

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Forward
Resource Adequacy Procurement Obligations.

Rulemaking 21-10-002
(Filed October 7, 2021)

**OPENING COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND
LEAPFROG POWER, INC. ON
PROPOSED DECISION ON PHASE 2 OF THE RESOURCE ADEQUACY REFORM
TRACK**

March 23, 2023

Joseph Desmond
Executive Director
**California Efficiency + Demand
Management Council**
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: 925-785-2878
E-mail: policy@cedmc.org

Luke Tougas
Consultant for
**California Efficiency + Demand
Management Council**
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: 510-326-1931
E-mail: l.tougas@cleanenergyresearch.com

Amaani Hamid
Senior Market Development Manager
Leapfrog Power, Inc.
1700 Montgomery Street, Suite 200
San Francisco, CA 94111
Telephone: (212) 518-7651
E-mail: marketdev.caiso@leap.ac

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Forward
Resource Adequacy Procurement Obligations.

Rulemaking 21-10-002
(Filed October 7, 2021)

**OPENING COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND
LEAPFROG POWER, INC. ON
PROPOSED DECISION ON PHASE 2 OF THE RESOURCE ADEQUACY REFORM
TRACK**

I. INTRODUCTION

The California Efficiency + Demand Management Council (the “Council”) and Leapfrog Power, Inc. (“Leap”) submit these Opening Comments on the Proposed Decision on Phase 2 of the Resource Adequacy Reform Track (“Proposed Decision” or “PD”), mailed in this proceeding on March 3, 2023. These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

II. BACKGROUND

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.¹ Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council’s mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

¹ Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

Leap is a DR Provider (“DRP”) founded in 2017 and headquartered in San Francisco, California. The company provides DR services to residential, commercial, industrial, and agricultural customers throughout the state of California. Through its technology platform, Leap enables DER providers in California to provide grid flexibility, delivering revenue for their customers and integrating additional demand-side resources into California electricity system. Leap believes that demand-side resources integrated into California’s wholesale electricity market will play an increasingly important role in helping California achieve a resilient and zero carbon future. Leap is a registered DRP, as well as a registered Scheduling Coordinator, with the California Independent System Operator Corporation (“CAISO”). Leap has been a participant in the recent Demand Response Auction Mechanism (“DRAM”) procurements and has entered into contracts with PG&E, SCE, and SDG&E to deliver DRAM capacity. Leap has received net qualifying capacity (“NQC”) via the Load Impact Protocol (“LIP”) process in both 2020 and 2021 and has filed a Load Impact Analysis report in 2022. Since 2021, Leap has contracted with over a dozen Community Choice Aggregators (“CCAs”) to deliver DR-based Resource Adequacy (“RA”).

III. THE COUNCIL AND LEAP'S OPENING COMMENTS

A. **The Proposed Decision Correctly Allows for DR Variability but Unnecessarily Limits DR by Requiring Conformance with the Availability Assessment Hours.**

The Proposed Decision adopts changes to the rules governing the determination of DR RA values to conform them to the Slice-of-Day (“SoD”) regime.² This includes adopting hourly variability of DR RA values, basing DR RA values on the worst day of each month under 1-in-2 conditions, and requiring DR resources to be shown, at minimum, for the 5:00-9:00 p.m. period, consistent with four of the five Availability Assessment Hours (“AAH”) hours that are “most critical to system reliability.”³ Allowing hourly RA values is consistent with the Commission’s prior designation of DR as a variable resource, but the Proposed Decision’s rationale for a 5:00-9:00 p.m. availability requirement overlooks the more granular nature of the SoD regime and would severely limit DR that cannot be shown during these hours.

² Proposed Decision, Ordering Paragraph 11, at p. 90.

³ *Id.*

The Proposed Decision’s adoption of Option 1 among the four Energy Division proposals is appropriate given the Commission’s recognition that DR is a variable resource.⁴ However, confining all DR resources to a 5:00-9:00 p.m. window, at minimum, will lock out DR capacity that is not available during these hours. The Council and Leap do not dispute that the 5:00-9:00 p.m. period currently represents the period with the highest reliability risk, but the Proposed Decision appears to presume that allowing DR resources to show outside of this period instead will somehow draw DR that would otherwise be available in the 5:00-9:00 p.m. period to those hours with less reliability value. If this is indeed the concern, there is no evidence in this proceeding that this would occur. Instead, it will likely have the detrimental effect of discouraging those *new* DR customers who are not able to provide load curtailment during the 5:00-9:00 p.m. window, from providing RA during other slices.

One of the primary benefits for the SoD framework is that it better reflects the growing number of use-limited resources by more accurately accounting for the periods when they can provide RA. It would be counter to this purpose for the Commission to hamstring load-serving entities (“LSEs”) by preventing them from using *incremental* DR RA that can be provided during other slices. The Proposed Decision appears to implicitly acknowledge the need and expectation that DR will be provided throughout the day when, in choosing to retain the DR Maximum Cumulative Capacity (“MCC”) Bucket, it states that the amount of DR that can be claimed for *any slice* should be limited.⁵ If the intent of the Proposed Decision is for DR to be available for any given slice, then requiring all DR to show in the 5:00-9:00 p.m. period would heavily discourage this.

