

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Forward
Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**REPLY COMMENTS OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL
ON THE ORDER INSTITUTING RULEMAKING TO OVERSEE THE RESOURCE
ADEQUACY PROGRAM, CONSIDER PROGRAM REFINEMENTS, AND ESTABLISH
FORWARD RESOURCE ADEQUACY PROCUREMENT OBLIGATIONS**

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the Council) appreciates this opportunity to submit its Reply Comments on the Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations (OIR), pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission) and the instructions accompanying the OIR issued November 13, 2019.

**II. THERE IS A CLEAR NEED FOR MORE RA VALUATION RULES
GOVERNING PREFERRED RESOURCES AND BEHIND-THE-METER (BTM)
DISTRIBUTED ENERGY RESOURCES (DERS).**

The Council fully agrees with the statements by Sunrun and the Center for Energy Efficiency and Renewable Technologies (CEERT) that the RA program inappropriately disregards preferred resources.¹ With the entry of new demand response providers (DRP) in the California market, growth in BTM energy storage, and legislatively-directed energy efficiency targets, the number of preferred resources will only grow. It would seem practical for the Commission should give greater attention to these resources to ensure there is a robust set of rules in place for preferred resources to provide RA capacity. Most prominently, counting conventions for third-party demand response (DR) (discussed in greater detail below) are needed but also guidelines for energy efficiency resources to provide RA capacity should be explored.

¹ Sunrun Opening Comments, at p. 2 and CEERT Opening Comments, at p. 4.

In the PJM wholesale capacity market, energy efficiency resources are eligible to participate in capacity auctions; the Commission should consider allowing this as well because there may be untapped potential for these resources to be used by load-serving entities (LSEs) to meet their RA requirements.

The Commission should embrace preferred resources and address head-on the issues needing resolution in order for them to reliably meet a greater proportion of RA requirements. This approach should be preferable to the current RA environment in which LSEs are submitting numerous RA waivers, the Commission is concerned about the reliability of out-of-state resources, and the lives of old, relatively dirty, once-through cooling generation are being extended.

III. THERE IS BROAD SUPPORT FOR IMPROVING AND CLARIFYING COUNTING RULES FOR THIRD-PARTY DR CONTRACTS.

The Council would like to highlight the broad support among key parties for addressing the counting conventions for third-party DR contracts in time for a June 2020 decision.² At the very least, the Commission should consider revisions and clarifications to the DR Load Impact Protocols (LIPs) as they are applied to third-party DR. However, though Decision (D.) 19-06-026 has directed that the DR LIPs be used to determine the RA value of third-party DR, the Commission should also be willing to consider alternative approaches that do not rely on the DR LIPs if they would be at least as effective, easier to implement, and more transparent.

The Council is concerned that the complexity of the DR LIPs and the cost to DRPs of applying them could act as barriers to companies wanting to sell RA capacity. For example, OhmConnect, which to date is the only third-party entity to have attempted to apply the DR LIPs to an RA resource, recently submitted a load impact evaluation that was 124 pages long.³ This is a significant amount of work that would be required regardless of whether the DR being assessed was one MW of RA capacity or 50 MW. At face value, it may not be practical that regression analyses are required to convince the Energy Division that a certain amount of DR capacity will

² Sunrun Opening Comments, at p. 5; San Diego Gas & Electric (SDG&E) Opening Comments, at p. 3; Pacific Gas and Electric (PG&E) Opening Comments, at p. 3; Southern California Edison (SCE) Opening Comments, at p. 8; Joint Demand Response Parties Opening Comments, at pp. 6-7; Public Advocates Office Opening Comments, at p. 3; and OhmConnect Opening Comments, at p. 2.

³ “Amended OhmConnect, Inc. Compliance Filing Pursuant to Load Impact Protocol Filing Requirement Adopted in D.08-04-050, as Modified by D.10-04-006, and Applied to Third-Party Demand Response Resources by D.19-06-026” submitted in A.17-01-012, et al. on October 22, 2019.

be delivered when there are very likely to be penalty provisions in place in any RA contract for failure to deliver.

In addition to the effort and resources required of DRPs to apply the DR LIPs, this approach relies on the Energy Division to make a determination of the RA value of the DR resources for which the load impact evaluation was performed. This step will become a significantly greater burden to the Energy Division if, as the Council anticipates, more DRPs submit load impact evaluations for assessment once clearer guidelines are in place.

IV. ANY NEW RULES APPLIED TO USE-LIMITED RESOURCES SHOULD NOT BE APPLIED TO DR ONLY.

The Council echoes the concerns expressed by Sunrun that DR is seen by the Commission as the only use-limited resource.⁴ This is clearly not the case, as energy storage, most renewables including hydro, and likely a significant amount of fossil generation are also subject to use limitations of one type or another. Any rules developed in this proceeding that are applicable to use-limited resources should apply to all use-limited resources and not only DR.

V. KEY DR ISSUES SHOULD BE APPROVED IN A SEPARATE DECISION BEFORE JUNE 2020.

The Council agrees with SCE that counting issues for use-limited resources should be addressed no later than June 2020 and preferably sooner.⁵ The Commission also should simultaneously prioritize revisions to the RA Reporting Template as part of this effort, as resolution of both issues is critical for the RA value of third-party DR to be recognized and reported in RA compliance filings. Ideally, these issues would be addressed in a separate, earlier decision so as to not be constrained by the regular process of determining RA requirements in a June 2020 decision. Following an early decision on these initial DR issues, the Commission could address the other DR-related issues identified in the Council's opening comments in the June 2020 decision.

⁴ Sunrun Opening Comments, at pp. 3-4.

⁵ SCE Opening Comments, at p. 10.

VI. CONCLUSION

The Council appreciates the Commission's consideration and the opportunity to provide Reply Comments on the OIR.

Dated: December 10, 2019

Respectfully submitted,

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