



DR, DERs + Resilience Committee

December 6, 2022



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Today's Agenda

• Council News

- Pulse check: Newsletter engagement

• Issues/Topics

- Decision approving 2023 IOU DR programs
- Scoping memo & comments in demand flexibility proceeding
- New DER OIR
- Supply side DR working group final report
- Quick hits
- CAISO update



Pulse Check: Newsletter Engagement



Decision approving 2023 IOU DR programs

- On 12/1, the CPUC approved the IOUs' 2023 DR programs
- Key elements
 - PG&E
 - Approved extension of existing programs with \$68M budget
 - Revised CBP operating hours from 1:00-9:00 p.m. to 4:00-9:00 p.m.
 - Postponed consideration of higher CBP incentives and expedited CBP energy payment to Phase 2
 - Approved incremental \$2.3M for Rule 24 enhancements
 - SCE
 - Approved extension of existing programs with \$150M budget, including another \$5.14M for supply-side DR programs
 - SDG&E
 - Approved extension of existing programs with \$15.9M budget
 - Includes extension of Residential CBP Pilot
- Next steps: Waiting for a December PD on a potential 2023 DRAM extension

Scoping memo & comments in demand flexibility proceeding

- On 11/2, the CPUC issued the [scoping memo](#) in R.22-07-005
- Phase 1 divided into 2 concurrent tracks
 - Track A: Establish an income-graduated fixed charge for IOU residential rates pursuant to AB 205 (2022)
 - Track B
 - Streamline and expedite the adoption of demand flexibility rates for large IOUs
 - Consider expansion of existing dynamic rate pilots as a near-term solution
- Creates two Track B working groups
 - Working Group 1 to develop guidelines for all demand flexibility rate design applications to be filed by large IOUs
 - Working Group 2 to develop systems and processes needed for access to prices and responding to price signals
- Proposed updated Electric Rate Design Principles (ERDPs) and new Demand Flexibility Design Principles (DFDPs) for party comment

Scoping memo & comments in demand flexibility proceeding (cont.)

- On 12/2, the Council filed comments on the 2 sets of proposed rate design principles
- Generally support the proposed rate design principles
- ERDP comment highlights
 - Some of them conflict b/c they suggest protecting marginalized customers while avoiding cost shifting and negative Contribution to Margin rates; recommend prioritizing principles
 - ERDP #1: Eliminate vague definition of “essential needs” and include small businesses located in DACs
 - ERDP #4: Should retain the word, “conservation”, b/c it continues to play a critical role
 - ERDP #6: Rates should continue to be “durable” and “understandable”

Scoping memo & comments in demand flexibility proceeding (cont.)

- DFDP comment highlights
 - Support potential expansion of existing/proposed dynamic rate pilots but it may be premature to make a decision now
 - CPUC should set a goal of broad-based dynamic rate program launch within 24 months
 - Recommend a workshop where all current/proposed dynamic rate pilots can be presented and parties can comment on their suitability for expansion
 - Any dynamic rate(s) should be open to all customer classes, aggregators, technologies, automation service providers, and rate platform providers
- Next steps
 - Reply comments due 12/12
 - 12/9 Energy Division kickoff call on Track B working groups



New DER OIR

- On 11/23, the CPUC issued OIR 22-11-013 on DER cost-effectiveness issues, data access and use, and equipment performance standards
- Serves as the procedural framework for advancing the customer programs track of the DER Action Plan
- Phase 1 divided into 2 tracks
 - Track 1: Cost-effectiveness issues
 - Continue regular ACC updates, undertake T&D avoided cost study
 - Should a SCT be adopted and how to apply to DER C/E framework
 - How to best apply air quality benefits to C/E evaluations
 - Continue cost-effectiveness work from R.14-10-003 for consistent assessment across DER programs
 - Track 2: Customer data issues
 - Improve reporting, availability, privacy protections, and use of data from smart meters and other devices
 - Proposes a Data Working Group to develop recommendations on 1) expanded use of available data; 2) customer privacy, 3) data sharing and access, 4) databases and models, 5) data management practices for increased customer adoption, and 6) data collection to support equity programs

New DER OIR (cont.)

