

**California Efficiency + Demand Management Council Oral Statement  
to CAISO Executive Appeals Committee Hearing Regarding PRR 1280/  
Reliability Requirements BPM**

**December 1, 2020**

Good afternoon. My name is Greg Wikler and I am the Executive Director of the California Efficiency + Demand Management Council. The Council, established in 2009, is a statewide trade association of non-utility companies that provide energy efficiency, demand response, and data analytics products and services throughout California. Our members include implementation and evaluation firms, engineering and architecture firms, data analytics firms, contractors, financing experts, energy service companies, workforce trainers, and product manufacturers/distributors. Our members include over 65 companies and organizations, who employ a large portion of California's 320,000+ efficiency and demand management workforce.

Thank you for the opportunity to address the Executive Appeals Committee today on the CAISO's proposed revisions to the Reliability Requirement Business Practice Manual through PRR 1280. I won't reiterate the Council's entire appeal, but I would like to highlight a concern that is of particular importance that has not been addressed by the other appellants.

Specifically, I would like to address an overlooked aspect of PRR 1280 that directly impacts DR resources that are included in Supply Plans. Hereafter, I will refer to this as "Supply Plan DR". In its Brief, the CAISO incorrectly claims that PRR 1280 does not infringe on the CPUC's authority to establish Qualifying Capacity values for resources seeking to provide System RA capacity. However, the Qualifying Capacity value of Supply Plan would in fact be affected by PRR 1280.

As some background, the Resource Adequacy value of the IOUs' DR programs is determined by the CPUC Energy Division, based on forecasted load impacts using the Demand Response Load Impact Protocols. These RA values are then trued up to account for avoided T&D losses and the Planning Reserve Margin and then credited against LSEs' RA requirements based on their load-ratio share. Under PRR 1280, the entire RA value of these programs would not be recognized because these DR programs are not included in the LSEs' supply plans.

Similar to IOU DR programs, Supply Plan DR also benefits from the avoided T&D losses and Planning Reserve Margin adders. It is the Council's understanding that once this capacity is procured by an LSE and included in its supply plan, the CPUC

Energy Division will then reduce the contracting LSE's RA requirement by an amount equal to the avoided T&D losses and Planning Reserve Margin adders associated with that Supply Plan DR. PRR 1280 will eliminate any non-net zero crediting of LSE supply plans, so it will diminish the System RA value of Supply Plan DR resources because the CAISO would no longer recognize its full RA value. This will in turn reduce the amount of RA capacity that DRPs can sell to LSEs.

Such an outcome is completely counter to the recommendation made in the Preliminary Root Cause Analysis Report that new resources, especially DR, be brought online by Summer 2021. It is difficult to understand how PRR 1280 is consistent with this recommendation and how reducing the amount of RA capacity provided by DR will address potential capacity shortages in 2021 and beyond.

I would like to conclude by respectfully cautioning the CAISO that its actions threaten to undermine the DR bifurcation policy that it fought for so strongly several years ago. Should the CAISO press forward and adopt PRR 1280, pursuant to Public Utilities Code Section 380, the CPUC would be well within its rights to roll back bifurcation and reflect the RA value of IOU DR programs and third-party DR resources in the California Energy Commission's peak demand forecast as is currently done today with the IOUs' Critical Peak Pricing programs. The System RA value of DR programs and resources could then be reflected in a reduced peak load forecast which would, in turn, reduce LSE RA requirements.

As a closing comment, the Council is open to a negotiated outcome that preserves the RA value of IOU DR programs and third-party DR resources by either reducing or meeting an LSE's RA requirement. However, in order for this to occur, the CAISO should withdraw PRR 1280 until a solution can be developed in the context of the CPUC's Resource Adequacy proceeding.

Thank you once again for the opportunity to speak today.