



# DR, DERs + Resilience Committee

June 6, 2023



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# Today's Agenda

## • Issues/Topics

- Council comments on draft revised DSGS guidelines
- Resource Adequacy proposed decision
- Council Phase 2 rebuttal testimony on 2024-2027 DR programs
- Council responses to 3/3 DRAM questions
- Scoping memo in DER Issues rulemaking
- CEC adoption of load shifting goals

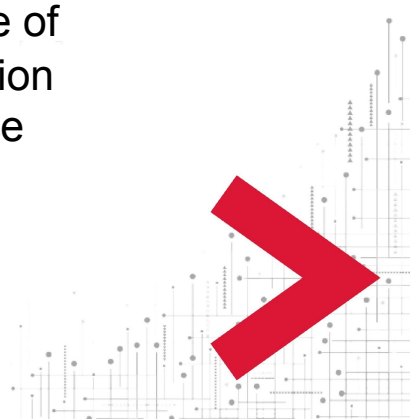


# Council comments on revised DSGS program guidelines

- On 5/11, the Council submitted comments on the CEC's 4/21 proposed revised Demand Side Grid Support (DSGS) program guidelines and 4/27 workshop
- General support for DSGS progress towards expanded customer eligibility
  - Proposed draft guidelines outline advancements towards legislative language/intent of AB 209 (program expansion - statewide)
  - However, there are challenges with the three options that have been outlined (discussed in next slide)
- Continue rapid progress to implement DSGS this summer
  - DSGS guidelines must be implemented this summer to mitigate anticipated grid stresses
  - Program improvements and implementation this summer is vital to longevity and further refinement in the future

# Council comments on revised DSGS program guidelines (cont.)

- Return after summer 2023 to assess and improve DSGS
  - DSGS should be a long-term program, or should lead to a long-term programs, and should be continuously assessed and improved
- Incorporate non-market-integrated options to unlock greater DSGS benefits
  - There is value in market-integrated DSGS options (such as with Option 2).
  - However, the limitations on or scope of the three options effectively do not incentivize non-market integrated resources, unnecessarily limiting resource eligibility:
    - ELRP and Option 1: Not explicitly market-integrated, but, not designed to maximize value of automated and non-market-integrated resources (e.g. smart thermostats). Two participation options: behavioral response to Flex Alerts and market-integrated proxy demand resource
    - Option 2: Explicitly a market-integrated option
    - Option 3: Scope is narrowed to BTM battery storage



# Council comments on revised DSGS program guidelines (cont.)

- Incorporate non-market-integrated options to unlock greater DSGS benefits (cont.)
  - Solution: Expand DSGS eligibility to non-market-integrated resources through an option 4
    - Leverage Option 3 (BTM battery storage-only) framework in a new option to expand DSGS eligibility and incentivize technologies with responsive capabilities comparable to BTM storage
    - Option 4 would open incentives to an entire suite of resources that are sidelined by current proposed guidelines
- Option 2's complexity may hinder DSGS success
  - The proposed guidelines are extensive, complex, and burdensome. Option 2 is the primary route for IOU entities to engage in DSGS. However, the complexity will lead to avoided engagement
  - Solution: simplify program requirements/guidelines for Option 2

# Council comments on revised DSGS program guidelines (cont.)

- Update Option 2 and 3 incentive levels to reflect current prices
  - Option 2 incentive levels are based on years-old data (despite being pulled from an April 2023 report) and do not reflect energy price impacts from ongoing inflation or the War in Ukraine
  - Solution:
    - Update energy prices through an adjustment metric applied to the 2021 Resource Adequacy Report data, or
    - Conduct a survey among LSEs and leverage their responses regarding recent market energy prices
  - Option 3 incentive levels do not appear to reflect current RA price levels and should similarly be updated.



# Resource Adequacy (RA) proposed decision

- On 5/25, the CPUC issued a proposed decision (PD) in Phase 3 of the RA proceeding
- DR QC Methodology:
  - Does not adopt CEC proposal but creates ED-led (w/ CEC) WG beginning in July to address key elements, incl. 1) formula for bid-normalized load impact metric, 2) design of capacity shortfall penalty, and 3) enforcement mechanism for capacity shortfall penalty
  - New DR QC methodology will be tested in 2024 in parallel w/ LIPs; final changes will be developed by ED and CEC by end of 2024
  - In interim, the ED will convene a WG to streamline the LIPs
- Adopts a \$500/MWh Proxy Demand Resource (PDR) cap for July-Sept.
- Expands PDR availability requirement to Flex Alert days, CAISO Grid Warnings, and Emergency Declarations
- Lowers the threshold for potential RDRR dispatch to an EEA Watch from EEA 1
- Eliminates the Transmission Loss Factor (TLF) and Planning Reserve Margin (PRM) Adders beginning in 2024
- Adopts ED proposal to derate intra-year DR QC values based on quarterly test results
- Expands prohibited resources policy to third-party DR
- Sets 1<sup>st</sup> business day of month, two months prior to delivery month for DR NQC values
- Next steps: Opening comments are due on June 14

