



February 6, 2023

Via E-Mail (EDTariffUnit@cpuc.ca.gov)

California Public Utilities Commission

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

**RE: Advice Letters (ALs) 4950-E (Southern California Edison), 6826-E (Pacific Gas and Electric) and 4142-E (San Diego Gas & Electric)
(Proposed Modifications to the Emergency Load Reduction Program Pilot)
RESPONSE OF CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT
COUNCIL, LEAPFROG POWER, INC., AND OHMCONNECT, INC.**

Dear Energy Division Tariff Unit:

On January 17, 2023, Southern California Edison (“SCE”), Pacific Gas and Electric (“PG&E”) and San Diego Gas & Electric (“SDG&E”) (collectively, “the IOUs”) jointly submitted their proposed modifications to the Emergency Load Reduction Program (“ELRP”) Pilot pursuant to Decision (“D.”) 21-12-015 and D.21-12-069. The California Efficiency + Demand Management Council (the “Council”), Leapfrog Power, Inc. (“Leap”), and OhmConnect, Inc. (collectively, “Joint Parties”) appreciate the opportunity to respond to this joint advice letter filing.

I. JOINT PARTIES’ RESPONSE

Unless it explicitly indicates otherwise, the Joint Parties support all of the modifications proposed by the IOUs in the advice letter. The Joint Parties also recommend the Commission direct the IOUs to provide redlined versions of their respective ELRP Terms & Conditions to more easily enable parties to see the exact modifications they propose to make.

A. Any Changes to the Minimum Dispatch Hours Should Include Expansion to Sub-Groups B.1 and B.2.

The IOUs propose to reduce the annual minimum dispatch hours for sub-groups A.4 (currently 20 hours) and A.5 (currently 30 hours) to ten hours, in alignment with sub-group A.2 because the 20- and 30-hour minimums “potentially can exhaust available dispatches for future grid emergencies.”¹ The Joint Parties do not object to this proposal

¹ Advice Letter (“AL”) 4950-E, et al., at p. 3.

per se, but recommend that a ten-hour minimum dispatch for sub-groups B.1 and B.2 be adopted as well. Because the ELRP is an energy-only, best-efforts (i.e., no penalty) program, customers and demand response (“DR”) aggregators want as many opportunities as possible to earn revenues. It is unfair and inappropriate for selected sub-groups to benefit from a degree of certainty over the number of hours they will be dispatched, while others do not. It is especially ironic that when there is a desire among some state agencies and parties that third-party DR be dispatched more frequently, a minimum dispatch requirement does not exist for Group B participants.

Some relative revenue certainty is needed because, though the voluntary nature of the ELRP may create the appearance of no commitment costs, in reality there are often underlying costs to customers and DR providers for participation and the only way to recover these costs for an energy-only program is through dispatch revenue. Although the prolonged Labor Day heatwave triggered the program for all participants for multiple days in 2022, such conditions may not materialize in the future. To generate more certainty that there will be an opportunity to recover these costs by providing load curtailment when it is needed most, the Commission should also adopt a 10-hour minimum dispatch for Group B customers.

B. All Base Interruptible Program-ELRP Dual Participants Should Be Compensated for Non-Overlapping Hours.

SCE has proposed to allow Base Interruptible Program (“BIP”) customers participating in the ELRP to receive compensation for ELRP events for periods when an ELRP event does not overlap with a BIP event.² The Joint Parties strongly support this modification to sub-group A.2 participation rules because the current rules unnecessarily prevent BIP-ELRP customers from providing often significant load reduction when reliability conditions do not warrant a BIP dispatch. The Joint Parties recommend that the Commission should adopt this for all IOUs’ ELRPs to maintain consistency throughout the State.

This modification would also encourage BIP customers to maintain their load reductions following the conclusion of a BIP event and to provide their curtailment on days when a BIP event has not been called. The Joint Parties recognize the potential concern that a BIP event may be called on the same day as an ELRP event which could render the customer unavailable to curtail load under the BIP. To counter that concern, Group A.2 customers could maintain their responsibility to respond to a BIP event, even if it occurs on the same day after an ELRP event. Should a partially- or fully-overlapping BIP event occur during an ELRP event, customers would only be compensated for their incremental load reduction (“ILR”) below the FSL while both program events overlap.

Because BIP aggregators are required to enroll their entire BIP portfolio to participate in the ELRP, this modification will improve the chances that any aggregated

² AL 4950-E, et al., at p. 8.

BIP customers that had been resistant to participating in ELRP will have a financial motivation to do so. To ensure clarity, the ELRP Terms & Conditions for Group A.2 should explicitly state that non-overlapping ELRP load curtailments are not required to be incremental to the BIP Firm Service Level (“FSL”). This clarification is critical to ensure that BIP-ELRP participants are compensated for their entire load curtailment in these instances, not only for load curtailment below their FSL.

