BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39 E) for Approval of its Demand Response Programs, Pilots and Budgets for Program Years 2023-2027	Application 22-05-002 (Filed May 2, 2022)
And Related Matters.	Application 22-05-003 Application 22-05-004

PHASE II OPENING BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL

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SUMMARY OF RECOMMENDATIONS

Rule 13.11 of the Commission's Rules of Practice and Procedure require that a "summary of the briefing party's recommendations [follow] the table of authorities." In summary, the Council recommends and requests that the Commission do the following:

- Ensure that there is competitive parity between PG&E, SCE, and SDG&E (collectively, the investor-owned utilities ("IOUs")) and third-party DR providers;
- Reject PG&E and SCE's Capacity Bidding Program ("CBP") nomination schedule modifications;
- Maintain the current level of Emergency Load Reduction Program ("ELRP") compensation;
- Replace the ELRP A.6 opt-out with an opt-in;
- Adopt ELRP minimum dispatch requirements for ELRP Group B participants;
- Adopt universal eligibility for technology incentives;
- Adopt PG&E's proposed changes to the mid-cycle review process; and
- Develop a pilot program to test a two-hour DR dispatch product during the highest-value periods on the grid.

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California Efficiency + Demand Management Council ("the Council") respectfully submits this Opening Brief in Phase II of Application ("A.") 22-05-002, et al. ("Demand Response Programs"). Through these Applications, Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company ("SCE") seek approval of their DR programs, pilots and budgets. The Council's Opening Brief is timely filed and served pursuant to Rule 13.11 of the Commission's Rules of Practice and Procedure and the Assigned Commissioner's Scoping Memo and Ruling ("Scoping Memo"), dated July 5, 2022 and the Assigned Commissioner's Amended Scoping Memo and Ruling ("Amended Scoping Memo"), dated December 19, 2022. The Administrative Law Judge (ALJ) Ruling, dated June 28, 2023, extended the due date for Opening Briefs to July 14, 2023 and Reply Briefs to August 11, 2023.

I.
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")

[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.

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 infrastructure, and environmental improvement.

II.
INTRODUCTION

The Amended Scoping Memo sets forth several issues that should be addressed in Phase II of this proceeding. As such, the Council's Opening Brief addresses the following Phase II issues:

1. Do the applications of PG&E, SCE, and SDG&E requesting approval of Demand Response Programs and Budgets for Years 2024 through 2027 advance the goals, principles, directives, and guidance adopted in D.16-09-056 and comply with the directives in D.16-09-056, D.17-12-003, and D.21-03-056, as well as other directives in Commission decisions and rulings under the DR, summer reliability, and other applicable proceedings?

2. Are PG&E's, SDG&E's, and SCE's proposed demand response programs and activities, including pilot recommendations, Emergency Load Reduction Program, and modifications to existing programs and policies, reasonable, and should they be adopted?[2]

Specifically, as discussed in more detail below, the Council recommends that the Commission should:

- Ensure that there is competitive parity between PG&E, SCE, and SDG&E (collectively, the investor-owned utilities ("IOUs")) and third-party DR providers;

- Reject PG&E and SCE's Capacity Bidding Program ("CBP") nomination schedule modifications;

- Maintain the current level of Emergency Load Reduction Program ("ELRP") compensation;

- Replace the ELRP A.6 opt-out with an opt-in;

- Adopt ELRP minimum dispatch requirements for ELRP Group B participants;

[2] Amended Scoping Memo, at p. 5.

- Adopt universal eligibility for technology incentives;
- Adopt PG&E's proposed changes to the mid-cycle review process; and
- Develop a pilot program to test a two-hour DR dispatch product during the highest-value periods on the grid.

