



Submit comment on Straw Proposal

Initiative: Market enhancements for summer 2021 readiness

1. Provide a summary of your organization's comments on the straw proposal:

The California Efficiency + Demand Management Council (Council) appreciates the CAISO's efforts to improve the functioning of its market for summer 2021. The Council's comments do not pertain to the straw proposal, but rather, what is missing from it.

The Council is concerned that the CAISO has not taken steps to ensure that Proxy Demand Resources (PDR) are being fully awarded in the day-ahead market (DAM) when the market clearing price exceeds the bid price. This occurred on several occasions to at least one demand response (DR) provider during the August 2020 heat event. The CAISO should work with the DR community and investigate the cause of this issue so that it can be fixed in time for summer 2021 deployment.

One potential solution the CAISO might want to consider is adopting a trigger similar to the one in place for Reliability Demand Response Resources (RDRR) that would allow the CAISO to dispatch PDRs capable of real-time market (RTM) dispatch that were not scheduled in the DAM under emergency conditions pursuant to Operating Procedure 4420. The CAISO DAM is designed to clear based on economics and not on system conditions, so emergency events are not reflected in the DAM. To the extent that the CAISO is not economically scheduling PDRs in the DAM despite bids below the market clearing price, this will ensure that those capable of 30-minute dispatches can be used during emergency events.

Another critical issue the CAISO should address for summer 2021 is the accuracy of its DR baselines. The Council is very concerned that the CAISO's DR baseline options undercount DR performance under extreme heat conditions which can lead to under-compensation of DR participants. This can have a disenfranchising impact on participants and reduce the amount of DR capacity that is available to maintain reliability.

The CAISO's 10-in-10 baseline caps the day-of adjustment at +/- 20% and its 5-in-10 baseline, which is only available to residential customers, has a day-of adjustment capped at +40%/- 29%. In some instances, the sustained extreme heat events during August 14-19 and September 5-7 resulted in such high and sustained customer loads relative to their baselines that even with the day-of adjustment, curtailed customer loads were still greater than the adjusted baseline, despite the customer's actions to execute their load reduction plans which resulted in no compensation for their load reductions.

The CAISO should consider alternative baselines, including a higher day-of adjustment, to ensure accurate measurement of DR resource performance. One potential approach could be to work with the IOUs to assess the August 14-19, 2020 and September 5-7, 2020 loads of customers not participating in a DR program to determine an appropriate alternate day-of adjustment. As a corollary, this alternate day-of adjustment could be attached to a trigger such that it is only applied

during emergency or high-heat conditions so that it does not over-count performance under less-than-extreme heat conditions.

2. Provide your organization's comments on the export and load priorities topic as described in slides 7-15:

3. Provide your organization's comments on the EIM coordination and resource sufficiency test review topic as described in slides 16-20:

4. Provide your organization's comments on the import and export market incentives during tight system conditions topic as described in slides 21-25:

5. Provide your organization's comments on the real-time scarcity price enhancements topic as described in slides 26-30:

6. Provide your organization's comments on the reliability demand response dispatch and real-time price impacts topic as described in slides 31-33:

7. Provide your organization's comments on the management of storage resources during tight system conditions topic as described in slides 34-36:

8. Provide your organization's comments on the system market power mitigation topic as described in slides 37-38:

9. Provide your organization's comments on the other items considered in this initiative based on stakeholder feedback as described in slides 39-42:

10. Provide your organization's comments on the proposed EIM Governing Body role as described in slide 45:

11. Additional comments on the Market Enhancements for Summer 2021 Readiness straw proposal:

12. Provide your organization's suggestions for how to prioritize the topics included in the proposal: