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California Efficiency + Demand Management Council (Council) Comments on Table 1 and Table 2 Timelines

General Comments

The Council appreciates this opportunity to respond to the Energy Division's December 23, 2019 proposed timelines for third-party demand response (DR) providers (DRP) to develop and submit their load impact evaluations, and for parties to submit proposed changes to how the DR Load Impact Protocols (LIP) are applied to third-party DR. The Council is concerned that both timelines would unnecessarily constrain parties and limit their ability to develop draft evaluation plans and put forth proposed revisions to the LIPs for third-party DRPs. Utilizing the LIPs is new territory for most DRPs and non-investor-owned utility (IOU) load-serving entities (LSEs), so additional time would be helpful on the front end of each timeline while preserving the final July 1, 2020 deadline for the Energy Division to approve final Qualifying Capacity (QC) values. To this end, the Council proposes alternate timelines for Table 1 and Table 2 and provides its reasoning when applicable. When adopting final timelines, the Energy Division should be cognizant of the potential need to adjust them should any changes to the LIPs require it.

The Council recommends that, because of the limited time available, the Energy Division's goal in this process should be to develop clear and transparent guidelines for DRPs to utilize the LIPs, and not to make substantive changes to them. Instead, the focus should be on finalizing a timeline and providing more transparency to the process. For instance, the IOUs put forth several questions and areas of clarification in their response to OhmConnect's October 10, 2019 *Draft 2018 Load Impact Evaluation*. In addition, the Energy Division should consider what LIPs can be reasonably ignored by DRPs. For instance, Protocols 11-16 apply to non-event-based DR so they clearly can be ignored for DRPs' event-based DR portfolios. Another key issue to discuss is whether ex post analyses are relevant when DRPs' customer compositions can change significantly from one year to the next. Finally, the applicability of the LIPs to technology-based DR (e.g. energy storage, etc.) should be addressed as well.

Supplemental Process to Update Load Impact Evaluations

DRPs should have an opportunity to update their load impact evaluations later in the year to reflect updated customer portfolios and performance. This is needed not only for DRPs providing Resource Adequacy (RA) capacity but also for DRPs that may want to respond to IOU requests for offers (RFOs) outside of the RA process. Under the current process, load impact evaluations are performed once a year for the upcoming year and are based on ex post data from the prior year. This means that, in any given compliance month, the QC value of a DR resource is based on two-year-old ex post data. For example, August 2021 QC values will be based on August 2019 performance and customer data. Third-party DR portfolios change rapidly as providers test new technologies, incentives, messaging, etc. in an effort to provide the greatest value to customers and improve performance. A DRP's customer base

may differ substantially from year-to-year, including changes to reference loads and the penetration of enabling technologies. A DRP should have an opportunity to have the most up-to-date information be reflected in the QC values assigned to its resources for the following year. Unfortunately, this proposed update process does not address the problem that arises when DRPs develop new customer groups to respond to an RFO outside of the load impact evaluation cycle, but perhaps this can be addressed in the RA proceeding.

The Council proposes the Energy Division allow an optional LIP “update” to be submitted in early fall of each year. For this update, the DRP would use the same methodology and models already vetted during the annual LIP report process, but expand the underlying data set to include current year data up to August. This would avoid the need for a new review of the evaluation plan or draft updated load impact evaluation. The update would be a short supplement to the original report - all existing models would simply be re-run using the more recent data set. Importantly, the Energy Division would update the QC values given in July (if appropriate), based on the new data. Specifically, the updated data set would include:

1. More recent customer composition data, including enrollment, reference loads, and adoption of AutoDR-enabling technologies; and
2. Performance data from the first eight months of the current year.

The Council’s proposed revised Table 1 timeline below includes a proposed timeline for the update process.

Confidentiality of DRP QC Data

The Council is very concerned about the confidentiality of DRPs’ data used to develop the load impact evaluations as well as the final QC values awarded by the Energy Division. The Table 1 process would require DRPs to share potentially proprietary data with all other parties, including competitors. Based on a brief review of OhmConnect’s October 22, 2019 *Amended 2018 Load Impact Evaluation*, these proprietary data can include customer count, per-participant load impact, current and forecasted portfolio size, event frequency and duration, location, and likely more. Though the IOUs share these same data in their draft and final load impact evaluations, and their final portfolio QC values are publicized, the IOUs are subject to the full regulatory oversight of the Commission as regulated public utilities. However, in the context of third-party DRPs who are in competition with other third-party DRPs as well as with IOU programs, this level of public disclosure of competitively sensitive information can result in financial harm.

The Council appreciates that the Energy Division is trying to develop a transparent process, under a significant time constraint, for DRPs to utilize the LIPs. However, confidentiality issues are complicated and, ideally, there would be enough time to fully consider this issue. As an interim measure, the Council urges the Energy Division to initially err on the side of caution to avoid the sharing of any proprietary data, and allow DRPs to forego sharing draft and final load impact evaluations with parties. Also, as an interim measure, the Demand Response Measurement & Evaluation Commission (DRMEC) could review the draft load impact evaluations and provide feedback to the DRP in question and the Energy Division. To protect competitively sensitive information, the Energy Division should require the same controls approved for Auction Mechanism bidders in Ordering Paragraph 22 of Decision 19-12-040, such that IOU DR program staff should not have access to DRPs’ data when being reviewed by the DRMEC.