III.
THERE MUST BE COMPETITIVE PARITY BETWEEN THE IOUS AND THIRD-PARTIES

It is of utmost importance that the Commission examine whether the IOUs' DR proposals establish competitive parity between IOUs and third-party providers. It is imperative that any advantage gained by a customer by opting to take service from the IOUs as opposed to third-party providers be eliminated or minimized as much as possible. The Commission previously stressed this in Decision ("D.") 16-09-056, in which the Commission ordered that "[d]emand response customers shall have the right to provide demand response through a service provider of their choice and Utilities shall support their choice by eliminating barriers to data access."[3]

Despite the Commission's direction for competitive parity, the Council remains concerned that the IOUs' DR Applications provide advantages to customers participating in IOU-provided DR services which, in turn, provide the IOUs with a competitive advantage in recruiting customers relative to DR providers. In Opening Testimony, the Council outlined several of these advantages. To begin with, the IOUs can, subject to Commission approval, designate their Supply Resource programs as Reliability DR Resources ("RDRR"), which are dispatched less frequently than Proxy Demand Resources ("PDR").[4] As demonstrated by the Council, "[d]esignating a Supply Resource DR program as an RDRR creates a clear recruiting advantage when competing for customers because the program will be dispatched less frequently, all things being equal."[5] In contrast, DR providers do not have authorization to sell their Resource Adequacy ("RA") capacity as RDRR, let alone the ability to request that the Commission authorize it.

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[3] D.16-09-056 (Decision Adopting Guidance for Future Demand Response Portfolios and Modifying Decision 14-12-024), issued in Rulemaking ("R.") 13-09-011 (DR) on October 5, 2016, at p. 97 (Ordering Paragraph 8).
[4] Opening Phase II Testimony of the California Efficiency + Demand Management Council (Exhibit ("Ex.") Council-02), submitted in this proceeding on April 21, 2023, at p. 7, lines 17-24.
[5] *Id.*, at p. 8, lines 10-12.

Another example identified by the Council is that the IOUs can "transition their Supply Resource DR programs to Load Modifying programs[]"[6] which "enables the IOU to dispatch it based on other conditions that may more accurately reflect a need rather than the wholesale electricity price."[7] As testified to by the Council, "customers will naturally prefer to participate in programs that require less frequent dispatch because fewer dispatches result in lower negative impacts on the quality of life of residential DR participants and the business operations of non-residential participants."[8] PG&E testified that transitioning a supply-side resource to load modifying "would require CPUC approval and need to be integrated into the CEC's load forecast."[9] While this may be true, the fact remains that this is something the IOUs can do that the third-party providers cannot. Furthermore, outside of the Smart Controllable Thermostat ("SCT") Program, whose funding is only approved through 2023, IOU DR programs provide a preferred access to technology incentives for their programs.[10]

In its Opening Testimony, OhmConnect, Inc. ("OhmConnect") described additional advantages provided exclusively to IOU DR customers, including a less rigorous performance standard for IOU DR customers, preferential treatment given to IOU DR programs when they are counted against the Maximum Cumulative Capacity ("MCC") bucket DR procurement, and avoided Resource Adequacy Availability Incentive Mechanism ("RAAIM") penalties.[11] OhmConnect further noted that there was a persistent lack of a level playing field between IOU and third-party DR programs largely through the impact of Commission decisions which are counter to the principles outlined in D.16-09-056.[12]

SCE claims in its Rebuttal Testimony that the disadvantages faced by third-party DR programs are offset by the fact that IOU-run programs are subject to greater regulatory oversight, including the Commission's least cost dispatch rules and oversight of bidding behavior.[13] The Council notes that this increased regulatory oversight is unlikely to fully "balance out" the

[6] Ex. Council-02, at p. 7, lines 25-26.
[7] *Id.*, at p. 8, lines 16-18.
[8] *Id.*, at p. 8, lines 21-25.
[9] Pacific Gas and Electric Company – 2024-2027 Full Proposal – Rebuttal Testimony ("Ex. PG&E-8"), submitted in this proceeding on May 12, 2023, at p. 1-14, lines 13-17.
[10] Ex. Council-02, at p. 8, lines 3-7.
[11] Opening Testimony of Cliff Staton on behalf of OhmConnect, Inc. ("Ex. OhmConnect-4"), submitted in this proceeding on April 21, 2023, at p. 2, line 22 through p. 3, line 26.
[12] Ex. OhmConnect-4, at p. 1, lines 23-31.
[13] Southern California Edison (U 338-E) – Exhibit 14 – Phase II Rebuttal Testimony ("Ex. SCE-14"), submitted in this proceeding on May 12, 2023, at p. 18, lines 6-19.

