority of demand response resources share that same objective. Further, demand response successfully demonstrated the fulfillment of this purpose during the recent emergencies where these resources mitigated or eliminated the need for CAISO rotating outages. It is important to note this demonstration occurred under current circumstance and rules where demand response is not included on supply plans, yet delivered swift grid support and deep energy reductions as it always has when needed. Imposing PRR 1280 at this point in time and under rules which would financially burden these resources gives the appearance of negative prejudice at worst, and seeming ignorance or lack of acknowledgement at best.