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## **California Efficiency + Demand Management Council Informal Comments on the December 15, 2021 Slice-of-Day Proposals**

The California Efficiency + Demand Management Council (“Council”)<sup>1</sup> provides informal comments on selected elements of the proposals presented at the December 15, 2021 Slice-of-Day workshop. As a general recommendation, any Slice-of-Day proposals should reflect the status of the work being conducted through the California Energy Commission’s (“CEC”) Supply-Side Demand Response (“DR”) Qualifying Capacity (“QC”) working group. In addition, minimum availability requirements and any limitations on DR procurement should be well-reasoned and equitable in their application. The Council appreciates the twenty-four hourly slice (“24-slice”) framework proposed by both Southern California Edison Company (“SCE”) and Pacific Gas and Electric Company (“PG&E”). It is the Council’s belief that a 24-slice framework best meets the principles set forth in the California Public Utility Commission’s (“CPUC”) Decision 21-07-014 that led to the adoption of PG&E’s Slice-of-Day proposal and created the Slice-of-Day working group. The Council looks forward to continued discussions with parties within the Slice-of-Day working group.

### **I. Background**

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.<sup>2</sup> Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and grid services technology providers, implementation and evaluation experts, energy service

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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> Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of EE products and equipment. The Council's mission is to support appropriate EE and DR policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

## **II. The DR QC methodology under the Slice-of-Day framework should not be decided through this working group**

The PG&E and Gridwell Consulting ("Gridwell") proposals include recommendations for how DR resources should be counted under a Slice-of-Day framework. PG&E recommends a Load Impact Protocol ("LIP")-informed Effective Load Carrying Capability ("ELCC") counting methodology; Gridwell recommends an ELCC methodology as well as a general principle but provides no other details. The Council appreciates that PG&E, Gridwell, and other parties have positions on how DR should be counted within Slice-of-Day, but recommends that any discussions on this issue account for the fact that this is being addressed through the CEC's Supply-Side DR QC working group ("DR working group"). Under that working group, it appears that the CEC plans to devote the working group's time between now and early February, when the CPUC has requested the DR working group submit a preliminary report, to address specific policy issues identified in D.21-06-029, Ordering Paragraph 11 and oversee the development of DR counting proposals to be tested on an interim basis until the Slice-of-Day framework is fully approved by the CPUC. Following that, the Council expects that the DR working group will convene again following CPUC approval of one of the Slice-of-Day frameworks being developed in this working group to start developing a long-term DR counting proposal that will conform to the new Slice-of-Day framework. Therefore, parties should be clear that the DR counting methodology will not be decided in this particular forum. PG&E acknowledged this during its presentation, but the Council believes that this is worth reinforcing.

## **III. The need for a DR cap under Slice-of-Day has not been adequately demonstrated**

PG&E and Gridwell propose that the amount of DR that can be procured under a Slice-of-Day framework be capped. PG&E's rationale for a DR cap is that customer fatigue may set in during multi-day reliability events. The Council recognizes that the PG&E and Gridwell proposals are preliminary and therefore does not expect them to have all of the details fleshed out. However, neither PG&E nor Gridwell have adequately explained or demonstrated why a DR cap is needed. PG&E's rationale that a DR cap is needed to address multi-day reliability events does not appear to consider

that under the CPUC's current DR availability rules, DR resources must be capable of dispatching for three consecutive days. Retaining the current DR availability requirements would address PG&E's concern about multi-day reliability events and thus eliminate the need for a DR cap. Retaining the current DR cap should not simply be a matter regulatory inertia; instead, a compelling reason should be provided that is based on analysis and sound reasoning.

#### **IV. A 4-hour minimum availability requirement for all RA resources is unnecessary and unsupported**

In its proposal, SCE recommends that use-limited resources continue to be subject to a minimum four-hour daily availability requirement, as they are today. It is not clear why that would be necessary under a 24-slice approach because each resource would be required to have a 24-hour profile showing its capabilities for each hour of the day. Resources should have the option to reflect their contracted capacity quantity instead of their capability because a resource's contracted quantity may not always equate to its full capability, and should not be required to deliver its full capability if not under contract. Consequently, though the CPUC does not have jurisdiction over CAISO Must-Offer Obligations ("MOO"), this availability requirement would inform the MOO which could in turn lead to DR resources being required to bid into the CAISO market during hours for which the DR is not under contract.

For baseload resources, the motivation will likely be to show their full capability in order to maximize energy revenues even for uncontracted capacity. However, DR resources, for which customers often incur a significant opportunity cost when dispatching, making their full capability available even if uncontracted would be impractical and could lead to unnecessary customer attrition. For example, a DR resource with the capability to dispatch for four hours contracts with an LSE for two consecutive hourly slices. This would leave two additional hours of capability that the DR resource should not be required to show because it is not receiving a capacity payment for those two hours of availability.

#### **V. A 24-slice framework best meets CPUC principles outlined in D. 21-07-014**

A 24-slice framework as presented by both SCE and PG&E best meets the principles established by the CPUC in D. 21-07-014 because it matches hourly energy requirements with the hourly capabilities of RA resources. By tying a resource's QC in each hour to its production profile, LSEs are able to procure enough capacity to meet their obligations in all hours of the day. Gridwell's proposal, on the other hand, utilizes a net load and peak load Slice-of-day construct. As a result, it does not guarantee that

there is sufficient energy in every hour of the day and thus does not meet CPUC's direction to address hourly energy sufficiency.

A 24-slice framework also promotes transparency in resource counting by using production profiles where each resource would receive a daily production profile commensurate with their capability. Only during the hours for which they can produce energy would they be shown on an LSE's supply plan. This is transparent and easy to understand and implement. On the other hand, the use of a two-slice framework in conjunction with an ELCC methodology is unnecessarily convoluted as ELCC calculations are highly complex, difficult to calculate, and not easily replicable.

## **VI. Conclusion**

The Council appreciates the opportunity to provide these informal comments and hopes that it will contribute to a constructive dialogue in the Slice-of-Day working group.

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Respectfully,

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cc: Service Lists in R.19-11-009 (RA) and R.21-10-002 (RA)