CALIFORNIA
Efficiency + Demand Management
COUNCIL

April 29, 2020

Via E-Mail (EDTariffUnit@cpuc.ca.gov)
California Public Utilities Commission
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

RE: Advice Letter (ALs) 5746-E-A (Pacific Gas and Electric), 4152-E-A (Southern California Edison), and 3503-E-A (San Diego Gas & Electric) (Supplemental Demand Response Auction Mechanism Pilot for 2021) RESPONSE OF CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL, CPOWER, ENEL X NORTH AMERICA, INC., AND LEAPFROG POWER, INC.

Dear Energy Division Tariff Unit:

On April 9, 2020, pursuant to Ordering Paragraph ("OP") 29 of Decision ("D.") 19-12-040 and a non-standard disposition letter issued by the California Public Utilities Commission ("Commission"), dated March 30, 2020, investor-owned utilities Pacific Gas and Electric ("PG&E"), Southern California Edison ("SCE"), and San Diego Gas & Electric ("SDG&E) (jointly, "the IOUs") submitted their Supplemental Demand Response Auction Mechanism ("DRAM") Pilot for 2021 ("2021 DRAM Pilot) Advice Letters.[1] These Advice Letters requested approval of the 2021 DRAM Pilot with an auction of 2020. The California Efficiency + Demand Management Council, CPower, Enel X North America, and Leapfrog Power, Inc. (collectively, "the Joint Parties") appreciate the opportunity to respond to these Advice Letter filings.[2]

The Joint Parties' Response addresses concerns regarding the IOUs' refusal to exempt Public Safety Power Shutoff events ("PSPS Events") from the baseline calculations for affected DRAM resources. The Commission should again direct the IOUs to exclude PSPS Events from the baseline calculations for DRAM resources. In addition, the IOUs should be required to notify DRAM Sellers when their customers will be subject to a PSPS Event so that they can submit an outage and reflect this in their California Independent System Operator ("CAISO") day-ahead market bids. Similarly,

[1] On January 31, 2020, the IOUs submitted their initial 2021 DRAM Pilot Advice Letters (AL 5746-E (PG&E), 4152-E (SCE), 3503-E (SDG&E)).
[2] The views expressed by the Council are not necessarily those of its individual members.

the IOUs should be required to inform DRAM Sellers when their customers will no longer be subject to a PSPS Event so that the DRAM Seller can revoke their outage.

JOINT PARTIES' RESPONSE

I. Including PSPS Events in DRAM customers' baseline calculations is inconsistent with IOU treatment in some of their own DR programs.

In its February 20 Response to AL 5746-E (PG&E), 4152-E (SCE), and 3503-E (SDG&E), the Joint Parties recommended that PSPS event days should be excluded in baseline calculations for affected DR customers because DRAM Sellers should not be penalized as a result of a decision made by the IOU.[3] In its non-standard disposition letter, the Energy Division stated that it "is not convinced that the utilities' proposed different treatment of third party demand response provider ("DRP") customers versus bundled demand response ("DR") participants' baselines is based on decisions directed by law or existing Commission Decisions"[4] and directed the IOUs to "either 1) include in their supplemental Advice Letter showing where the Commission approved their proposed different treatment of IOU DR customers' baselines versus third party DRP customers' baselines [footnote removed], or 2) exclude the PSPS events from the baseline calculation of DRAM customers."[5]

In their supplemental Advice Letters, the IOUs rejected Energy Division's directives. Instead, they cited an April 6, 2020 conference call with the Energy Division,

> "specifying that the IOUs were not aware of any Commission-approved differences in treatment between IOU DR customers' baseline methodologies and third party DRP customers' baseline methodologies, and explaining the process by which a DRAM Seller could exclude PSPS events from the baseline calculation."[6]