If the Commission chooses to adopt the proposed DR availability limitations, the Council and Leap respectfully request the Commission to commit to re-examining DR availability requirements in 2024 for the 2025 RA year.

B. Any Changes to the DR Adders Should Be Addressed in Phase 3.

The Proposed Decision would retain the Transmission Loss Factor (“TLF”) Adder but set it to zero due to an unquantified amount of “administrative overhead and complexity”, and defer judgment on the Planning Reserve Margin (“PRM”) Adder to Phase 3 of this proceeding.⁶ The Council and Leap respectfully disagree that assigning the TLF a value of 0% is consistent with

⁴ D.21-06-029, at p. 30.

⁵ Proposed Decision, at p. 65.

⁶ *Id.*, at p. 55.

“maintaining” the adder. The Proposed Decision, for all intents and purposes, removes the TLF. The Council and Leap agree that the PRM Adder issue should be deferred to Phase 3 because that issue is being addressed in the context of the California Energy Commission’s (“CEC’s”) Supply Side DR QC Working Group (“CEC Working Group”) recommendations. However, it is unclear why a determination should be made in Phase 2 to remove the TLF Adder – again, valuing it at 0% is the same as removing it – which is also being addressed in Phase 3 alongside the PRM Adder, and calls into question why the CEC Working Group was tasked with this issue in the first place. Addressing the same issues simultaneously in two separate phases of a proceeding is very confusing for parties and creates a risk that different evidence will be introduced in each proceeding on the same issue. The Commission should defer a determination on both of these issues to Phase 3.

IV. CONCLUSION

The Council and Leap ask that the Proposed Decision be modified for the reasons stated above. Those needed modifications are included in Appendix A (Proposed Modifications to Findings of Fact, Conclusion of Law, and Ordering Paragraph) attached and incorporated by reference hereto.

Dated: March 23, 2023

Respectfully submitted,

/s/ JOSEPH DESMOND
Joseph Desmond
On behalf of
California Efficiency + Demand
Management Council and
Leapfrog Power, Inc.
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: 925-785-2878
E-mail: policy@cedmc.org

APPENDIX A

THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND LEAPFROG POWER, INC. PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS FOR THE PROPOSED DECISION ON PHASE 2 OF THE RESOURCE ADEQUACY REFORM TRACK

The California Efficiency + Demand Management Council (the “Council”) and Leapfrog Power, Inc. (“Leap”) propose the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs in the Proposed Decision on Phase 2 of the Resource Adequacy Reform Track, mailed in R.21-10-002 on March 3, 2023 (Proposed Decision).

Please note the following:

- A page citation to the Proposed Decision is provided in brackets for each Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as “NEW” in **bold underscored** capital letters.

PROPOSED FINDINGS OF FACT:

16. [83] ~~Requiring a DR resource to be shown for at least four consecutive hours during the AAH window is important to ensure DR resources are counted during the hours that are most critical for system reliability.~~ The value of a DR resource should vary by hour to reflect the capability of DR resources.

17. [83] ~~Limiting the hours in which DR resources can be shown to a four-hour call window within the AAHs during the test year, specifically 5–9 p.m., would mitigate the complexity introduced by allowing DR resources to utilize 24-hour profiles and align the call window for DR year-round.~~

19. [84] There is consensus among parties to retain the TLF and DLF adders for the slice-of-day test year to apply to the QC of DR. ~~Setting the value of the TLF adder at 0% for the slice-of-day test year minimizes the administrative burden to account for fractional MWs.~~

PROPOSED CONCLUSIONS OF LAW:

10. [86] ~~For the 2024 test year, DR resources should be shown for four consecutive hours of 5–9 p.m., unless required by contract or tariff to be capable of responding to longer dispatches, in which case the shown hours must include all of 5–9 p.m.~~ The value of DR resources should vary by hour based on the resource’s capability on the worst day of the month under the 1-in-2 planning framework.

11. [86] The TLF and DLF adders should be retained for the test year, ~~with the value of the TLF adder at 0%.~~

PROPOSED ORDERING PARAGRAPHS:

11. [90] For the 2024 test year of the slice-of-day framework, ~~demand response (DR) resources must be shown for four consecutive hours of 5–9 p.m., unless required by contract or tariff to be capable of responding to longer dispatches, in which case the shown hours must include all of 5–9 p.m.~~ The value of DR resources will vary by hour based on the resource’s capability on the worst day of the month under the 1-in-2 planning framework. Snap back effects shall be included in the ex ante load impact protocol filings but will not be reflected in the Resource Adequacy capacity counting.

12. [90] For the 2024 test year, transmission loss factor (TLF) and distribution loss factor (DLF) adders will be retained to apply to the qualifying capacity of demand response resources, ~~but the value of the TLF adder for the test year will be 0%.~~