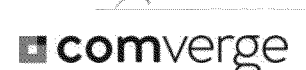


# DR OIR Phase 2 Foundational Questions on Bifurcation

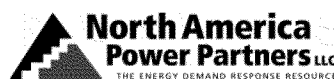
DR Collaborative Meeting with CPUC

March 21, 2014



# DR Collaborative Consensus Echoed in Comments of Other Parties

## DR Collaborative



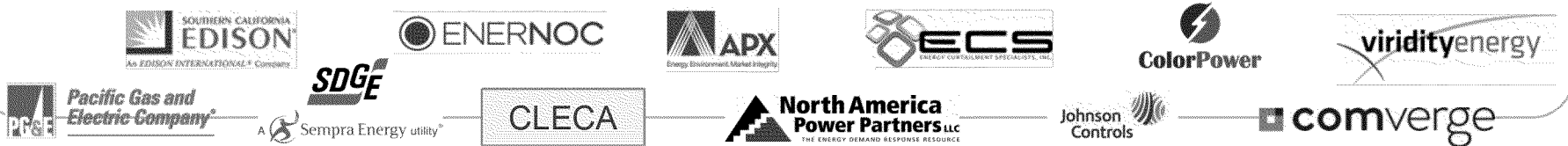
---

## Other Parties' Comments Support Consensus Expressed by DR Collaborative



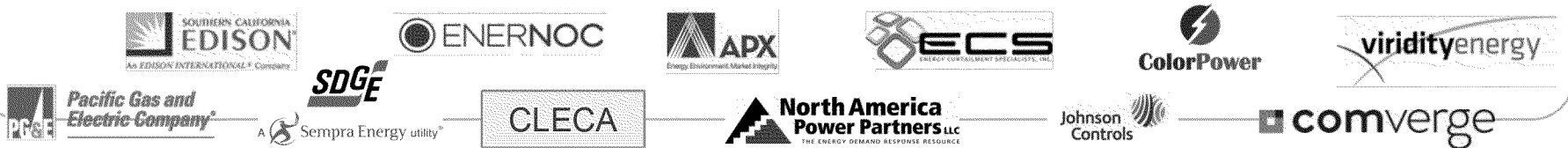
# Proposed Decision

- **States that there is broad support for Bifurcation**
  - At best qualified support with an appropriate process to explore identified concerns
- **Categorizes existing DR programs as either load modifiers or supply-side resources, that must be bid into the CAISO**
  - No basis for the categorization of existing programs or process for evaluating the rationale, as identified in the OIR
- **Defines DR as either helping State meet RPS and GHG goals or a load following resource**
  - No recognition of DR for emergency or peak shaving purposes
- **States that bifurcation will eliminate double counting**
  - No evidence that it exists or that bifurcation would eliminate it



# Stakeholder Comments on “Bifurcation”

- **Protecting Existing DR Resource From Value Erosion While Designing a Future Path**
  - The policy decision is premature and not actionable
  - The decision will reduce or devalue the broad range of services that DR can provide
  - Parties do not have confidence that the complexity and cost of w/s market participation is understood
  - Parties do not have confidence that the w/s market will provide the economic incentives to encourage DR participation or growth
  - Before a significant policy, like bifurcation, is adopted, parties need to address and resolve issues and establish a roadmap and a timeframe by which the policy will be enacted.  
Is it the policy or how it is applied that is the issue?
  
- **Suggested Changes**
  - Postpone “adopting” bifurcation subject to findings in Track III or identify this policy as preliminary and subject to change
  - Identify concrete next steps to reduce cost and complexity for CAISO integration of DR programs in an open forum that allows for parties to discuss the options
  - Allow a range of DR options to provide customers, LSEs and DRPs with choice of how DR integrates with CAISO markets (demand and supply side DR)



# Recommended Approaches to Solutions

- Focus on reducing the cost and complexity of integrating DR (both load modifying and supply resources) into CAISO market
  - Continue and expand “transitional” opportunities for parties to gain experience as supply resources and to help identify ways to reduce cost and complexity
  - Seek ideas from all parties on how to reduce the cost and complexity
  - Follow up with workshops and/or hearings to advance these ideas

