

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 ADMINISTRATIVE LAW JUDGE RULING  
REQUESTING COMMENTS ON REFRESHED EFFECTIVE LOAD CARRYING  
CAPABILITY STUDY**

Dated: July 26, 2021

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**I. INTRODUCTION**

The California Efficiency + Demand Management Council<sup>1</sup> (“the Council”) respectfully submits these Reply Comments on the Administrative Law Judge’s Ruling Requesting Comments on Refreshed Effective Load Carrying Capability Study, submitted in this resource adequacy (“RA”) proceeding on July 9, 2021 (“ALJ Ruling”). These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the ALJ Ruling.

On July 1, 2021, the California Independent System Operator (“CAISO”), Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (“SDG&E”) submitted a Joint Compliance Filing on Refreshed Effective Load Carrying Capability (“ELCC”) Study Results (“ELCC Study Results”). On July 9, 2021, ALJ Chiv issued the ALJ Ruling Requesting Comments on the Refreshed ELCC Study Results.

**II. THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR’S ELCC  
METHODOLOGY IS FLAWED AND SHOULD NOT BE USED FOR 2022  
DEMAND RESPONSE RESOURCE ADEQUACY VALUES.**

In Opening Comments, parties identified several significant flaws in the ELCC methodology that, when considered in aggregate, should lead the Commission to decline to adopt it for 2022 Resource Adequacy (“RA”) DR Qualifying Capacity (“QC”) values. Half of the commenting parties, including two investor-owned utilities (“IOUs”), outright oppose using the

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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.

analysis, and the other parties (excluding the California Independent System Operator (“CAISO”)) at the very least recommend changes to the methodology.<sup>2</sup> The Council lists the primary flaws of the ELCC methodology below:

- The use of weather data from as far back as 1950 de-emphasizes the significant changes to the climate in more recent years and is inconsistent with the Commission’s 1-in-2 and 1-in-10 planning standards.<sup>3</sup>
- The ELCC factors should be based on the Availability Assessment Hours (“AAH”), not a 24x7 standard. As SDG&E and CLECA showed, there was no Loss of Load Probability (“LOLP”) outside of the AAH, so it is unclear why DR should be compared to a 24x7 resource.<sup>4</sup> The Council understands that this argument cannot apply to all resources because load exists at all times, but DR’s availability limitations are accounted for in the DR procurement cap.
- More recent DR program enrollment numbers should be used. SCE and the California Large Energy Consumers Association (“CLECA”) highlight the need to use the most current DR enrollment numbers as possible to ensure the most accurate QC values.<sup>5</sup> The Council agrees and notes that this problem has been addressed to a degree through the Energy Division’s Load Impact Protocol QC update process.

### **III. THE ELCC ANALYSIS RESULTS AND CAISO’S PROPOSAL FOR APPLYING THEM ARE HIGHLY PROBLEMATIC.**

The Council fully agrees with CLECA’s concerns regarding how the CAISO proposes to apply its ELCC analysis. The CAISO poses the choice of either applying an IOU-level or program-level ELCC factor and recommends the Commission do so at the IOU level for “ease of implementation”.<sup>6</sup> The Council agrees that applying aggregate derates at the IOU level would certainly be easier, but the accuracy of this approach is highly suspect. As CLECA points out, applying an IOU-level ELCC factor would undervalue some programs and overvalue others.<sup>7</sup>

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<sup>2</sup> See, Opening Comments of San Diego Gas & Electric (“SDG&E”), at p. 2; Opening Comments of CLECA, at p. 2; and Opening Comments of Southern California Edison (“SCE”), at p. 6.

<sup>3</sup> Opening Comments of Protect Our Communities Foundation (“PCF”), at p. 3 and Opening Comments of SDG&E, at p. 7.

<sup>4</sup> Opening Comments of SDG&E, at p. 2 and Opening Comments of CLECA, at p. 6.

<sup>5</sup> Opening Comments of CLECA, at p. 9 and Opening Comments of SCE, at p. 3.

<sup>6</sup> Opening Comments of CAISO, at p. 4.

<sup>7</sup> *Id.*

However, this over- and undervaluing would not necessarily result in an accurate result on average because the Base Interruptible Program (“BIP”), the largest DR program for PG&E and SCE, is so under-valued in the ELCC analysis.<sup>8</sup> To be clear, the Council does not endorse applying the program-specific derates either because they vary so greatly, even within the same program. As the CAISO themselves point out, the ELCC factors for PG&E’s programs range from 0% to 462% for PG&E’s DR programs.<sup>9</sup> In the Council’s view, for DR programs to be derated or uprated across such a broad range should call into question the accuracy of the methodology. Indeed, this single observation should have indicated to the CAISO and its consultant that the methodology is highly flawed. For example, CLECA correctly questions how, if an ELCC factor of 100% represents perfect capacity, it is not clear how a DR program can be over four times as effective as a perfect generator.<sup>10</sup> That implies that 10 MW of DR has a reliability value of over 40 MW of gas-fired baseload generation. Despite its goal of supporting DR growth, even the Council would not make this claim.

#### IV. CONCLUSION

Based on the demonstrated significant flaws in the CAISO’s ELCC methodology and analysis results, the Commission should decline to adopt it for 2022 IOU DR QC values. Instead, the feedback provided by parties should be applied in the California Energy Commission-led process to develop a new DR QC methodology.

Respectfully submitted

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<sup>8</sup> Opening Comments of CAISO, at Attachment B.

<sup>9</sup> *Id.*, at p. 4.

<sup>10</sup> Opening Comments of CLECA, at p. 4.