- Phase 2 to consider enacting equipment performance standards and requirements, and address issues identified in Phase 1 or areas of work not completed
- Potential scoping issues include:
 - Whether equipment performance standards can support the development of technologies to ensure they meet grid needs
 - Performance standard to help ensure devices can reduce demand in response to dynamic prices or dispatch signal
 - Minimum target for amount of peak hour load reduction to qualify for a ratepayer-funded incentive
 - Requirement to link contracts between customers and equipment providers to have specific data access requirements
- Next Steps: Opening comments on OIR due 1/9

Supply side DR working group final report

- On 12/5, the CEC issued its [Qualifying Capacity of Supply-Side Demand Response Working Group Final Report](#)
- The draft report had been delayed due to additional time needed for internal review
- The CEC recommends the following specific elements:
 - Adopt an incentive-based approach; this would move away from the analytical forecast approach represented by the LIP process
 - Adopt the capacity shortfall penalty incentive mechanism w/ forced outage adder
 - Adopt the ex ante capability profile and ex post regression approach proposed by CEC staff; temp.-dependent regression-based approach to account for variability
 - Require resources to show takeback
 - Require DRPs to submit capability profiles and slice-of-day table to summarize QC values

Supply side DR working group final report (cont.)

- The CEC recommends the following specific elements: (cont.)
 - Eliminate unnecessary reporting requirements for QC determination
 - Recommends OhmConnect proposal as a starting point
 - Allow evaluation plans to be reused when changes not required
 - Eliminate public review process for DRPs
 - “The streamlined LIPs recommended here should be applied for RA compliance Year 2025 and revisited thereafter.” [??]
 - Plan to produce final QC numbers by June 1 preceding the RA compliance year
 - Adopt streamlined QC approval criteria
 - Approve QC values for months/hours when 90% committed capacity has been demonstrated and requesting no more than 25% increase
 - CAISO should implement proposed penalty mechanism and exempt DR from RAIM; CAISO should also administer approval of QC
 - Consider phase-in of incentive-based approach over time
 - Waive penalty in 2025
 - ED Staff should hold workshops so DRPs can prepare for and transition into the new process



Supply side DR working group final report (cont.)

- The CEC recommends the following specific elements: (cont.)
 - Require DRPs to use the same baseline for settlement ad ex post evaluation unless an alternative is more accurate but unable to be used for settlement
 - Adopt bid normalization for load impacts in ex post capacity valuation; this will avoid penalizing DRPs for partial dispatches
 - Reduce the threshold required for mid-year QC update; change to *either* 10 MW or 20%
 - Eliminate the components of the PRM adder associated with operating reserves and load forecast error
 - Convert the 5.8% forced outage adder to a multiplier applied in the effective capacity formula
 - Maintain the distribution loss factor adder in QC values
 - Update transmission loss factors and include the adder as a credit
- Next steps: Comments due on 12/20; CEC will vote on final report on 1/25

Quick hits

- Final decision on prohibited resources verification regime
 - On 12/1, CPUC voted out its revised proposed decision on changes to DR Prohibited Resources (PR) policy verification
 - Key changes from original PD include:
 - Provided additional guidance on how to perform future audits
 - Rejected PAO and Sierra Club proposals to use install 60 data loggers and transformers on new customers each year rather than maintaining a 60-customer data set and switching customers from one year to the next
- Final decision on Bloom Energy petition
 - On 12/1, the CPUC voted out a revised proposed decision on the Bloom petition to open a rulemaking to consider a proposed DER tariff
 - The proposed tariff was specifically designed for fuel cells and other DERs that can meet the same performance standards
 - The revised PD addressed parties comments on the original PD which focused on procedural issues
 - Rejected Bloom's interpretation of Rule 6.3(a) as overly broad; Bloom's focus on high capacity factor DERs violated this rule
 - Rejected Bloom's interpretation of Rule 6.3(f); Bloom's earlier proposal was similar enough to its petition to violate this rule

CAISO update

- Extended Day Ahead Market (EDAM)
 - On 11/22, the Council submitted [comments](#) on the CAISO's EDAM draft final proposal
- Summary of Council's comments
 - The CAISO should:
 - Consider allowing EDAM Entities to utilize DERAs to meet the RSE or reduce the demand forecast
 - Verify whether non-conforming DR is being dispatched in accordance with its commitments to reduce the RSE by comparing an EDAM Entity's actual load to its demand forecast minus its claimed non-conforming DR load curtailment
 - Treat all EDAM Entity RDRRs the same treatment as the CAISO proposes for RDRRs located within the CAISO BAA
 - Clarify the Residual Unit Commitment (RUC) obligations of Proxy Demand Resources (PDR) shown by an EDAM Entity to meet its RSE, specifically, how long-start resource PDRs, which cannot dispatch in the real-time market, would be treated in this context
 - Next steps: Final proposal expected on 12/7

Discussion & Q&A

Thank You!

Please contact us if you have any questions.

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