



## DR POLICY WORKING GROUP MEETING 5/12/22

### Agenda

1. Discuss potential Plan B for DER parity and other DR-focused Leg ideas
2. Discuss 2023 DR applications
3. Discuss CPUC next steps on DR baseline methods
4. Comments on CAISO FCR assessment
5. Other issues

### Meeting Notes

#### **Discuss potential Plan B for DER parity and other DR-focused Leg ideas**

- Current [DER parity language](#), which is limited to cost-effectiveness reforms.
- We are concerned that if we are unable to push on all of the things that were on our list of DER parity, what would be our highest priority items?
  - Removing the DER procurement cap and removing the up front cost effectiveness requirements appear to be the top priorities.
  - Greg and Clark will follow up with Erin about these priorities.
- Luke suggested that data access needs to be another legislative priority for us in the near future.
  - We'll have greater visibility to this issue following the click through PD (out around late August).

#### **Discuss 2023 DR applications**

The IOUs submitted their applications for (a) 2023 bridge year plans and (b) 2024-27 applications.

For the utilities, no changes were proposed.

For the bridge year, PG&E is proposing a number of major changes to CBP

- Change program hours to 4-9PM... we are supportive of this change.
- Increase the incentive levels... we are supportive of this change.
- They are proposing a system that would speed up CBP settlement process..support
- They want to change the nomination deadline (15 days prior to when supply plans are due) which would make things more difficult for DR aggregators...not supportive of this.

- Revise DR expenditures balancing account to allow them to record and recover any market-related penalties and be able to put that cost into the account and have ratepayers pay for them.
- Propose to expand their PCT pilot rather than the current mode of treating like a LMR/ELRP in the current mode.

The timeline is to wrap up Phase 1 (2023 bridge year) very soon; final decision by 11/3.

Then the CPUC will transition to Phase 2 (2024-27 application) with intervenor testimony due in Feb 2023.

What are things that we can negotiate with PG&E in Phase 1 proceeding? There isn't really much need for PG&E to propose the change of the nomination deadline. We might want to push back hard on this one.

- But we might best be served by getting Phase 1 over with soon and pushing for settlement and comments (not protests or testimony) and focus more of our effort on Phase 2.

The ALJ will submit a Ruling specifying the Phase 1 timeline, including timing for protests/responses and is likely to be around another month or so.

### **Discuss CPUC next steps on DR baseline methods**

We have a 5/23 meeting with ED staff to hear their perspectives about the comparison group approach, and understand what has to be done at the CPUC to make this change happen.

We have also checked in with CEC (Eric Lyon) to hear where they might want to go further on this one.

### **Comments on CAISO FCR assessment**

The CAISO will be submitting comments to the CPUC in the RA proceeding and are proposing some shifts in hours from 4-9 to 5-10 during the March/April timeframe.

Here are the draft that we have developed thus far:

#### **1. The MCC Buckets should be revised to reflect the updated AAH**

The FCR Assessment shifts the Availability Assess Hours ("AAH") in March and April from Hour Ending (HE) 17-HE 21 to HE 18-HE 22 on non-holiday weekdays to account for the continued growth of behind-the-meter ("BTM") solar. Presuming the Commission chooses to reflect this in the Maximum Cumulative Capacity ("MCC") buckets, this will impact Buckets 1-3, adopted in Ordering Paragraph ("OP") 9 of Decision ("D.") 21-06-029, which currently require availability from HE 17-HE 21 year-round. However, the DR Bucket only applies to May-September, so the updated AAH appear to create no apparent conflict as it is currently defined. However, this does highlight a gap in the DR Bucket specifications because 1) IOU DR programs tend be available from May-October, at minimum, and 2) more third-party DR providers are contracting out their capacity with delivery periods that extend beyond the May-September period through RA contracts rather than the more typical IOU DR program or Demand Response Auction Mechanism ("DRAM") channels. To eliminate these gaps, the DR Coalition recommends that the DR Bucket should explicitly apply year-round, while being clear that a DR resource is not required to deliver year-round, only the months for which the program or contract is intended,

and reflect the CAISO's update AAH for March and April. However, the changes to the March and April availability requirements to reflect the updated AAH should not apply until 2024 at the earliest because the Load Impact Protocol ("LIP") evaluations that IOUs and DR providers submitted on April 1 did not forecast load impacts during HE 22; in addition, any contracts that are executed prior to the Commission's June 2022 decision should be grandfathered because they are based on the current DR MCC Bucket and AAH.

## 2. **The Saturday availability requirement should be eliminated for the DR Bucket**

The DR Coalition also notes that in spite of the Commission's adoption of Saturday availability for the DR Bucket and Buckets 1-3 in OP 7 of D.21-06-029, the CAISO's FCR Assessment did not find it necessary to expand its AAH beyond non-holiday weekdays. In adopting the Saturday availability requirement, the Commission recommended that the CAISO consider extending RAIM to require weekend availability to align incentives. (D.21-06-029, at pp. 66-67) However, the CAISO's analysis did not support this revision which creates a significant inconsistency between the Commission's MCC Buckets and the CAISO's RAIM. The CAISO's analysis appears to be far more robust than the simple observation made in D.21-06-029 that because the August and September 2020 heat events occurred in part during the weekend, all RA resources should be available on Saturdays. (FoF 3) Therefore, the Commission should eliminate the Saturday availability requirement.

In light of these issues, the DR Coalition recommends the following revisions to the DR MCC Bucket (underlined represents new language and ~~strike-through~~ represents eliminated language):

Varies by contract or tariff provisions, but must be available Monday – Friday ~~Saturday~~, 4 consecutive hours between 4 PM and 9 PM in May – February, and 5 PM and 10 PM in March and April, and at least 24 hours per month in the months for which RA is being provided. ~~from May – September.~~

### **Other issues**

None.

### **Next Working Group Meeting**

Our next Working Group meeting will be on **Thursday, June 2nd at 9:30 am**. The call-in coordinates for this call are below.

[Zoom link](#)

Call-in: +13017158592,,84698809296#

Passcode: cedmc2022