

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission’s Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities’ Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations	Rulemaking 12-06-013 (Filed June 21, 2012)
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The California Independent System Operator Corporation (CAISO) submits the following informal comments on the Energy Division’s May 25, 2021 workshop on advanced distributed energy resources (DERs) and demand flexibility management. The CAISO supports opening a rulemaking to consider the Energy Staff’s “Proposed Roadmap for DER & Flexible Management,” which detailed the opportunity for load management through dynamic real-time pricing.

The CAISO appreciates the Energy Division Staff’s informative and timely workshop. The topics discussed at the workshop are part of a critical conversation regarding the future of load management and the important role of DERs. The CAISO strongly supports greater demand flexibility and new “grid informed” rate options to generate beneficial flexible demand across all days and hours of the year. The grid has evolved due to increased renewable penetration and integration, resulting in a greater need for flexible, fast ramping and responsive resources across all hours of the year versus peak shaving a few times a year. Prices in the wholesale market send the appropriate signals to attract supply to reliably serve demand and reflect the overall emissions profile of the grid. Wholesale market prices are publicly available in the day-ahead and real-time periods to inform DERs and load management. The Energy Division Staff and the California Energy Commission Staff both presented compelling visions for how these prices can be used to benefit ratepayers and the state’s emissions reductions goals.

The CAISO continues to support dynamic pricing policies to shift load.<sup>1</sup> The CAISO also supports “rate optionality” with time-of-use (TOU) rates as the basic default rate, but other

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<sup>1</sup> Comments of the California Independent System Operator on the Proposed Decision Adopting Policy Guidelines to Assess Time Periods for Future Time-of-Use Rates and Energy Resource Contract Payments, CPUC Rulemaking 15-12-012, November 21, 2016.

more dynamic and time-variant options for customers with the capability and desire to respond. Dynamic prices are ideally suited to customers with technology such as behind-the-meter battery systems, electric vehicles, and price sensing devices. The CAISO cautions against a “one size fits all rate” or the need to have all load responding to real-time price signals. The key is to have rate optionality to create flexible demand that best suites the needs of customers and the grid. Consequently, the CAISO strongly supports further exploration and development of the topics presented at the May 25 workshop, including the Commission opening a new rulemaking on this topic.

The CAISO appreciates the opportunity to participate in the Energy Division Staff’s workshop, submit these comments, and looks forward to working with the Commission, California Energy Commission, and parties on this important topic.

Respectfully submitted

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