



# DR, DERs + Resilience Committee

May 9, 2023



This call is being recorded. Confidential – for CEDMC members only. Do not distribute.

# Today's Agenda

- Issues/Topics

- Discussion on Demand-Side Grid Support program staff workshop
- Council comments on CEC Load Shifting Goal workshop
- Council Phase 2 opening testimony on 2024-2027 IOU DR programs
- Decision 23-04-040 on dynamic rate design principles
- Council comments on SCT Ruling in DER cost-effectiveness, data access proceeding
- Quick hits



# Discussion on Demand-Side Grid Support program staff workshop

- [Staff Workshop](#) (April 26) unveiled updated draft program [guidelines](#):
  - Option 1: Standby and Energy Payment
  - Option 2: Incremental Market-Integrated DR Capacity
  - Option 3: Market-Aware Behind-the-Meter Battery Storage
- Stakeholder comments due: Thursday May 11, 5PM
  - Council is drafting comments that, thus far, support the direction the CEC has proposed, recommends an additional option to incentivize non-market-integrated resources (“Option 4”), continues to urge the CEC to prepare DSGS for this summer, continues to urge post-summer review and stakeholder/CEC program improvements, and explores any unanswered/lingering questions. Option 2: Incremental Market-Integrated DR Capacity
- Questions / discussion



# Council comments on CEC Load Shifting Goal workshop

- On 5/3, the [Council](#) and 5 other parties submitted separate comments on the CEC's 4/19 workshop on the Load Shift Goal (LSG) under SB 846
- Agreed w/ comments made "from the dais"
  - CEC Vice Chair Gunda: This is an opportunity to think about what demand-side resources do to support system planning and system adequacy
  - CPUC President Reynolds: The LSG is part of the climate change strategy
  - CAISO VP Anna McKenna: DR is an important part of the resource mix for reliability
- Council's key points include:
  - Policy & funding barriers exist to leveraging demand flexibility resources incl. opaque energy service evaluations, inadequate accountability, a lack of clear and measurable metrics, and an under-engaged stakeholder base
  - Must ensure benefits accrue to DAC and LI customers, including energy affordability
  - Agree that a LSG of 6,400-8,100 MW by 2030 is ambitious but achievable
  - CEC's high electrification scenarios did not appropriately capture high EV penetration rates; should monitor EV adoption rates relative to today's assumptions
  - Support CalFUSE framework but this will take time, so in the interim CEC should try to move the state forward in meeting LSG goals

# Council comments on CEC Load Shifting Goal workshop (cont.)

- Council's key points include: (cont.)
  - IEPR process should incl. how CEC will address biennial updates to the LSG
  - CEC & CPUC should leverage alternative/existing rate and program designs that incentivize load shifting
  - CEC should coordinate among key agencies to improve transparency, accountability, metrics, and engagement w.r.t. load shifting
  - Concerned that IGFC proposals will put at risk incentives re: EE, conservation, demand management
  - Agree w/ CEC that CERIP funding would be a suitable funding source for advancing the LSG, once it is appropriated
  - AMI must continue to be deployed, esp. among POUs to support broad adoption of load-shifting programs and policies
  - The Council is interested in exploring a centralized DR procurement mechanism combining the best elements of the DRAM and Capacity Bidding Program
  - Support a wholesale market revenue adder for Supply Side DR
  - Support an EM&V study on Supply Side DR Load Impacts
  - Support a pathway for growing BTM energy storage for load shifting



# Council Phase 2 opening testimony on 2024-2027 IOU DR programs

- On 4/21, 20 parties submitted Phase 2 opening testimony on the IOUs' 2024-2027 DR programs
- Wide range of parties included CCAs, DR & DER providers, PAO, trade organizations, and customer advocates
- Summary of [Council's testimony](#):
  - Support IOU proposal for a market-integration study
  - Highlighted several areas where IOU DR has a competitive advantage; incl. designating their programs as RDRRs, creating LMR DR programs, TI eligibility
  - Importance of a mid-cycle review process
  - Support PG&E proposal for dual participation working group
  - Support ELRP extension but with A.6 made opt-in and Group B min. dispatch requirement

