



DR, DERs + Resilience Committee

March 14, 2023



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Today's Agenda

• Issues/Topics

- CERIP Report Adopted
- Council DSGS Response / Update
- Council comments on Phase 3 RA proposals
- Phase 2 Resource Adequacy (RA) proposed decision
- Update on IOU ELRP advice letter
- Update on SoCalGas DR pilot application
- Comments on CEC Supply Side DR QC report
- CAISO DMM report on September 2022 DR performance
- Update on 2024-2027 IOU DR proceeding



CERIP Report Adopted

- The Legislature also included in SB 846 the requirement for the CEC to build out and deliver a Clean Energy Reliability Investment Plan (“CERIP”) to the Legislature.
- CERIP is a spending plan of up to \$1 billion of yet-to-be appropriated funding for clean energy investments to help accelerate the deployment of clean energy resources, support demand response, assist ratepayers, and increase energy reliability.
- The Council submitted an initial [response](#) to the CEC’s RFI in November 2022 and a more recent [response](#) to the CEC’s draft CERIP in February.



CERIP Report Adopted

- The CEC passed effectively the same [CERIP](#) as initially drafted.
- The final CERIP follows recommendations laid out by Governor Newsom for the first fiscal year funding cycle of \$100 million:

Table 3: CERIP First Year Funding Priorities

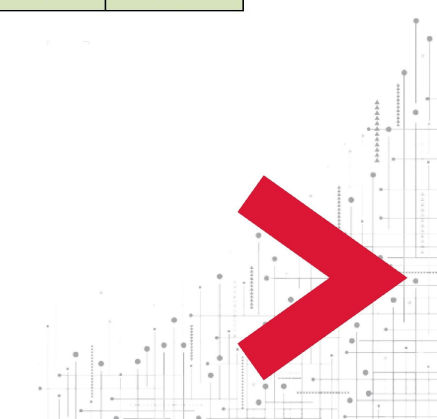
Initiative	Proposed Funding
Planning and Enabling Structures to Support Clean Energy Deployment	
<ul style="list-style-type: none"> • Support critical planning studies, such as Transmission Corridor Planning, and implementing recommendations in the permitting roadmap for offshore wind resources. 	\$2M
<ul style="list-style-type: none"> • Improve processes and provide resources that support engagement and technical assistance for communities of concern 	\$8M
<ul style="list-style-type: none"> • Support DWR to standup a CPM 	\$32M
<ul style="list-style-type: none"> • Address barriers throughout the energy resource development process, including permitting and interconnection delays, for local and state agencies, and other appropriate entities 	\$15M
Augmenting for Extreme Events	
<ul style="list-style-type: none"> • Augment investments to support near-term electric system reliability, including during extreme weather conditions. This funding allocation will prioritize energy resources that can be deployed and available by June 2024. This may include additional funding for the DSGS Program or DEBA Program that support additional demand reduction opportunities in industries such as agricultural and water sectors. 	\$33M
Administration⁶	
Funding for administration and implementation costs at the CEC, including funding for increased staffing and technical support	\$10M
Total	\$100M

Source: CEC

Table 2: Funding Priorities by CERIP Program Year

Funding Priority	Proposed Funding 23/24	Proposed Funding 24/25	Proposed Funding 25/26	Proposed Funding Total
Planning and Enabling Structures to Support Clean Energy Deployment	\$57	\$5	\$5	\$67
Scaling Demand-side Resources	\$0	\$175	\$270	\$445
Scaling Supply-side Resources	\$0	\$150	\$150	\$300
Augmenting for Extreme Events	\$33	\$50	\$50	\$133
Administration²	\$10	\$20	\$25	\$55M
Total	\$100	\$400	\$500	\$1,000M

Source: CEC



CERIP Report Adopted

- The CEC also lays out suggestions for future funding through 2026 for a total of \$1 billion, with the assumption that funding is preserved through future budgets:

Table 4: CERIP Year Two and Three Funding Priorities

Initiative	2023/24	2024/25	2025/26	Total
Planning and Enabling Structures to Support Clean Energy Deployment	\$57M	\$5M	\$5M	\$67M
Scaling Demand-side Clean Resources	\$0	\$175M	\$270M	\$445M
Scaling Supply-side Clean Resources	\$0	\$150M	\$150M	\$300M
Augmenting for Extreme Events	\$33M	\$50M	\$50M	\$133M
Administration⁷	\$10M	\$20M	\$25M	\$55M

Council DSGS Response / Update

The Council submitted a response to the CEC's presentation on the DSGS (and DEBA – though comments focused on DSGS).

- The Legislature Deliberately Expanded DSGS Eligibility in AB 209
- The DSGS is Additive to Preexisting DR and ELR Programs
- The DSGS Must Mitigate Against the Double Counting of Benefits
- Significant Limitations on Eligibility Hinder Policy Goals and Considerations
- A Successful Program Requires Sufficient Staffing and Resources
- Additional Participation Requirements or Limitations
- Updates Must Prepare DSGS for Success in 2023 Summer



Council comments on Phase 3 RA proposals

- On 2/24, parties submitted opening comments on Phase 3 proposals in the Resource Adequacy (RA) proceeding
- The Council [filed](#) jointly w/ CPower & OhmConnect on ED DR-specific proposals; key points include:
 - Need to consider impacts of these proposals on DR market
 - Hostile ED proposals contrast with more positive outlook for DR by CEC and CAISO; urge collaboration across 3 agencies for common DR vision
 - \$500/MWh PDR bid cap not needed b/c more recent data show PDRs being scheduled in CAISO market; any cap should be below RDRR price but not too low
 - The TLF and PRM adders should be retained to maintain equity w/ LM DR
 - Expanded DR availability proposal is unclear; not clear how this would work in practice (e.g., offering DR in DAM ahead of a Flex Alert)
 - Derating DR QC based on test performance conflicts w/ CEC WG process
- Next steps: No replies filed; waiting for proposed decision

