



California ISO

WESTERN EIM

Decision on reliability demand response resource (RD RR) enhancements – phase 1

Greg Cook

Executive Director, Market and Infrastructure Policy

ISO Board of Governors and WEIM Governing Body Joint Meeting
General Session

March 16, 2022

The intended dispatch of RDRRs is impacted by recent rules that allow bids up to \$2,000/MWh

- In 2012, ISO adopted rules to align with CPUC-approved settlement
 - RDRRs only dispatched in emergencies
 - Settlement recognized that the underlying customers have costs well above cost of conventional supply resources
 - Real-time market bids must be at least 95% of the \$1,000/MWh bid cap
- Last year the ISO changed its market rules to comply with FERC Order 831
 - Bids up to \$2,000/MWh are allowed based on verified costs
 - Import bids are allowed up to \$2,000/MWh under certain conditions

Management proposes changes to bidding rules when energy bids priced up to \$2,000/MWh

- Under current rules, RDRRs could be dispatched before other resources when there are bids above \$1,000/MWh
 - Inconsistent with intent of 2012 CPUC settlement
- Require real-time RDRR energy bids be at least 95% of the \$2,000/MWh bid cap when the ISO is accepting bids up to \$2,000/MWh
 - Ensures real-time market exhausts bids for other resources before dispatching RDRRs
- ISO will notify utilities when it is accepting bids up to \$2,000/MWh
 - Allow scheduling coordinators to modify bids to \$1,900 or higher
 - Any remaining bids below \$1,000/MWh automatically scaled to the \$2000/MWh bid cap

Example of how proposal would work in the market

Under normal \$1000/MWh market bid cap:

Scheduling coordinator submits RDRR energy bid = \$975/MWh

If conditions arise that trigger \$2,000/MWh bid cap, then, RDRR scheduling coordinator would be notified and can either:

1. Submit a bid between \$1,900 and \$2,000/MWh, or
2. Do nothing and the bid will automatically be scaled to \$1,950/MWh ($\975×2)

Stakeholders largely support the proposed change to RDRR bidding requirements

- Utilities and demand response providers support the proposal as consistent with CPUC settlement and market rules related to FERC Order 831
- DMM believes RDRR bids below \$1,900/MWh should be allowed if the utility can document costs below \$1,900/MWh
 - Management's proposal to require bids of at least \$1,900/MWh is consistent with the CPUC settlement's intent that they be priced near the bid cap
 - Proposal ensures the real-time market does not dispatch RDRRs before other resources

Management requests the ISO Board of Governors and Western EIM Governing Body approve Management's proposed RDRR bidding enhancements.

- Provides for the appropriate dispatch of RDRRs when the ISO is accepting energy bids priced up to \$2,000/MWh
- Maintains the original dispatch procedures that address cost and use-limit attributes of RDRR resources under FERC Order 831 rules