

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Reliable Electric Service in California in the  
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 19, 2020)

**RESPONSE OF  
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL, CPOWER,  
AND LEAPFROG POWER, INC. TO ADMINISTRATIVE LAW JUDGE RULING  
SEEKING RESPONSES REGARDING A PROPOSED AMENDED SCOPE AND  
SCHEDULE TO ADDRESS RELIABILITY ISSUES IN 2022 AND 2023**

Dated: August 6, 2021

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A PROPOSED AMENDED SCOPE AND SCHEDULE TO ADDRESS RELIABILITY  
ISSUES IN 2022 AND 2023**

The California Efficiency + Demand Management Council<sup>1</sup>, CPower, and Leapfrog Power, Inc. (collectively, “Joint Parties”) respectfully submit this Response to the Administrative Law Judge Ruling Seeking Responses Regarding a Proposed Amended Scope and Schedule to Address Reliability Issues in 2022 and 2023, e-mailed in this proceeding on August 2, 2021 (“August 2 Ruling”). This Response is timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions accompanying the August 2 Ruling.

**I.  
SUMMARY OF THE JOINT PARTIES’ POSITION**

The Joint Parties recommend the proposed scope be expanded as follows:

- Proposals for third-party demand response (“DR”) involving the Demand Response Auction Mechanism (“DRAM”) Pilot and multi-year bilateral DR Resource Adequacy (“RA”) contracts.
- Changes and/or temporary waivers of RA rules that enable procurement of additional DR capacity.
- The scoping ruling should provide guidance on previously filed but rejected or ignored proposals so that staff and party proposals can either be resubmitted as is or re-shaped.

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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.

## **II. PROPOSED MODIFICATIONS TO THE PROPOSED AMENDED SCOPE**

The Joint Parties fully support the Commission’s goal of procuring additional resources for 2022 and 2023. Given the urgency of the situation, the Commission should open itself to a broad range of resource options, especially those with zero underlying carbon emissions. To this end, the scope should be modified to explicitly include third-party DR options involving the DRAM and bilateral DR RA contracts. Proposals put forth earlier in this proceeding were rejected or ignored in favor of the Emergency Load Reduction Program Pilot (“ELRP”) and improvements to existing investor-owned utility (“IOU”) DR. However, recent events have demonstrated that these steps, though well-intentioned and likely helpful, have been inadequate in delivering enough new DR capacity. Regarding the ELRP specifically, initial observations seem to indicate limited effectiveness in enticing voluntary customer participation, especially among Group B participants who, to our knowledge, have not yet been dispatched this summer despite tight grid conditions for several days in July. Therefore, third parties should be given a larger role in meeting incremental capacity needs. Third-party DR providers stand ready to provide additional capacity, so the Commission should fully consider this option.

The amended scope should be modified to allow for parties to propose changes to, or at least temporary waivers of, RA rules that could limit or delay the procurement of additional DR in 2022 and 2023. This is especially important given that the DR procurement cap continues to limit the ability of some load-serving entities (“LSEs”) to procure additional DR. Furthermore, the DR Load Impact Protocol (“LIP”) process has already been completed for the 2022 RA year and the deadline for the second QC update for the rest of 2021 has passed, so IOUs and DRPs will not be able to pursue additional Qualifying Capacity (“QC”) until the QC update process in April 2022. This is a critical issue because LSEs will not enter into RA contracts with DR providers without Energy Division-awarded QC values. This fact also hampers DR providers from entering into contracts longer than one year in duration. For the same reasons, incremental IOU DR capacity value stemming from any changes to their programs will be unrecognized. Therefore, the Commission should encourage parties to highlight any RA rules that could be acting as barriers to additional DR procurement and participation in 2022 and 2023.

Finally, the scope should be modified to allow for parties to re-submit proposals that had been either explicitly rejected or ignored in D.21-03-056. The Joint Parties understand that some

proposals required more time than was available to be deployed in 2021 but with a proposed November 18 decision date, this latest effort will leave approximately six months. The Joint Parties recommend that the Commission provide guidance and explanation on why proposals were rejected or ignored and potential areas for improvement to streamline the process so that resubmitted proposals may attempt to address any open issues.

### **III. CONCLUSION**

The Joint Parties appreciate this opportunity to provide this Response and look forward to constructively participating in this effort.

Dated: August 6, 2021

Respectfully submitted,

/s/ GREG WIKLER

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