The California Large Energy Consumers Association Informal Comments on Demand Response and Resource Adequacy
October 22, 2013

CLECA is generally supportive of probabilistic modeling, but believes that the ED effort is going to be a challenging undertaking that will take a considerable amount of time to bear fruit. We list below a few concerns that arise out of the Draft ED staff proposal of September 13.

First, the proposal that DR resources be aggregated at transmission nodes raises concerns. Currently, under PDR, DR may be bid into ISO markets at a sub-LAP or a custom LAP. Changing the aggregation requirements for PDRs to a single transmission node will severely limit opportunities for DR in the CAISO market. It will also be very challenging to aggregate additional load in case some participants cannot respond every time. Such additional restrictions may reduce the role DR can play.

Second, the proposal to use P_{max} as a starting point for DR is going to be problematic for a number of reasons. First, there is a proposal to have new DR programs "conduct testing-based performance estimates using a Simplified LIP and submit the results to the ISO and the CPUC or review and input into the QC and EFC calculations."[1] The proposal states that the results of the test will be adjusted for temperature and other relevant factors (such as time of year)".[2] The ability of DR to respond does indeed have a diurnal and a weather-related component. For example, temperature-sensitive DR will have a P_{max} and a P_{min} that vary over time and DR that focuses on air conditioning will not be available in the winter. This issue was raised during an ISO stakeholder process for NGR a year and a half ago. However, how is this to be done? If a test event or some other method is used to determine P_{max}, considerable thought will need to be given to the methodology for adjusting it for time of day and year and weather. We are also concerned about the emphasis on ex post results. These vary depending on the time of day and the weather, as well as business cycles. This is one of the reasons that there are ex ante LI studies. In these ways DR is not like a generating plant (although even the latter have temperature adjustments for output). This whole matter requires additional attention.

Third, during the DR cost-effectiveness process, a great deal of attention was paid to avoiding the use of proprietary models or confidential information. However, the staff proposal will be heavily dependent on confidential information such as the contents of the ISO's Master File. Most parties will not have access to this information. We do not understand why the Commission was so reluctant to use production cost modeling to develop LOLE figures for cost-effectiveness but is willing to use far more confidential information to develop ELCC.

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[1] Draft Proposal, p. 8.
[2] Draft proposal p. 7.

Fourth, it is not appropriate to apply the perfect generator process for determining ELCC to intermittent renewables and DR and not to generation resources. The latter are not perfect and do not have the attributes of perfect generators, i.e. they do not have immediate start-up, infinite ramping capability, no use limitations, and no outages.