Phase 2 Resource Adequacy (RA) proposed decision

- On 3/3, the CPUC issued a [proposed decision](#) on Phase 2 RA issues pertaining to Slice-of-Day implementation details, incl. requirements for DR RA resources during the 2024 Test Year
- Key details include:
 - DR RA values may vary by the hour and reflect capability on the worst day of the month under 1-in-2 weather conditions
 - At minimum, DR RA resources must be available from 5:00-9:00 p.m.
 - The hours for a DR resource shown by LSEs must be the same as those in the ex ante LIP filing
 - Snapback effects should be shown in the ex ante forecasts but not included in DR QC values
 - Retains the TLF Adder but sets it as zero; defers ruling on the PRM Adder to Phase 3
- Next steps: Opening comments due 3/23, reply comments due on 4/3

Update on IOU ELRP advice letter

- On 1/17, IOUs submitted an [advice letter](#) modifying the Emergency Load Reduction Program; protests & responses were submitted by Council/Leap/OhmConnect, CESA, CLECA, CalSSA, PAO, CEJA/Sierra Club/UCS, VGIC
- IOUs responded on 2/13 with following points:
 - To Council/Leap/OhmConnect: Calculating Group B performance at meter is out of scope
 - To CalSSA: IOUs are permitted to change min. dispatch hours for A.4/A.5
 - To PAO: BIP/ELRP dual participation is allowed b/c one provides capacity and the other provides energy
 - To VGIC: SCE will not transition Charge Ready Pilot customers to A.1, not A.5 b/c A.5 is an aggregator subgroup; rejects monthly ELRP compensation
 - To PAO & CEJA et al: Not trying to enable PR use in DACs w/o Emergency proclamation, only to clarify that they can receive revenues during these events

Update on SoCalGas DR pilot application

- On 1/6, SoCalGas submitted an application for 4 gas DR pilots; the [Council](#), SBUA, Google, AReM, EDF, and TURN submitted protests and responses on 2/9
- Council recommendations:
 - Open Residential Smart Control (RSC) Pilot to all residential customers
 - RSC Pilot should not be limited to customers w/ existing smart thermostats; leverage existing TI programs to recruit participants
 - Should create an aggregator-based residential behavioral pilot
 - Direct Load Control and Industrial Load Reduction Pilots should be open to aggregators; DLC Pilot should be managed by a third-party implementer
- SoCalGas filed response:
 - No party recommended evidentiary hearings
 - EDF's claim that the pilots should yield cost-effective benefits is premature
 - Clarified for AReM that any customer paying the PPP surcharge is eligible
 - Council's request to include a behavioral pilot is outside the application scope
 - Proposed scoping issues include: 1) reasonableness of pilot designs (incl. customer eligibility, recruitment, and inclusion of aggregators), 2) cost allocation for DR pilot, and 3) SoCalGas data collection and reporting obligations
- Next steps: Awaiting a pre-hearing conference notice

Comments on CEC Supply Side DR QC WG report

- On 3/1, the Council/CPower submitted joint [opening comments](#) on the CEC's Supply Side DR Qualifying Capacity Working Group Report
- Key points include:
 - Generally support CEC proposal but with a few key divergences
 - Support applying same DR counting method across all DR
 - Support an incentive-based mechanism in principle but CEC's proposal is highly problematic; CPUC should convene a process to develop a new penalty structure
 - Accounting for takeback effects is appropriate but should be delayed until the final Slice-of-Day rules are adopted
 - The Planning Reserve Margin Adder should be retained in full
 - Oppose DSA and CLECA LIP-based proposals; OhmConnect proposal could be a good "Plan B" if CEC proposal exceeds CPUC comfort level
- Key points by other parties include:
 - Other DR counting proposals received higher scores relative to WG principles (DSA, SDG&E, PG&E, CLECA)
 - An incentive-based methodology will not ensure DR resources deliver on QC values (PAO)
 - Sponsors should be allowed to resubmit proposals w/ penalty mechanisms (DSA)
 - CPUC should reconvene the WG (SDG&E)
- [Reply comments](#) submitted on 3/8

CAISO DMM report on Sept. 2022 DR performance

- On 2/14, the CAISO Dept. of Market Monitoring issued its [Report on DR Issues and Performance 2022](#) which looked at DR participation & performance in highest load days in summer 2022
- Key observations
 - 1/3 of DR RA capacity not available in net peak hours during Flex Alerts and system warnings
 - 3P DR bid into DAM at 90+% and IOU DR bid at a lower rate
 - IOU DR performed at 88% and 3P DR at 45% of schedules on highest demand days
- Recommendations
 - Re-examine DR counting methodology
 - Remove the PRM Adder
 - Remove RUC exemption for long-start DR
 - Adopt penalties for poor performance
 - Require non-CPUC jurisdictional LSEs to communicate DR availability to CAISO

Update on 2024-2027 IOU DR proceeding

- On 3/3, the CPUC issued a [ruling](#) seeking comment on the DRAM and an Updated Nexant Report
- In light of concerns expressed by the Council, CPower, Leap, and Voltus, the ruling provides a less redacted version of the Nexant Report
 - Each DRAM Seller's data is presented in an anonymized or aggregated format to protect privacy and market-sensitive information
- The ruling lays out several questions for parties to respond to at different times
 - Responses to 2 questions are due 3/30; comments on the Updated Nexant Report and testimony on remaining questions are due 5/31

Discussion & Q&A

Thank You!

Please contact us if you have any questions.

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