



COST-EFFECTIVENESS WORKING GROUP MEETING 10/18/21

Agenda

- 1. CEDMC proposed legislation for 2022**

Meeting Notes

1. For procured resources, all DERs should be presumed cost-effective and procured using the loading order in order to have parity across resources
 - a. We can address specific details like NTG, TRC, etc. as we work through bill
 - b. We can work with Legislative Counsel to determine appropriate statute or other mechanism to actualize intent
2. Intent to model valuation, not procurement processes
 - a. Will attempt to model on existing procurement language (e.g. PPA)
 - b. As we model value, should we focus on GHGs to move towards parity?
 - c. Luke working on DR valuation processes, and can provide input on potential structures/mechanisms
 - d. Not ex ante or ex post, but supply side resources are not really evaluated in the same way
 - i. Supply side resources such as renewables are just totally different, do not have to meet a cost-effectiveness requirement
 - e. PAC test = revenue requirements test = test used in IRP
 - f. New additions to the grid lowers the value of some BTM DERs in the ACC (e.g. EE); is there a way for the state to value a saved kWh/kW ahead of "line-jumping" actions like adding a new turbine that ignores the loading order
 - i. Need to acquire resources in order to meet the hours of shortfall that the grid needs to meet
3. CPUC will need a framework for evaluation, absent ex ante approach
 - a. Use NMEC as a measurement tool?
 - b. Expand partnership pilot deferral model to incorporate DERs?
 - c. Demand-side resources in CA seem decoupled from supply resources
 - d. CPUC needs to appropriately value EE on the IRP side
 - i. Intent is not to change the TRC, but to remove the ex ante facet
4. If legislation is passed, what will change? Would we have less risk of compensation?

- a. Goal is to open the floodgates by both creating parity with supply side resources, and to enable full and robust deployment of EE/DR/BTM the DERs
- 5. How does this impact other BTM resources like BTM solar, storage etc.?
 - a. Politically, will be much better to have those resources as allies
- 6. Compensation mechanism
 - a. EE is often provided with an incentive (in many cases up front). Since the value of EE often comes after the initial investment, will there be pushback on this approach?
 - i. CAISO resource adequacy and ancillary services that are capacity resources that will not be compensated unless they clearly demonstrate impact

Next Meeting

Our next Working Group meeting will be on **Monday, November 15th at 2 pm**. This meeting will recur on a monthly basis on the third Monday of each month at 2 – 3 pm. An invite from Admin@cedmc.org has gone out to all folks on the Working Group.