

ARC/ISO/RTO Demand Response Aggregation Draft Rule Workshop, Monday, April 11, 2011 Stakeholder Notes and Comments (See EFIS filing for Stakeholder Attendance Sheets)

(1) Definitions

- A. **Ancillary Services** - Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Service Provider's transmission system in accordance with good utility practice.
- B. **Aggregator of Retail Customer(s) (ARC)** – An entity that aggregates Demand Response bids on behalf of one or more End Use Customer(s) directly into the organized energy market.

Definition needs to make sure that that an electric utility can bid in its own load / customer(s).

- C. **Balancing Authority (BA)** - The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a **Balancing Authority Area**, and supports interconnection frequency in real time.
- D. **Balancing Authority Area** - The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load and resource balance within this area.
- E. **Demand Response (DR)** - A **reduction** in the consumption of electric energy by End Use Customers from their expected consumption in response to an increase in the price of electric energy **or to incentive payments designed to induce lower consumption of electric energy** <note that this definition was taken in its original form from FERC Order 745, footnote 2>

Charles Locke (KCPL): Reduction; change

Barb Meisenheimer (OPC): May have a problem with changing reduction to change

Mark Peters (Ameren): Regulation service is an issue, change is not always a reduction.

Adam Mckinnie (Staff): A change in the consumption of electric energy by End Use Customers from their expected consumption in response to...

Charles Locke (KCPL): Concerns with price elasticity the reduction could be solely / primarily for that reason

- F. **Demand Response Program-** Program of an Electric Utility in an effective Commission tariff or an ARC participating within an ISO / RTO structure that describes conditions, payments, and terms regarding the Demand Response of an End Use Customer.
- G. **Economic Demand Response** – Any type of Demand Response that is not utilized for Ancillary Services or resource adequacy purposes
- H. **Electric Utility** – Any electrical corporation as defined in section 386.020(15), RSMo.

< Reference Note; full definition, just for reference: (15) "Electrical corporation" includes every corporation, company, association, joint stock company or association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, other than a railroad, light rail or street railroad corporation generating electricity solely for railroad, light rail or street railroad purposes or for the use of its tenants and not for sale to others, owning, operating, controlling or managing any electric plant except where electricity is generated or distributed by the producer solely on or through private property for railroad, light rail or street railroad purposes or for its own use or the use of its tenants and not for sale to others; >
- I. **Emergency Demand Response** – A Demand Response resource that it is utilized for resource adequacy purposes and may be called by an ISO / RTO in a grid-related emergency. Emergency Demand Response also includes but is not limited to Demand Response participation as a resource adequacy credit under MISO Module E or Demand Response participating under MISO Schedule 30.

Mark Peters(Ameren): Change definition as not to have confusion with MISO tariff.

MISO: EDR and emergency demand response different types, Does this rule limit emergency demand response.

LMR may register as an EDR.

May need to be renamed, and the issue exists of whether to have the category include both capacity and emergency demand response.

- J. **End Use Customer** - A retail customer ... ? need to ponder (single location) of an Electric Utility that takes service under the terms and conditions of an Electric Utility's retail rate schedule(s).

Question of whether a customer means a customer at one location, or at multiple locations.

- K. **Good Utility Practice** – - Practices, methods, or acts generally accepted in the electric industry in the region, including those practices required by Federal Power Act section 215(a)(4).
- L. **Market Rules Documents** - Includes: (a) tariff(s) in effect at FERC, filed by the ISO / RTO; and (b) a collection of business practices ("administrative elaboration and clarification of an effective FERC tariff - for purposes of administering the tariff", and the official statement of ISO / RTO practice) by an ISO / RTO that includes "market protocols" and other documents maintained by the ISO / RTO – to govern the organized markets of the ISO/RTO.

Question of whether to keep 'governing' in the name of the term.

- M. **Independent System Operator / Regional Transmission Organization (ISO / RTO)** - An independent, Federally regulated entity established to coordinate regional transmission in a non-discriminatory manner and ensure the safety and reliability of the electric system as defined in Federal Energy Regulatory Commission (FERC) Order 2000 and subsequent FERC Orders. –

< Reference note: appears to not need the term "transmission" with the ISO name, according to FERC website:

Independent System Operators grew out of Orders Nos. 888/889 where the Commission suggested the concept of an Independent System Operator as one way for existing tight power pools to satisfy the requirement of providing non-discriminatory access to transmission. Subsequently, in Order No. 2000, the Commission encouraged the voluntary formation of Regional Transmission Organizations to administer the transmission grid on a regional basis throughout North America (including Canada). Order No. 2000 delineated twelve characteristics and functions that an entity must satisfy in order to become a Regional Transmission Organization.

<http://www.ferc.gov/industries/electric/indus-act/rto.asp>>

- N. **Market Participant** - A registered entity with an ISO / RTO, as defined in the relevant ISO / RTO Governing Market Rules Documents.

Charles Locke (KCPL): What is the entity registering for? Market transactions. Definition may need a purpose of the registration.