# Phase 2 opening testimony in R.22-05-002 et al (cont.)

- Summary of [Council's testimony](#) (cont.):
  - Generally supported PG&E and SCE BIP proposals, incl. incentive increase
  - TI/smart thermostat incentives should be available to all DR programs; smart thermostat incentive funding should continue through DR portfolio
  - Supported some CBP proposals and opposed others, esp. those that could impinge on participation and force greater availability
  - PG&E Automated Response Technology proposal lacks details, needs to consider baseline issues, role of 3Ps, incentive budget is too low; recommend PG&E be directed to re-submit a more detailed proposal
  - SCE Mass Market DR Pilot lacks detail and is too long; recommend shortened pilot period, maybe combine w/ Smart Energy Program
- Next steps: Rebuttal testimony due May 12; DRAM opening testimony & responses to 3/2 Ruling questions due on May 31



# D.23-04-040 on dynamic rate design principles

- On 5/3, the CPUC issued [D.23-04-040](#) in Phase 1, Track B of R.22-07-005 which adopted updated Electric Rate design principles as well as new Demand Flexibility design principles
- The Demand Flexibility principles are:
  - Demand flexibility tariffs should be designed in accordance with all of the CPUC’s Electric Rate Design Principles
  - Demand flexibility tariffs should provide a dynamic price signal in a standardized format that can be integrated into third-party DER and demand management solutions
  - Dynamic prices should, to the extent feasible, accurately incorporate the marginal costs of energy, generation capacity, distribution capacity, and transmission capacity based on grid conditions
  - The systems and processes for calculating dynamic price signals should be able to include bundled and unbundled rate components so that any load serving entity can elect to participate
  - Customers (including low-income customers and those who receive a medical baseline or discount) should have access to tools and mechanisms that enable them to plan and schedule their energy use while managing the monthly variability of their bills
  - Demand flexibility tariffs should provide marginal cost-based compensation for exports to enable economically efficient grid integration of customer-sited electrification technologies and distributed energy resources
- Next steps: Workshop on expanding existing dynamic rate pilots (date TBD)





# Council comments on SCT Ruling in DER cost-effectiveness, data access proceeding

- On 4/28, the Council submitted [comments](#) on the 2/13 [Ruling](#) in R.22-11-013 on the Societal Cost Test (SCT) and air quality research results
- Council's key points include:
  - The SCT undervalues modern-day DER benefits or abilities; should adopt it for informational purposes using the high Social Cost of Carbon scenario and initiate a WG to update the SCT to reflect current DER values
  - SCT overlooks value of load shifting to avoid curtailments, reduce energy cost and emissions, improve system reliance, reduce congestion
  - Any potential higher DER costs due to SCT adoption could be offset through other funding sources, incl. Inflation Reduction Act and Infrastructure Investment & Jobs Act
  - A modernized SCT must incorporate anticipated load growth, greater reliance on renewables, and long-term impacts of climate change
  - The CPUC should incorporate applicable elements of existing C/E tests; e.g., avoided environmental damage, increased system reliability, non-energy benefits, fuel diversity
- Next steps: Scoping ruling likely coming next

# Quick hits

- The Energy Division (ED) has posted its [LIP Filing Guide v3.1](#); a v4 will be issued following CPUC approval of the final Slice-of-Day framework
- On 5/2-5/3, the ED convened [workshops](#) on the IOUs' 2024 LIP reports; DRPs will present their LIP reports on 5/10 ([agenda](#))
- On 5/18, the CPUC will vote on [Draft Resolution E-5267](#) revising the ELRP
- On 4/21, parties filed [opening comments](#) on questions and ED DR proposals from a 1/27 [Ruling](#) in the 2024-2027 IOU DR proceeding; replies were filed on 4/28
- On 4/24, the CAISO released its [draft 2024 Flexible Capacity Needs Assessment](#) which sets the LRA Flexible RA requirements in 2024 & sets the Resource Adequacy Availability Assessment Hours (AAH)
  - Recommends the HE 18-22 AAH for March and April be extended into May in 2024; the AAH for the remaining months of the year would remain HE17-21

# Discussion & Q&A

**Thank You!**

*Please contact us if you have any questions.*

*Joe Desmond – [jdesmond@cedmc.org](mailto:jdesmond@cedmc.org)*

*Clark McIsaac – [cmcisaac@cedmc.org](mailto:cmcisaac@cedmc.org)*

*Kira Kimick – [admin@cedmc.org](mailto:admin@cedmc.org)*

[www.cedmc.org](http://www.cedmc.org)