The IOUs' statement that there are no Commission-approved differences in treatment between IOU DR customers' and third-party DRP customers' baseline calculations is irrelevant to the question at hand. The key question in this instance is whether any of the IOUs' DR programs allow PSPS events to be excluded from the participating customers' baseline calculations and if so, why should DRAM customers be treated any differently? As highlighted by the Energy Division in its non-standard disposition letter, there are instances in which an IOU DR program excludes PSPS events from the participating customers' baseline calculations. [7] In December 2019, PG&E requested in Advice Letter 5702-E that the Commission approve just such an

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[3] Response of California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc., and OhmConnect, Inc. to ALs 5746-E (PG&E), 4152-E (SCE), and 3503-E (SDG&E), submitted on February 20, 2020, at p. 5.
[4] Energy Division Non-Standard Disposition Letter, at p. 7, March 30, 2020.
[5] Id.
[6] ALs 5746-E-A (PG&E), 4152-E (SCE), and 3503-E (SDG&E), at p. 7.
[7] Energy Division Non-Standard Disposition Letter, at p. 7, March 30, 2020.

exclusion for its Base Interruptible Program ("BIP"). As PG&E argued in this advice letter,

> "PG&E is updating its BIP tariff to explicitly clarify that PSPS events are excluded from the BIP incentive calculation for an individual customer (Potential Load Reduction) in the same manner as DR events are excluded today from the incentive calculation. Absent this additional exclusion for a PSPS event, a BIP enrollee would have his/her incentive reduced, which PG&E believes would be inappropriate. **Since a PSPS event has similarities to a DR event in that it is triggered by the utility and is out of the control of the participating customer, it is reasonable to treat both events similarly for the purpose of the incentive calculation**."[8] [Emphasis added.]

This clear difference in treatment between BIP and DRAM customers is discriminatory. The IOUs have not explained why the logic for exempting BIP customers' baseline calculations from PSPS events should not apply to DRAM customers, so this treatment should be expanded to DRAM customers.

II. Submitting outages in the CAISO market is an unsustainable practice.

In their supplemental Advice Letters, the IOUs recommend that DRAM Sellers submit outages to the CAISO on their resources when they expect outages such as a PSPS event.[9] The IOUs' Response neglects to note that in most instances, the DRAM Seller will have no awareness of a PSPS event before it is even called, which limits the ability of a DRAM Seller to issue an outage. For example, PG&E's PSPS event webpage is often inaccurate in indicating what customers will be subject to a PSPS event.

From an operational standpoint, this lack of awareness on the part of DRAM Sellers regarding the existence or duration of a PSPS event can force a DRAM Seller to submit an outage in the CAISO market when it may not even be necessary. For example, when a DRAM Seller is bidding into the day-ahead market when one or more of its customers are in a PSPS zone, they have no visibility into when the PSPS event will be canceled, so they may have no choice but to assume these customers will continue to be under a PSPS event the next day and be forced to submit an outage. If a DRAM Seller submits an outage too frequently for a given resource, it could result in financial repercussions through the CAISO's Resource Adequacy Availability Incentive Mechanism ("RAAIM").

When a PSPS event that impacts a DRAM Seller's customers is canceled, the DRAM Seller often has no way of knowing this until after the fact and even then,

[8] PG&E Advice Letter 5702-E, at p. 2.
[9] ALs 5746-E-A (PG&E), 4152-E (SCE), and 3503-E (SDG&E), at p. 7.

PG&E's website may not accurately indicate the status of the PSPS event on specific customers. DRAM Sellers will be able to make a better-informed decision when considering whether to submit an outage to the CAISO if they can receive direct notification from the IOUs regarding the status of customers registered through Electric Rule 24/32.

CONCLUSION

Based on the arguments presented above, the Joint Parties recommend the Commission direct the IOUs to exempt DRAM customers registered under Electric Rule 24/32 from PSPS events when performing baseline calculations and inform DRAM Sellers when their customer will be subject to a PSPS event and when that PSPS event will be canceled.

Respectfully submitted,

April 29, 2020

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cc: Courtesy Electronic Service to Service List in A.17-01-012, et al. (Demand Response Programs)