playing field for third-party DR programs, as the disadvantages that OhmConnect identified have direct impacts on DR providers' revenue, whereas the regulatory oversight concerns SCE outlined do not ultimately affect the IOUs' revenues or profits. Even then, the idea that third-party DR provider bidding and performance are subject to less oversight is erroneous. The Demand Response Auction Mechanism ("DRAM") has been subject to working groups almost every year since its inception, opening itself up to scrutiny that the IOU DR programs do not face. Perhaps the greatest advantage that IOU DR programs enjoy is their exemption from being shown on supply plans which allows the IOUs to avoid bidding their DR programs into the CAISO market consistent with their credited Resource Adequacy ("RA") values.[14]

Instead, they are allowed to bid according to the day-to-day capabilities of their DR resources which, as the CAISO Department of Market Monitoring ("DMM") has demonstrated in its *Demand Response Issues and Performance 2022 Report* ("2022 DMM DR Report"), is often far below their QC values.[15] Figure 2.7 of the 2022 DMM DR Report illustrates that, during the hottest non-holiday weekdays of 2022 (September 3-5 was Labor Day weekend), the quantity of IOU PDR dispatch schedules ranged from approximately 0 percent out of approx. 390 MW of total Resource Adequacy ("RA") credit values on August 31 to less than 40 percent (on September 7-8) out of approx. 380 MW on September 7-8.[16] Figure 2.7 also shows IOU PDR performance being less than their scheduled quantities.[17] Despite IOU DR bids falling so far below their QC values on the hottest days of the year, third-party DR is now subject to even stricter requirements, pursuant to D.23-06-029. These include Energy Division authorization to unilaterally derate third-party DR QC values if a single test event performance falls below the QC value of the DR resource.[18]

In light of these substantial IOU DR advantages, the Commission should reject the testimony of PG&E,[19] the Public Advocates Office ("Cal Advocates")[20] and SCE[21] which attempt

[14] For IOU DR program, the QC values are reflected as credits against the RA requirement in their respective service areas.
[15] CAISO Demand Response Issues and Performance 2022, dated February 14, 2023 (Department of Market Monitoring).
[16] *Id.*, at p. 16 (Figure 2.7).
[17] *Id.*,
[18] D.23-06-029, at Ordering Paragraph 32.
[19] Pacific Gas and Electric Company – 2024-2027 Full Proposal – Rebuttal Testimony ("Ex. PG&E-8"), submitted in this proceeding on May 12, 2023, at p. 1-14, lines 1-22.

to minimize these issues. Their testimony ignores the evidence presented by the Council and OhmConnect to the contrary. Thus, the Council urges the Commission to maintain its commitment to competitive parity and do the following: (1) allow DR providers to provide the option to contract out their capacity as RDRRs, subject to the Emergency DR cap and with equal access to any remaining headroom, (2) allow third-party DR providers to provide Load Modifying DR in their Resource Adequacy contracts with load-serving entities ("LSE"), and (3) open technology incentive programs to all DR that supports grid reliability. The Council supports OhmConnect's proposal that:

> Qualifying DR programs should include IOU DR programs; third-party DR contracts including the DRAM (if extended), bilateral contracts with IOUs, energy service providers ("ESP"), and Community Choice Aggregators ("CCA"); the California Energy Commission's ("CEC") Demand-Side Grid Support ("DSGS") Program; Load Modifying DR such as critical peak pricing and IOU and CCA dynamic rate programs; and CCA and other LSE DR programs that are considered "similar" to the IOU Supply Resource and Load Modifying DR programs under the Competitive Neutrality Cost Causation rules.[22]

As such, any Final Decision issued by the Commission in this proceeding must address this issue of competitive parity.