C. The IOUs Should Take Commercially Reasonable Efforts to Work with Aggregators to Correct for Insufficient Data.

SCE has proposed amending the language in their ELRP Terms & Conditions to clarify that if there are insufficient data to calculate the ILR, they may not pay the incentive, or exclude the account from the ILR calculation.³ This is problematic for aggregators and their customers as data access remains an issue. It is not uncommon for the IOUs to provide incomplete meter data and not until weeks after an event. Furthermore, the IOUs should already have access to any and all information that would be required to calculate the ILR - interval meter data, backup generator characteristics, and interconnection agreements. As such, it is reasonable that they should be required to work with aggregators to correct for any missing data rather than unilaterally not paying for curtailment during emergencies due to missing data that they themselves failed to provide.

The Joint Parties stress the importance of ELRP participants being compensated for their performance during events to ensure continued participation in the program. Otherwise, customers are less likely to curtail during the next grid emergency if they are not compensated for their efforts. To guard against this eventuality, the Joint Parties respectfully propose the following language be inserted into each of the IOU’s advice letters to provide consistency and certainty to ELRP Group B customers that all efforts will be made to compensate them for their services.

“If there are insufficient data that impacts [IOU name]’s ability to calculate the ILR, the IOU will take all commercially reasonable efforts to find and correct for the missing data. If, after conducting these efforts, there are still insufficient data to reasonably calculate ILR, the account may not receive an incentive or may be excluded from ILR calculations.”

D. Group B Performance Should Be Calculated at the Meter Level to Be Consistent with Group A Performance Calculation.

Under current rules, the Group A ELRP performance is calculated at the meter level while Group B performance is calculated at the resource (i.e., Proxy Demand Resource) level. This approach unfairly favors Group A over Group B participants. Group A participants with positive incremental load curtailment (i.e., they successfully reduce their load relative to their baseline during an ELRP event) are paid the full value

³ AL 4950-E, et al., at p. 9.

for that curtailment; because the ELRP is a best-efforts program, any Group A participants that provide negative load curtailment are simply not compensated and are subject to no penalty. Conversely, because the performance of Group B participants is calculated at the resource level, individual participant performance, and therefore payment, is impacted by the performance of others in the resource. In some cases, positive incremental load curtailment by the participants within a given resource may be completely offset by negative curtailment by other customers within that same resource, leading to no payment whatsoever. Figure 1 below portrays a hypothetical scenario in which the same customers (characterized as Meter A through Meter D) would receive a different amount of compensation for the exact same ILR depending on whether they are in Group A or Group B.

Figure 1: Comparison of Group A vs. Group B ELRP Performance and Compensation

Meter	Meter-Level Performance	Group A ELRP Compensation	Group B ELRP Compensation
Meter A	1 MWh	\$2,000	\$2,000
Meter B	2 MWh	\$4,000	\$4,000
Meter C	-0.5 MWh	0	-\$1,000
Meter D	-0.5 MWh	0	-\$1,000
Group A Performance (Gross)	3 MWh	\$6,000	N/A
Group B Performance (Net)	2 MWh	N/A	\$4,000

In this example, the aggregate ILR of Meters A and B is 3 MWh, while the aggregate ILR of Meters C and D is -1 MWh. Under Group A, Meter A would earn \$2,000 and Meter B would earn \$4,000. Because ELRP is a best-efforts program, the negative performance of Meters C and D would be zeroed out, so the total Group A revenue would be \$6,000. However, under Group B, the negative performance of Meters C and D would reduce the Meter A and B ILR by -1 MWh, as mentioned above, resulting in only 2 MWh of net ILR. Therefore, total Group B revenue would be \$4,000.

To summarize, identical performance across the same four meters result in 50 percent greater compensation for Group A customers. This is a major flaw in the ELRP compensation mechanism that must be rectified because it creates a clear signal for customers enrolled with aggregators in Group B to instead directly enroll with their local IOU in order to participate in Group A. This is anti-competitive and is contrary to the principle of competitive neutrality. To correct this flaw, the Commission should direct the IOUs to measure Group B performance for the purposes of the ELRP only at the individual meter level just as they currently do with Group A customers so that ILR is compensated equally between the two participation pathways.

II. CONCLUSION

The Joint Parties recommend that the advice letter be approved with the changes recommended above.

Respectfully submitted,

February 6, 2023

Joe Desmond

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On Behalf of the

California Efficiency + Demand Management Council,

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cc: Courtesy Electronic Service to Service Lists in R.20-11-003 (Emergency Reliability),
R.13-09-011 (Demand Response) and A.17-01-012, et al. (Demand Response
Programs)