



DR, DERs + Resilience Committee

February 7, 2023



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Today's Agenda

• Issues/Topics

- Decision extending the DRAM pilot
- Ruling in DR proceeding on Phase 2 issues
- SoCalGas DR pilot application
- Energy Division DR Resource Adequacy proposals
- CEC Supply Side DR WG report
- Quick hits



Decision extending the DRAM pilot

- On 1/13, the CPUC issued [D.23-01-006](#) approving a one-year DRAM extension
- Key elements
 - Extends the DRAM by ordering a 2023 auction for 2024 delivery
 - Makes no changes to the DRAM to avoid modifying the DRAM Pro Forma
 - Clarifies that the DLF Adder remains in effect
 - Budget remains the same as 2022 (\$14 million)
 - IOUs to issue RFO by 2/13; IOUs to submit Tier 1 ALs by June 1
 - Adopts \$750,000 for Energy Division to continue funding DR potential and related research
 - Acknowledged that the Nexant Report showed improving performance in deficient areas
 - To adopt DRAM permanently, proponents must show that it has achieved a sufficient level of success in meeting the 6 criteria adopted in D.16-09-056

Ruling in DR proceeding on Phase 2 issues

- On 1/27, the CPUC issued a [ruling](#) in Phase 2 of the IOU DR applications proceeding (A.22-05-002 et al)
- Key elements
 - Directs SCE to submit a CBP Elect proposal
 - Gives notice that a less redacted version of the DRAM Nexant Report will be issued
 - Updates 2024-2027 DR programs testimony schedule (pushes intervenor testimony to April 21; maintains DRAM schedule)
 - Provides several questions for IOUs and intervenors to address in testimony
 - Provides several ED proposals for parties to respond to in testimony



SoCalGas DR pilot application

- On 1/6, SoCalGas submitted an [application](#) for 4 gas DR pilots
- General terms
 - 2023-2025 heating seasons (Nov.-Mar.)
 - Expected no. of annual events: 2-4
 - Trigger: SoCalGas Curtailment Watch
- Proposed pilots
 - Industrial Load Reduction Pilot
 - Large industrial (>250,000 annual Therm usage)
 - Direct-enroll
 - Average incentive up to \$8/Therm
 - FLEXmarket Pilot
 - Medium C&I (<250,000 annual Therm usage)
 - Aggregator program
 - Average incentive up to \$8/Therm
 - Direct Load Control Pilot
 - Small C&I (<50,000 annual Therm usage)
 - Third-party implementer
 - Average incentive up to \$10/Therm
 - Focus on space and water heating
 - Residential Smart Control Pilot
 - Low-income households in DACs (<2,000 annual Therm usage)
 - Direct-enroll
 - \$50 enrollment bonus + \$25/season
- Next steps: Protections and responses due on 2/9



Energy Division DR Resource Adequacy (RA) proposals

- On 1/20, the CPUC issued a [ruling](#) containing ED proposals for Phase 3 of the RA proceeding, including 7 related to DR
- Proposals
 - Proxy Demand Resource bid cap (propose \$500/MWh)
 - Extend Prohibited Resources verification regime to all RA-eligible resources
 - Require RDRRs to dispatch before EEA 2 to count as RA
 - Remove the TLF and PRM Adders for DR resources
 - Change DR resource availability requirement to 4 hours/day, 3 days/week + State of Emergency days and Flex Alerts
 - Formalize the deadline for monthly DR NQC requests
 - Derate DR resources to conform with quarterly test event performance
- Next steps: Opening comments due on 2/17



CEC DR Supply Side WG report

- On 1/25, the CEC [approved](#) the Supply Side DR QC WG report and submitted it to the CPUC in the RA proceeding
- CPUC formally entered it into the record (incl. implementation guide) through a [2/2 ruling](#) and indicated it would be issuing a separate ruling later on the comment schedule & questions for parties to consider
- Key recommendations
 - Incentive-based approach w/ a 5.8% Forced Outage Adder
 - Utilizes ex ante and ex post weather normalization
 - Incorporates snap-back effects
 - Streamlines ex ante reporting requirements
 - Requires final QC amounts by June 1
 - Streamlined QC approval criteria (>90% performance and <25% QC increase)
 - Exempt DR from RAAIM
 - Phase in penalties in 2026 RA year
 - Use Bid Normalized Load Impacts for ex post valuation
 - Reduce threshold for mid-year QC update
 - Eliminate Operating Reserves and Load Forecast Error elements of PRM
 - Update TLF and include as credit



CEC DR Supply Side WG report (cont.)

- Erik Lyon remarks
 - It is difficult to know whether the current LIP-based QC values are reasonable
 - LIPs are variable in their interpretation
 - Most DR not subject to penalties so no repercussions for not showing up
 - LIP process is very challenging for DRPs and Energy Division
 - Did not specify incentive-based approach up front because CEC did not want to rule out any creative ideas; also simply modifying the current approach does not address the shortcomings
 - Recommends CPUC implement penalty mechanism unless a successor to RAAIM is adopted
 - CPUC may want to require supplemental reporting requirements until ED can become comfortable with new methodology
- Simon Baker remarks
 - Thanked CEC for their work on this and recognized the significant effort over past 18 months
 - Appreciated CEC help in the LIP process which helped them see the challenges with the LIPs
 - Implied that some changes would likely be made by the CPUC
- Vice Chair Gunda remarks
 - Thanked CEC and ED staff, and stakeholders
 - Observed that the state has not taken full advantage of DR & demand flexibility; begins with measuring the capacity value of DR
- Commissioner McAllister remarks
 - This work complements CPUC work on ratemaking
 - Can reduce the peak and flatten the load curve using DR & load shifting; this will add up to a sea change
- Commissioner Monahan remarks: This fits well with IEPR topic of more quickly interconnecting new resources

Quick hit(s)

- Update on R.22-11-013: Parties have submitted opening and reply comments on the OIR; waiting for a scoping memo
- Update on R.22-07-005
 - ED has been convening Track B WG 1 (Guidance for demand flexibility design) & WG 2 (Ensuring access to dynamic electricity prices) workshops on alternating Fridays
 - PD expected in March
- IOUs submitted joint [advice letter](#) modifying the ELRP; responses submitted 2/6 (Council/Leap/OhmConnect joint [response](#))
- On February 2, the CAISO Board of Governors and WEIM Governing Body [approved](#) the Extended Day-Ahead Market initiative
- On 1/13, CAISO issued its [ACR 188 draft report](#) on regionalization

Discussion & Q&A

Thank You!

Please contact us if you have any questions.

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