IV.
THE COMMISSION SHOULD NOT ADOPT PG&E AND SCE'S CBP NOMINATION SCHEDULES

In their Opening Testimony, PG&E[23] and SCE[24] proposed changes to their CBP program nomination windows. Specifically, "PG&E proposes to require that capacity nominations be submitted no later than T-70 in advance of the operating month for 2023[]"[25] and SCE "proposes to replace the existing monthly capacity nomination schedule with an annual May-October

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[20] Public Advocates Office – Errata to Rebuttal Testimony ("Ex. Cal Advocates-02"), submitted in this proceeding on May 17, 2023, at p. 4-3, line 14 through p. 4-4, line 12.
[21] Ex. SCE-14, at p. 17, line 3 through p. 19, line 7.
[22] Rebuttal Testimony of Cliff Staton on behalf of OhmConnect, Inc. ("Ex. OhmConnect-5"), submitted in this proceeding on May 12, at p. 2, lines 19-26.
[23] Pacific Gas and Electric Company – 2024-2027 Full Proposal – Prepared Testimony ("Ex. PG&E-2"), submitted in this proceeding on May 2, 2022, at p. 3-22, line 1 through p. 3-22, line 25.
[24] Southern California Edison Company – Exhibit 3 – SCE's 2023-2027 Proposed Demand Response Programs by Category ("Ex. SCE-03"), submitted in this proceeding on May 2, 2022, at p. 21, lines 1-21.
[25] Ex. PG&E-2, at p. 3-22, lines 24-26.

capacity contract executed no later than January 31st of each year."[26] In Rebuttal Testimony, PG&E clarified that "the timing for its proposal would be contingent upon the Commission ordering PG&E to include DR on RA supply plans."[27]

The Council agrees with the Joint DR Parties[28] that "[t]he Commission should require PG&E to maintain the current monthly nomination schedule or in the alternative adopt the revised penalty structure proposed by the Joint DR Parties[]"[29], and that "[t]he Commission should disallow SCE from requiring annual nominations to its CBP program in January of each year."[30]

In Opening Testimony, the Joint DR Parties testify as to PG&E's proposed changes to its CBP program nomination window:

> the present nomination window enables aggregators to work with participants on a monthly basis to ensure that their nomination going into the coming month accurately reflects their potential load reduction. The T-15 window enables aggregators to make these updates reflective of the present state of a participant's business operations. However, the T-70 window will diminish this flexibility and system of ensuring nomination accuracy because nominations will have to be submitted well in advance of the given month resulting in less certainty of the present state of the participant's business operations, which result in nomination decisions. This situation could likely lead to lower Hourly Delivered Capacity Ratios than intended. While the Joint DR Parties do believe that the minimum of a 0.50 Hourly Delivered Capacity Ratio helps to assuage this challenge to an extent, we believe that the penalty for below a 0.50 Hourly Delivered Capacity Ratio of the Unadjusted Hourly Capacity Payment is extreme.[31]

The Council shares these concerns and supports the Joint DR Parties' proposed alternative payment/penalty structure and their recommendation that the current T-15 monthly nomination window be maintained.[32] Furthermore, notwithstanding PG&E's clarification, PG&E has not explained why, even if the CBP is shown in its monthly supply plan, adding 55 days to the nomination window is necessary. At most, the nomination window should close at approximately T-50 to be consistent with the current month-ahead RA compliance schedule

[26] Ex. SCE-03, at p. 21, lines 3-4.
[27] Ex. PG&E-8, at p. 2-10, lines 8-10.
[28] The Joint DR Parties are comprised of CPower and Enel X North America, Inc.
[29] Phase 2 Opening Testimony of Joint Demand Response Parties ("Ex. JDRP-01"), submitted in this proceeding on April 21, 2023, at p. 3, lines 2-5.
[30] *Id.*, at p. 2, lines 24-25.
[31] *Id.*, at p. 12, lines 11-23.
[32] *Id.*, at p. 13, lines 3-7.

which typically requires each IOU and LSE to submit proof of RA compliance approximately 45 days in advance of the delivery month. The quantity of nominated CBP capacity in question from one month to the next is not likely to be so large that the IOUs would need a large amount of additional time to procure to cover for any shortfalls.

As to SCE's proposed CBP nomination window change, the Council agrees with the Joint DR Parties that a change to annual nominations will negatively impact enrollment flexibility in SCE's CBP.[33] The Council agrees that a "wet winter can lower curtailment capabilities of customers who pump water to provide customer flexibility to the grid. Customers' and aggregators' concerns of not meeting obligations set in January when summer rolls around would remove needed customer flexibility."[34] Similar to PG&E above, SCE has not explained why such a radical change to its CBP nomination schedule is necessary when less detrimental options are available, as the Council demonstrated above.