# Council Phase 2 rebuttal testimony on 2024-2027 DR programs

- On 5/12, the Council submitted [rebuttal testimony](#) on the IOUs' 2024-2027 DR programs
- Echoed significance of additional instances highlighted by OhmConnect in which there is not parity between IOU and 3P DR
- Supported OhmConnect proposal to utilize ELRP marketing funds to funnel interested customers to capacity-based DR programs
- Supported Google's proposed design principles to increase enrollments in smart thermostat-enabled DR programs
- Supported Joint CCA recommendation for process for CCAs and IOUs to exchange program participation data; recommended expanding to 3P providers
- Echoed JDRP opposition to SCE's 1/31 annual CBP nomination deadline
- Supported JDRP CBP auditing proposal
- Supported new SCE BIP incentive for 50+ kV customers
- Opposed PAO proposal for statewide CBP and its criticism of CBP cost-effectiveness
- Next steps: Expected PD in October



# Council responses to 3/3 DRAM questions

- On 5/31, the Council filed responses to questions posed in a 3/3 Ruling on potential revised DRAM guidelines, if it is extended
- The Council took a general position that DRAM should be transitioned to a procurement platform for standardized Supply Resource and Load Modifying DR products, incl. technology-specific as determined by CPUC
- DRAM should be subject to same rules as IOU and other 3P DR, incl. DR counting, testing, AutoDR eligibility, etc.
- Advocated for subjecting IOUs to specific standards for RQMD delivery, incl. potential penalties (although this is not Council's preference)
- Opposed using past performance as a DRAM bid selection criterion because that would be reflected in the QC value
- Opposed a 1 MW min. Resource ID for DRAM
- Next steps: Responses to inform PD expected in January

# Scoping memo in DER Issues rulemaking

- On 5/31, the CPUC issued a [scoping ruling](#) in the DER Issues rulemaking (R.22-11-013)
- Phase 1, Track 1 issues
  - Potential updates to ACC & modifications to biennial update process
  - Should CPUC adopt ACC guiding principles & ensure alignment w/ IRP & other DER proceedings?
  - Should CPUC adopt a Societal Cost Test? If so, how should it be considered in DER cost-effectiveness framework?
  - Should CPUC consider air quality impacts of decarbonization when evaluation DER cost-effectiveness?
  - Should equity issues be considered in evaluation DER cost-effectiveness?
  - Next steps: Staff proposal in July

# Scoping memo in DER Issues rulemaking (cont.)

- Phase 1, Track 2 issues
  - Rules and requirements should CPUC develop or modify to improve data access for DER participation, load forecasting, and aligning w/ other DER-related proceedings?
  - In considering developing or modifying rules for data usage and access, how should the CPUC consider customer privacy, barriers to data sharing, standardization or centralization, improving data management best practices, and removing data reporting redundancies?
  - What data-related issues are specific to ESJ communities and how to address them to facilitate DER adoption in ESJ communities?
  - Costs to implement data rules and policies will not be considered in Track 2
  - Next steps: June ruling requesting comments on formation, membership, and coordinator for Data Working Groups



# CEC adoption of load shifting goals

- At its 5/31 regular business meeting, the CEC [adopted](#) a Load Shift Goal of 7,000 MW by 2030 ([slides](#)), based on the May 26 [SB 846 Load Shift Goal Report](#); focuses on shifting load from the top 100 system net peak hours based on LBNL Phase 4 DR Potential Study

## Proposed Statewide Goal for 2030

	Category	Intervention	2022 Estimate	2030 Goal
Core Planning	Load-Modifying (LM)	TOU Rates	620–1,000 MW	3,000 MW
		Dynamic Pricing	30 MW	
		LM Programs	7 MW	
	Resource Planning and Procurement	Economic Supply-side DR	670 MW	4,000 MW
		Reliability Supply-Side DR	740 MW	
		POU DR Programs (Non-ISO)	210 MW	
Incremental & Emergency (I&E)	I&E Programs	800 MW	7,000 MW	
	Emergency Back-Up Generators*	375 MW*		
	<b>Total (nearest 100)</b>		<b>3,100 MW</b>	<b>7,000 MW</b>

\*Back-up generators are part of the emergency framework but are not considered true load flexibility. This capacity is not included in load flexibility totals.



# CEC adoption of load shifting goals (cont.)

- Primary policy recommendations
  - Load Modifying
    - Support hourly dynamic pricing frameworks
    - Encourage alternative rate and program designs
    - Incentivize load-shifting technologies paired w/ dynamic rates
    - Deploy information infrastructure to support load shifting
    - Adopt flexible demand appliance standards
    - Pilot program development incl. robust measurement and compensation protocols
  - Resource Planning & Procurement
    - Adopt an incentive-based capacity valuation approach
    - Explore a centralized, competitive DR procurement process
    - Include an adder on wholesale market revenue
  - Incremental & Emergency
    - Pilot 1) approaches to compensate incremental capacity delivered under critical conditions, and 2) a pathway for BTM energy storage and other short-duration load shifting resources
    - Periodically reassess the role of emergency resources



# Discussion & Q&A

**Thank You!**

*Please contact us if you have any questions.*

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