

DR POLICY WORKING GROUP MEETING 3/3/22

Agenda

1. Takeaways from 2/28 call with CEC staff re: Interim Working Group Report
2. Review our plan/outline for opening comments on CEC Interim Working Group Report
3. Any other issues

Meeting Notes

Takeaways from 2/28 call with CEC

Greg and Luke had a call with CEC staff (David Erne, Erik Lyon, Tom Flynn) on 2/28 to discuss our concerns about the interim QC working group report.

- CEC had unilaterally adjusted the scope and content of the Council's proposal (regarding penalty structure)... focused on the DRAM penalty structure vs. what we had pushed for which was a CBP penalty structure which we thought was more appropriate.
- The CEC's viewpoint on this process was that they reserve the right to represent any final recommendations from their perspective and not just to be a validator of stakeholder perspectives.
- We expressed our concerns that the CEC excluded the guiding principles that we helped to develop at the outset of the QC stakeholder process; they acknowledged our concerns and shared that they see the principles applying to the long-term QC solutions.
- We ended the discussion to express our desire to have greater transparency in the working group process. We recommended that:
 - At the outset of the next working group process, develop a detailed schedule so that we don't run into situations like what happened with our alternate QC proposal.
 - CEC needs to be very clear up front what their ambitions/define their prerogatives from the outset.
 - We suggested they specify/confer with all stakeholders offline (not just their own select stakeholders like the CAISO) in advance of finalizing any proposals so that final conclusions are not catching any participants off guard. We're not sure if CEC will embrace this recommendation.

- Jay suggested that the Council needs to carve out a higher profile with CEC such that CEC staff knows that they need to keep CEDMC in the loop such that these things don't get repeated in future processes.
 - Greg offered to schedule a meet and greet with this group and Commissioner Gunda who oversees the supply-side DR and IEPR proceedings.
- As to a timeline for next steps, the CEC was somewhat non-committal given the next steps are really with the CPUC.

Comments on QC interim working group report

- Luke sent an outline to the MWG a few days ago; comments due to the CPUC on 3/14.
 - We will be including the QC WG principles in our comments.
- Outline for Opening Comments:
 - Improvements are needed to the transparency of the Working Group. [May not keep this in if it's too controversial.]
 - The Council has serious concerns about the transparency of this working group. For stakeholders to have confidence in the CEC as facilitator of this working group, there needs to be transparency in the process consistent with the CPUC, specifically:
 - The working group timeline with key milestones.
 - What prerogatives the CEC believes it has in terms of modifying party proposals.
 - To what extent the CEC expects to confer with stakeholders offline to inform its recommendations.
 - CEC makes several findings that are unsupported by evidence or explanation. [see Section G of earlier comments]
 - The Interim Report should have attached all parties' proposals to the Interim Report. [see Section D of earlier comments and attached the Council's proposal]
 - The Interim Report contains several errors in its description of the Council's proposal. [see Section E of earlier comments and confirm whether they have been addressed]
 - The Council's proposal retains upfront Energy Division oversight.
 - The Council's proposal is not unique in requiring additional Energy Division resources to implement.
 - The Council's proposed penalty structure is appropriate; should reject CEC's penalty proposal.

- Approval for continuing the Working Group should include a deadline for a working group report and Commission decision. [see Section H of earlier comments]
- CEC Recommendations
 - The CEC's recommendations should reflect the Working Group principles. [see Section C of earlier comments and attach the draft principles]
 - The CEC should have used these principles, not the challenges identified in the Interim Report, to assess the DR QC proposals. [see Section F of earlier comments]
 - Many of the Interim Report recommendations exceeds the scope of the working group.
 - IOU DR crediting is outside the scope of this working group. [See Section F of earlier comments]
 - Contribution to reliability has not been defined. [See Section F of earlier comments]
 - CAISO settlement methods are not directly linked to QC and are outside the purview of work that the CPUC can mandate. [See Section F of earlier comments]
 - Interim Track recommendations [address each one individually]
 - Adopt the LIP-informed ELCC proposed by PG&E and the California ISO for the investor-owned utilities.
 - Adopt the incentive-based approach proposed by CEDMC for third-party providers.
 - Allow optionality between the LIP-based status quo and the above interim methodologies. [see Section B of earlier comments]
 - Adopt the LOLP-weighted LIP proposal as a backup to both the LIP-informed ELCC option and the incentive-based approach option.
 - Request that the California ISO grant an exemption to the resource adequacy availability incentive mechanism for LIP-informed ELCC.
 - Direct investor-owned utilities to move their demand response portfolios onto supply plans.
 - Consider LIP-informed ELCC and incentive-based approaches as non-precedent setting recommendations.
 - Long-Term recommendations [address each one individually]
 - Extend the CEC supply-side demand response working group beyond February 2022.

- Expand the scope of the supply-side demand response working group to address the five challenges identified in the CEC working group process.
 - Continue collaboration with CEC staff on qualifying capacity counting implementation in the long term.
- Maria suggests that up front in our comments we express our high level support for the concept of optionality and to make it clear that there need to be a variety of options and pathways for settling on QC approaches.

Next Working Group Meeting

Our next DR Policy MWG meeting will be on April 7th at 9:30-10:30 am. The call-in coordinates are below.

[Zoom link](#)

Call-in: +13017158592,,84698809296#

Passcode: cedmc2022