As such, the Council urges the Commission to reject PG&E and SCE's proposed CBP nomination window changes, even if the Commission directs that the IOUs include their DR programs on supply plans.

V.
THE CURRENT ELRP COMPENSATION LEVEL SHOULD BE MAINTAINED

In Rebuttal Testimony, SDG&E urges the Commission to maintain the current ELRP compensation level.[35] SDG&E sets forth several compelling reasons for why the ELRP compensation level should not be reduced, including the fact that California Independent System Operator ("CAISO") market prices do not reflect "that ELRP customers would reduce their energy use in response to a $1/kWh incentive[]" and that "lowering of incentives would probably lower customer participation, thus lowering the eligible available load reduction during an emergency event."[36] The Council agrees with SDG&E that "ELRP incentives should not be reduced until clear evidence becomes available that demonstrates that the electric grid is stable without the additional load reduction provided by the ELRP program."[37]

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[33] Ex. JDRP-01, at p. 7, lines 8-10.
[34] *Id.*, at p. 7, lines 17-20.
[35] Rebuttal Testimony of E Bradford Mantz on Behalf of San Diego Gas & Electric Company ("Ex. SDGE-10"), submitted in this proceeding on May 12, 2023, at p. EBM-16, lines 20-21.
[36] Ex. SDGE-10, at p. EBM-17, lines 7-9 and 11-13.
[37] *Id.*, at p. EBM-17, lines 13-15.

PG&E also opposed any changes to the ELRP's compensation level, noting that reducing the incentive rate midway through the ELRP pilot would hinder the pilot's ability to collect meaningful data on whether this incentive level is appropriate.[38] PG&E also finds that the incentive level is appropriate as a means to support the development of certain underutilized DERs, particularly the A.5 group (EV/VGI Aggregation), which PG&E notes the Commission called out as a priority area for additional policy support in D.21-12-015.[39] Finally, PG&E points out that the Demand Side Grid Support ("DSGS") Program includes an option for IOU customers with back-up generation to be compensated for supporting the grid with an energy payment of $2/kWh, in line with the current compensation level for ELRP.[40]

VI.
THE COMMISSION SHOULD ELIMINATE THE ELRP A.6 OPT-OUT

In Opening Testimony, the Council expressed concerns about the opt-out model for ELRP sub-Group A.6 due to free ridership issues.[41] The Council testified that:

> For all IOUs, the per-customer impact was very low relative to the actual amount paid to each customer, a symptom of free-ridership. Given the recent reliability problems that California has been facing recently, it is understandable that the Commission would want to take every reasonable measure to maximize customer load curtailments when they are needed most; however, compensating customers for incidental, rather than intentional, load curtailment defeats the purpose of a DR program which should be to motivate active load curtailment. This free-ridership is demonstrated in PG&E's and SCE's respective April 3, 2023 Load Impact assessments which found that the ex post load impacts of sub-Group A.6 were largely attributable to Flex Alerts with little to no increment load impacts associated with the ELRP [citation omitted].[42]

SDG&E supports the Council's position and agrees with the Council's recommendation "to increase the average incremental load impact of ELRP Group A.6 (residential customers) by increasing the number of self-enrolled ELRP participants and discontinuing A.6 auto enrollment."[43] SDG&E also sees the value in reducing the free-ridership aspects of ELRP A.6 by

[38] Ex. PG&E-8, at p. 3-11, lines 9-17.
[39] *Id.*, at p. 3-12, lines 11-17.
[40] *Id.*, at p. 3-11, line 18 through p. 3-12, line 25.
[41] Ex. Council-02, at p. 15, lines 13-25.
[42] *Id.*, at p. 15, lines 15-25.
[43] Ex. SDGE-10, at p. EBM-18, lines 13-16.

removing auto-enrollment.[44] The Council reiterates its request that an opt-in model be used instead.[45]

