

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

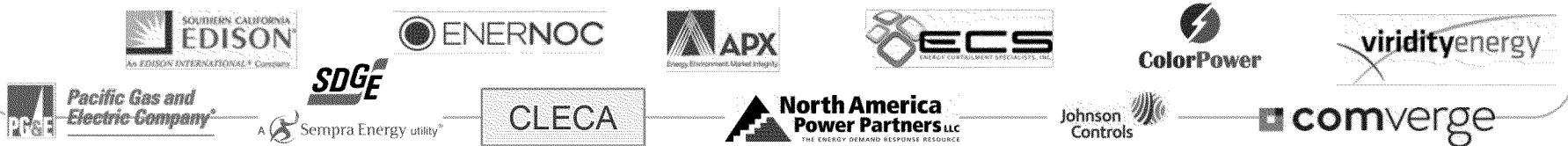


Other Parties' Comments Support Consensus Expressed by DR Collaborative



Proposed Decision

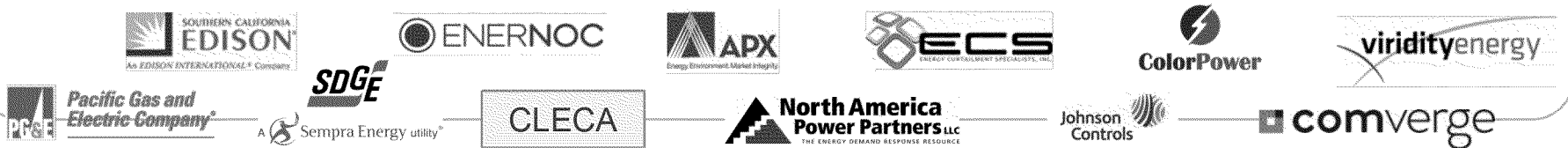
- **States that there is broad support for Bifurcation**
 - At best qualified support with an appropriate process to explore identified concerns
- **Categorizes existing DR programs as either load modifiers or supply-side resources, that must be bid into the CAISO**
 - No basis for the categorization 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

