

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)

**OPENING COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND  
MANAGEMENT COUNCIL ON RESOURCE ADEQUACY TRACK 3.A PROPOSALS**

Dated: September 11, 2020

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**I. INTRODUCTION**

The California Efficiency + Demand Management Council<sup>1</sup> (“the Council”) respectfully submits these Opening Comments on the Track 3.A Proposals, submitted in this resource adequacy (“RA”) proceeding on September 1, 2020. The Track 3.A Proposals were submitted pursuant to the Assigned Commissioner’s Amended Track 3.A and 3.B Scoping Memo and Ruling, issued in this proceeding on July 7, 2020 (“Amended Scoping Memo”). These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions contained in the Amended Scoping Memo.

The Council’s Opening Comments are limited to addressing the Resource Adequacy Track 3.A Proposal of the California Energy Storage Alliance, Sunrun, Inc., Enel X North America, Tesla, and Center for Energy Efficiency and Renewable Technologies pursuant to the Assigned Commissioner’s Amended Track 3.A and Track 3.B Scoping Memo and Ruling (“Track 3.A Proposal of the Joint DER Parties”).

**II. THE COMMISSION SHOULD EXPLORE ADDITIONAL OPPORTUNITIES FOR  
DISTRIBUTED ENERGY RESOURCES AND DEMAND RESPONSE  
RESOURCES TO RECEIVE RESOURCE ADEQUACY CAPACITY VALUE OR  
CREDIT.**

The Council fully supports the Track 3.A Proposal of Joint DER Parties to develop more opportunities for distributed energy resources (“DERs”) to provide supply-side or load modifying RA capacity.<sup>2</sup> Given the highly acute need for as much California-based capacity as

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<sup>1</sup> The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

<sup>2</sup> Track 3.A Proposal of the Joint DER Parties, at pp. 6-8.

possible that has been observed in August and September, it would be irresponsible to forego the incremental capacity that is currently available by export-capable DERs and that will likely grow further as energy storage penetration increases. In addition to DERs, the Commission should expand opportunities for demand response (“DR”) as well, with a focus on more options for third-party providers for DERs and DR resources.

As the Joint DER Parties proposed, the Commission should develop “market-informed” products that function as load-modifying resources (“LMRs”) akin to the LMR DR category that was adopted in Decision (“D.”) 14-03-026 (Decision Addressing Foundational Issue of the Bifurcation of Demand Response Programs).<sup>3</sup> In D.14-03-026, LMR DR was defined as “resources that reshape or reduce the net load curve.”<sup>4</sup> This definition can easily be expanded to include exporting DERs that are not market-integrated or only partially market-integrated (i.e. act as Proxy Demand Resources (“PDR”) for non-exported energy and an LMR for any exported energy). This category can also be expanded to include load-shifting DR/DERs to ensure that the impacts on RA requirements of the “shift,” “shape,” and “shimmy” products that were identified in the DR Potential Study are properly considered.

The concept of using LMRs to provide RA value was explored in great detail by the LMR DR Valuation Working Group that was convened pursuant to D.14-12-024 (Decision Resolving Several Phase Two Issues and Addressing the Motion for Adoption of Settlement Agreement on Phase Three Issues).<sup>5</sup> The Working Group Report contained an entire section and several recommendations for how LMR DR could provide RA Value.<sup>6</sup> These recommendations centered around the use of “hard triggers” which could be based on California Independent System Operator (“CAISO”) market indicators such as CAISO market price, load forecast, day-ahead forecasted ramp, etc.

With hard triggers, participating resources would be required to dispatch with no discretion by the resource provider so as to provide certainty to the Commission and CAISO that the resources were providing the committed capacity and operational value under the optimal circumstances. On the basis of this certainty, the participating LMRs would receive capacity

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<sup>3</sup> See, e.g., Track 3.A Proposal of the Joint DER Parties, at p. 7.

<sup>4</sup> D.14-03-026, Ordering Paragraph 3.

<sup>5</sup> D.14-12-024, Ordering Paragraph 4(f)(ii).

<sup>6</sup> Load Modifying Resource Demand Response Valuation Working Group Compliance Report, May 1, 2015, at Section 3.1.

value that could be applied toward a load-serving entity's ("LSE's") RA requirement. This concept could easily be expanded to DERs and load-shifting DR. From a capacity valuation standpoint, resource providers would use the DR Load Impact Protocols or otherwise applicable approach.

As the Joint DER Parties suggested, another potential opportunity for behind-the-meter ("BTM") DERs to provide RA value as LMRs would be to simply treat them as pure load modifiers, similar to how critical peak pricing and time-of-use programs are treated today.<sup>7</sup> In other words, it would be reflected in the California Energy Commission's annual load forecast and, like the hard trigger proposal, could be valued using the DR Load Impact Protocols. This process, which currently includes reconstituting the prior year's load for each investor-owned utility ("IOU") service area based on the dispatch of LMR DR, already exists and can easily be applied to third-party LMRs.

Significant additional work is obviously needed to flesh out a series of proposals for market-informed LMRs. The schedule for Track 3.A does not appear to allow for additional opportunities to submit new proposals, so the Council recommends that the Commission direct in its final decision a process for the Commission to explore potential options for market-informed LMRs to provide RA value in the form of RA capacity or by reducing the RA requirement. Given the recent blackouts and supply shortages, the Commission should be exploring all options to utilize idle resources and maximize the amount of capacity available to meet the State's reliability needs.

### **III. CONCLUSION**

The Council respectfully submits these Opening Comments and supports the Track 3.A Proposal of the Joint DER Parties.

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<sup>7</sup> Track 3.A of the Joint DER Parties, at p. 13.

Respectfully submitted,

September 11, 2020

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