VII.
THE ELRP MINIMUM DISPATCH REQUIREMENT MUST BE ADOPTED FOR ELRP GROUP B PARTICIPANTS

The Council recommended in Opening Testimony that "the Commission adopt a 10-hour annual minimum dispatch for Group B customers. [46] As such, the Council opposes PG&E's proposal to eliminate the minimum dispatch requirements for sub-Groups A.2, A.4, and A.5,[47] and disagrees with Cal Advocates who contend that "eliminating the minimum dispatch hours would promote cost efficiency and ensure that ELRP is available and only dispatched when necessary[.]"[48] By contrast, the Council maintains that such minimum dispatch requirements are key to providing the revenue certainty required for customers in Group B to invest in and commit to the program, ensuring that resources are available during the high-stress periods when ELRP motivates dispatch.[49]

The Council disagrees with SCE's claim that this revenue uncertainty is unnecessary for Group B because these customers can participate in other DR programs, or dispatch more frequently by lowering the prices by which they bid into energy markets.[50] Participation in other DR programs does not necessarily prepare Group B customers for this wider range of potential dispatch periods associated with the ELRP, and would not provide the level of revenue certainty needed to motivate this preparation. Similarly, Group B participants could not simply offer lower bids into the CAISO market instead, as the per-kWh compensation for these dispatches would be significantly lower than for the ELRP. To recreate the level of revenue certainty that Group A has access to through minimum dispatch requirements, Group B would need to dispatch, often below opportunity costs, at a frequency that would create significantly more customer fatigue, negatively impacting participation in these DR programs.

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[44] Ex. SDGE-10, at p. EBM-19, lines 4-6.
[45] Ex. Council-02, at p. 13, lines 3-4.
[46] *Id*., at p. 16, line 26 through p. 17, line 1.
[47] Ex. PG&E-2, at p. 4-30, lines 16-17.
[48] Ex. Cal Advocates-02, at p. 3-3, lines 1-3.
[49] Ex. Council-02, at p. 16, line 24 through p. 17, line 2.
[50] Ex. SCE-14, at p. 5, lines 3-13.

VIII.
THERE SHOULD BE UNIVERSAL ELIGIBILTY FOR TECHNOLOGY INCENTIVES THIRD-PARTY PROVIDERS

The Council continues to recommend that technology incentives should be made available to all customers whether they participate in an IOU DR program or a third-party DR program.[51] This will prevent undue preference for customers who participate in an IOU, rather than third-party, DR program.[52] Universal access to technology incentives will also maximize the extensive benefits when broad deployment of smart controllable thermostats ("SCT") and Automated Demand Response ("AutoDR") occurs when combined with DR participation. Google Nest has demonstrated that customer access to technology incentives improves per-customer load impact and duration of DR participation.[53]

OhmConnect attests to the benefits of SCT incentives in promoting DR participation and increasing per-customer load impacts.[54] The Council agrees with the OhmConnect recommendation that the "IOUs should have free-standing SCT [smart controllable thermostat] incentive programs that are dedicated to maximizing DR participation…by conditioning qualification for an incentive to enrolling in a qualifying DR program."[55] To ensure third-parties have equal access to technology incentives, the Commission should adopt the Council's recommendation to extend the SCT Program because it allows DR providers to apply the technology incentive while enrolling customers in a DR program. SDG&E's claim that the SCT Program is "duplicative" is incorrect because SDG&E only considers its own Smart Energy Program ("SEP"), which is limited to direct-enrolled customers, as its point of reference.[56] However, SDG&E acknowledges the benefits of technology incentives to facilitate enrolling new customers into DR programs.[57]

As such, the Council recommends that the SCT Program be retained, and technology incentives be provided to all customers conditioned upon pre-enrollment in a qualifying DR

[51] Ex. Council-02, at p. 9, lines 6-8.
[52] *Id*., at p. 9, lines 10-12.
[53] Response to Specific ALJ Questions – Prepared Testimony and Exhibits of Aaron Berndt on Behalf of Google LLC ("Ex. Google-1"), submitted in this proceeding on October 21, 2021, at p. 5 line 15 through p. 6, line 2.
[54] Ex. OhmConnect-5, at p. 1, line 23 through p. 3, line 10.
[55] *Id*., at p. 2, lines 17-22.
[56] SDG&E Rebuttal, at p. EBM-25, lines 11-14.
[57] *Id*., at p. EBM-25, lines 14-16.

program. As discussed above, this should include IOU DR programs; third-party DR contracts including the DRAM (if extended); bilateral contracts with IOUs, ESPs, and CCAs; the CEC's DSGS Program; Load Modifying DR such as critical peak pricing and IOU and CCA dynamic rate programs; and CCA and other LSE DR programs that are considered "similar" to the IOU Supply Resource and Load Modifying DR programs under the Competitive Neutrality Cost Causation rules.