The appropriateness of DRMEC members having access to these data should be considered in the RA proceeding, but the Council acknowledges that the Energy Division should have the benefit of a technical review of DRPs draft load impact evaluations. In the future, the Energy Division may be the most appropriate entity to review DRPs’ draft load impact evaluations but the DRMEC is likely best-suited to perform this role in the short-term, subject to inclusion of the Council in the DRMEC as well as some confidentiality protections among the DRMEC participants to prevent the type of disclosures that could be harmful to third-party DRPs.

Representation on the Demand Response Measurement & Evaluation Committee (DRMEC)

The Council appreciates the added context regarding the DRMEC that was provided by the Energy Division in its December 23 e-mail. However, the Council continues to believe that if the LIPs are to be applied to third-party DRPs and non-IOU LSEs, and if the DRMEC is to have a role reviewing third-party DRP draft evaluation plans and draft load impact evaluations, both groups should be allowed representation on the DRMEC for the sake of fairness and transparency. As a representative of the third-party DRP community, the Council is well-suited to join the DRMEC. The Council has no direct financial interest in the outcome of DRMEC deliberations and would therefore be an effective and even-handed advocate for DRP interests. The Council already has a history of representing energy efficiency industry interests at the California Technical Forum (Cal TF) and the California Energy Efficiency Coordinating Committee (CAEECC), so it would be an ideal candidate to represent DR industry interests in the DRMEC. Similarly, there are a handful of industry organizations representing non-IOU LSEs that the Energy Division should consider to join the DRMEC.

Proposed Revised Timelines

Below are the Council’s proposed revisions to the Table 1 and Table 2 timelines, including a brief explanation for any proposed changes.

Milestone	ED Proposal	Council Proposal	Notes/Reason for Proposed Change
1. Draft evaluation plan	Jan. 13, 2020	Feb. 21, 2020	Jan. 13 does not allow enough time for DRPs to hire consultants and develop their draft evaluation plans.
a. Comments on draft evaluation plan	Feb. 4, 2020	Mar. 13, 2020	No change – pursuant to Protocol 27 (Section 10.1.3), 15 business days are required for comments on draft evaluation plans.
2. Draft LIP report	Feb. 19, 2020	Apr. 10, 2020	15 calendar days from draft evaluation plan comments is too little time for consultants to perform draft analyses; propose 28 calendar days.
a. Conduct workshop on draft LIP report	Mar. 11, 2020	N/A	Conducting a workshop on both the draft and final LIP report is excessive, especially considering that IOUs are not subject to this requirement.

b. Comments on draft LIP report	Apr. 1, 2020	Apr. 24, 2020	Protocol 27 specifies a minimum of 5 business days for comment on the draft LIP report; 21 days is excessive so propose 14 calendar days.
3. Final LIP report	Apr. 22, 2020	May 8, 2020	Protocol 27 does not specify the amount of time between comments on draft LIP report and final LIP report; 21 days is excessive - propose 14 days
a. Final LIP workshop	May 13, 2020	May 22, 2020	21 days is unnecessary to prepare for the workshop - propose 14 days
4. DR Section approves LIP MW	June 15, 2020	July 1, 2020	49 days seems excessive; can the DR and RA Sections streamline their process to reduce to 41 days?
5. RA Section approves QC MW	July 1, 2020		
6. DRP submits LIP supplement	N/A	Sept. 10, 2020	Because the supplement would use the exact methodology and models already vetted in the annual LIP report, public comment should not be required.
7. DR Section approves updated LIP MW	N/A	Sept. 24, 2020	
8. RA Section approves updated QC MW	N/A	Oct. 1, 2020	

Table 2: Summary of Energy Division-Stakeholder Process			
Activity	ED Proposal	Council Proposal	Notes/Reason for Proposed Change
1. ED releases proposed schedule for third-party DRPs seeking to file LIPs	Dec. 13, 2019	N/A	N/A
2. Conference call	Dec. 20, 2019	N/A	N/A
3. Stakeholders and parties submit written feedback on the ED-proposed Table 1 and 2 schedules	December 27, 2019	N/A	N/A
4. ED releases final schedule	Jan. 3, 2020	N/A	N/A

5. Parties and stakeholders distribute proposed changes to the LIP requirements for third-party DR	January 8, 2020	Jan. 22, 2020	This provides far too little time, especially considering that many people are out of the office through January 1; propose 14 calendar days later.
6. Conference call to discuss proposed changes to LIPs	Jan. 13, 2020	Jan. 29, 2020	5 calendar days may be insufficient to review proposed changes; propose 7 calendar days.
7. ED releases LIP changes that do not require formal Commission approval	Jan. 22, 2020	Feb. 7, 2019	No change – 9 calendar days for ED to consider proposed LIP changes; 2 weeks prior to revised 2/21/20 due date for draft evaluation plans.

If you have any questions, feel free to reach out to me by email at gwikler@cedmc.org or by phone at 925-286-1710.

Sincerely,



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