- O. **Marginal Foregone Retail Rate (MFRR)** – As defined in the ISO / RTO's Governing Market Rules Documents.

Mark Peters(Ameren); May not need to define because FERC has issued Order 745, thus MFRR would not be needed to be set.

- P. **Relevant Electric Retail Regulatory Authority (RERRA)** –The entity that establishes the retail electric prices and any retail competition policies for customers, such as the city council for a municipal utility, the governing board for a cooperative utility, or the state public utility commission.

Does RERRA need to be defined? Leave for Steve D. and Nathan W. (staff counsel) to work on for a definition.

- Q. **Residential End Use Customer** - A retail customer of an Electric Utility that takes service under the terms and conditions of the Electric Utility's residential service rate schedules.

(2) An ARC shall not directly aggregate the Demand Response of an End Use Customer of an Electric Utility where the Commission is the RERRA unless:

- a. The ARC is properly registered as a market participant with the ISO / RTO that the Electric Utility in-which load is served, as defined in the relevant ISO / RTO Governing Market Rules Documents.;

Ryan Kind (OPC): Does the Commission need to be notified (made aware) of an ARC doing business within Missouri

Charles Locke(KCPL): Make a listing of what needs to be included until such a time MISO rules become "effective".

Steve Dottheim(staff): Which party will make the list / notification...Staff will take a stab and desire to have other party input. <regarding MO jurisdictional, etc.>

- b. The Demand Response (what types of DR makes up the cap) if there is a cap of the End Use Customers(s), added to the existing Demand Response already aggregated by ARCs in the Electric Utility's **Balancing Authority Area**, is less than 100 megawatts (MW); and

Enernoc: No need for a cap or specific number because it could be difficult to change later if warranted.

Ryan Kind (OPC): Percentage of load, or others triggers for a cap

Charles Locke(KCPL): RTO registers a participant; the response could be applied toward what was registered and not a real time basis.

Measurement issues regarding how to count to 100 MW (or another figure)

Does the Utility DR count towards the 100 MW cap? Needs to be determined / made explicit.

Why limit the amount of emergency demand response? Isn't the more, the better?

Possibility of different caps / triggers for different utilities.

Does this portion of the rule cap an Electric utility's DR at 100 MW? If not, make explicit.

- c. The ARC has followed the proper ISO / RTO procedure, and following the requirements of this rule as described in the relevant ISO / RTO's Governing Market Rules Documents, regarding registering the End Use Customer's Demand Response.

<insertion above will also considered as part d of section (2)>

(3) An End Use Customer shall not be allowed to enroll in an Economic, Emergency, or Ancillary Services Demand Response program if that End Use Customer is currently enrolled within the **Balancing Authority Area** in the same type of **Demand Response program with (an) ARC or Electric Utility.**

Desire to "turn around" the statement, so the enrollment is prohibited unless...

Hard to enforce against an end-use customer, so change the agent of action to the ARC / Electric Utility

(4) An ARC shall not directly aggregate the Demand Response of a Residential End Use Customer of an Electric Utility where the Commission is the RERRA, unless the Commission makes an affirmative decision that ARCs aggregating the Demand Response of Residential End Use Customers is not detrimental to the public interest.

Ryan Kind (OPC): Give the commission more flexibility to determine if residential should be allowed

Also, might be different for different utilities.

(5) The Commission Staff shall provide a recommendation to the Commission no later than three (3) years after the effective date of this rule whether ARCs directly aggregating the Demand Response of Residential End Use Customers (for each electric utility) is not detrimental to the public interest.

Ryan Kind (OPC): Give the commission more flexibility to determine if residential should be allowed

(6) An ARC may could enter into a contractual agreement with an Electric Utility with an agreement with the Utility to aggregate the Demand Response of End Use Customers on behalf of the Electric Utility, if permitted by the Commission.

Mark Peters (Ameren): Nothing in this rule precludes....

Make explicit that LSEs / ARCs are not required to work with each other upon request of another party.

Question of whether ARC work with an Electric utility counts towards the 100 MW cap.

Suggestion to take a look at page 9 of the MISO draft business practice manual, and sheet 38.5 of the MISO tariff

<Reference Note;Items 7 and 8 below were not discussed due to time constraints >

(7) The Commission reserves the right to set the MFRR, or any successor or equivalent to the MFRR. The Commission initially proposes to set the MFRR for Demand Response at the current effective retail rate of the End Use Customer.

<requested follow- up input from stakeholders, see subsequent EFIS Filings for Stakeholder comments and input>

(8) The Commission Staff shall, no later than three (3) years after (a) the effective date of this rule or (b) the most recent submission of a report under this section of the rule, produce a report regarding the status of ARCs in areas where the Commission is the RERRA. This report shall include any recommendations for changes to this rule. The report shall include a review of any ISO / RTO market monitor reports regarding ARCs.

<requested follow-up input from stakeholders, see subsequent EFIS Filings for Stakeholder comments and input>