IX.
THE COUNCIL SUPPORTS PG&E'S CHANGES TO THE MID-CYCLE REVIEW TIMELINE

The Council had concerns about the mid-cycle review process for the 2018-2022 program cycle because it was not resolved until over a year after the IOUs submitted their advice letters.[58] Previously, the Council supported SCE's request that the Commission resolve the mid-cycle advice letters no later than five months following their submission.[59] In its Rebuttal Testimony, PG&E acknowledged that it originally opposed a mid-cycle review for the 2024-2027 program cycle, but expressed support for the Council's recommendation for retaining mid-cycle review "if the Commission is able to dispose of the mid-cycle review advice letters no later than five months following submission."[60] PG&E proposes that the IOUs' mid-cycle review filings be due November 1, 2025, rather than the Council's proposed April 1, 2026 due date, with Commission approval no later than April 1, 2026.[61] The Council supports PG&E's proposal because, as PG&E noted, it would still allow for two years of experience while having the added benefit of allowing any program changes to be implemented in time for the summer 2026 season.[62]

X.
THE COMMISSION SHOULD DEVELOP A 2-HOUR DISPATCH PRODUCT TO BETTER ALIGN DR RESOURCES WITH PERIODS OF GREATEST GRID STRESS

The Council supports SCE's conclusion that "there is an urgent need for a program that specifically addresses net/super-peak hours of 6-8pm".[63] This position was also supported by Cal Advocates, who explained that this aligns with the time when system needs are most acute and

[58] Ex. Council-02, at p. 11, lines 13-15.
[59] *Id.*, at p. 11, lines 25-27 (citing Ex. SC-01, at p. 42, lines 4-5).
[60] Ex. PG&E-8, at p. 1-13, lines 1-4.
[61] *Id.*, at p. 1-13, lines 4-9.
[62] Ex. PG&E-8, at p. 1-13, lines 4-9.
[63] Ex. SCE-14, at p. 19, lines 2-3.

thus when demand reductions by customers are most valuable.[64] The Council agrees with this and also adds that a two-hour dispatch product could be a better fit for a number of the dispatchable DR technologies that its member companies have in their portfolio, particularly smart HVAC systems that may have trouble maintaining full dispatch levels over a prolonged four-hour period but that can easily reduce demand for a shorter two-hour window when the grid is most stressed. As such, the Council believes that the stakeholder support and justification for a DR product focused on the 6-8 p.m. "super-peak" period is sufficient to justify a pilot program that focuses dispatch on this period.

In the Council's view, starting out as a pilot program will help address a number of the concerns raised by PG&E and SDG&E about such a product, namely: 1) that this type of product may cause confusion since Flex Alerts (and some TOU peak periods) generally last from 4-9 p.m., and 2) it may have the unintended consequence of increasing load before 6 p.m. and/or after 8 p.m..[65] A pilot program would allow the Commission to introduce a super-peak product gradually in a way that minimizes customer confusion and test the impacts of the product so that CAISO can be informed of any ancillary impacts on customer load. It would also provide more insight into the magnitude by which this type of product can increase participation and/or reduce costs.

Consistent with the Council's first recommendation regarding competitive parity, the Council would emphasize that any pilot program for a two-hour "super-peak" product be equally available to customers participating in IOU-run or third-party DR programs. However, the Council maintains that equitable access is critical both to maintain a fair and competitive DR marketplace and maximize enrollment in this pilot, as many of the resources that might participate are already enrolled in programs through third-party administrators.

XI.
CONCLUSION

The Council respectfully recommends that the Commission adopt the Council's proposals.

[64] Ex. Cal Advocates-02, at p. 5-3, line 15 through p. 5-4, line 7.
[65] Ex. PG&E-8, at p. 3-13, lines 20-23 and Ex. SDGE-10, at p. EBM-18, lines 2-12.

Respectfully submitted,

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/s/ JOSEPH DESMOND

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