CALIFORNIA

Efficiency + Demand Management

COUNCIL

*Advancing Our Clean Economy*

# Monthly Member Readout

July 7, 2023

REC

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# Today's Agenda

## Council News

- Upcoming Industry Training
- CAISO Membership
- What's Coming Up
- Solicitations
- Capitol Update

## Issues/Topics

- Reviewing Final Decision: A.22-02-005, et al. EE Portfolios and Business Plans
- Updated DSGS Draft Guidelines
- Reviewing Final Decision: R.21-10-002 Resource Adequacy Phase 3
- Quick Updates



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# Upcoming Industry Training: July 19!

## Energy Efficiency + Demand Management: Policy and Practice in CA

**Wednesday, July 19, 2023**
**11:00 AM – 3:00 PM**
Online via Zoom. Register here.

- **$95 CEDMC Members**
- $125 Non-Members
- $35 Utilities/RENs/CCAs/State & Federal Agencies
- $35 Nonprofits/Students

**Bundle Discount: Buy 6 or more tickets and receive 25% off total purchase (any category)!**

**Agenda**:

- **A Brief History of Energy Efficiency (EE) in California** | Ann McCormick, Industry Consultant
- **Evolution of Demand Response (DR) and Distributed Energy Resources (DERs) Part 1** | Luke Tougas, Principal, Clean Energy Regulatory Research
- Evolution of Demand Response (DR) and Distributed Energy Resources (DERs) Part 2 | Joe Desmond, Executive Director, CEDMC
- **Overview of Existing State and Federal EE/ISDM Datasets, Systems, and Tools** | Tomas Torres-Garcia, CA Technical Forum (Cal TF)
- **History and Role of Evaluation, Measurement & Verification (EM&V)** | Steve Schiller, Electricity Markets and Policy, LBNL
- **Current EE/DR/DER Policies Impacting Your Career** | Clark McIsaac, Director of Policy and Strategy, CEDMC
- **Equity, Environmental & Social Justice Initiatives at CA Agencies** | Michelle Vigen-Ralston, Principal & Founder, Common Spark Consulting
- **Hot Topics: Total System Benefit; Dynamic Baselines; IRA & IIJA funding; Data Access & Privacy; Beneficial Electrification**
- **Discussion/ Q&A**



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# CAISO Special Member Working Group

## CAISO Membership joining (or renewal) is open

The CAISO Member Working Group provides broader engagement directly with the California Independent System Operator (CAISO). It is an incremental service offering available to any current Council member. Subscriptions are $2,500 annually, renewing at the end of July.

**Scope of Services**

**1.** Engage in any CAISO regulatory activities that affects any behind-the-meter resources (DR, EE, DERs) through filing participation in stakeholder meetings; These efforts include but not limited to:

- ESDER proceeding
- Resource Adequacy (RA) enhancements
- Business Practice Manual (BPM) issues
- FERC tariff issues

**2.** Participate in CAISO-led stakeholder initiatives. Current Council activity

- Resource Adequacy Availability Incentive Mechanism (RAAIM)
- Baseline tariff revisions
- CEC/CPUC joint agency coordination

**3.** Ongoing engagement with CAISO leadership and DMM

**4**. Reporting to the membership

- Weekly email news briefs (sent every Friday by around 1pm)
- Monthly meeting with CRAS members to review/discuss actions and plans

The 2023-24 prospectus is available here. For more information, please email admin@cedmc.org.



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# CAISO Membership

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- **Developed a positive and constructive relationship with Senior Leadership .**
- Provided significant feedback on undercounting of DR performance under extreme heat conditions that resulted in the CAISO's adoption of an alternative day-of adjustment and proof-of-concept comparison group study.
- **Provided industry support to Western Energy Imbalance Market rules allowing a greater role in the CAISO market for DR located outside of the CAISO Balancing Authority Area.**
- Supported CAISO modifications to market rules to eliminate infeasible dispatches for discrete-dispatch Reliability Demand Response Resources (RDRR) and increase the MW cap on discrete dispatch RDRRs.
- **Supported CAISO modifications to market rules to allow RDRRs to bid at the $2000/MWh hard cap when it is in effect**.
- Pressured the CAISO to delay adoption of a prohibition on allocating IOU demand response (DR) Resource Adequacy (RA) credits among LSEs and elimination of transmission & distribution RA credits for both IOU and third-party DR RA.
- **Opposed efforts to link RAAIM exemptions to Effective Load Carrying Capability (ELCC) DR counting methodology.**
- In 2021/22, submitted seven written comments on stakeholder initiatives and Business Practice Manual changes.
- **Delivered oral comments at two CAISO Board of Governors meetings and at Proposed Revision Request Executive Appeals Committee meeting in 2021.**
- Successfully appealed a CAISO effort to disproportionately penalize DR providers for failure to deliver data that are used for monitoring purposes.
- **Led engagement with the CAISO DR team on Distributed Energy Resource Aggregation (DERA) issues.**
- In 2022/23, submitted multiple comments on the Extended Day-Ahead Market initiative to ensure clarity in the role of DR resources to improve commercial opportunities outside of California for DR providers.
- **Successfully preempted the adoption of PRR 1444 that would have penalized Demand Response Providers for delays in submitting required information- regardless of cause -while adding massive financial risk by applying sanctions on a per-resource basis. The Council's personal outreach to Anna McKenna also avoided submitting an appeal with FERC.**



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# What's Coming Up

- **July 7: Lead Commissioner Workshop on Diablo Canyon Cost Analysis**
  - Telephone: (888) 475-4499 / ID: 885 7123 6239
  - Zoom link / Passcode: 468040
- **July 11: North Coast Resiliency Initiative (NCRI) Workshop**
  - 9:00 a.m. - 12:00 p.m.
  - Telephone: (855)-282-6330 / access code: 2494 025 4774 | Webex registration link (must register to join)
- **July 11: ISO Interconnection Process Enhancement Working Group Series**
  - 9:00 a.m. - 4:00 p.m.
  - Telephone (888)-251-2949 / access code: 9891657# | Join web conference
- **July 11: R.18-07-003: 2022 RPS Compliance Report, Final Templates and Webinar**
  - 11:00 a.m. - 12:00 p.m.
  - Telephone: 1 (855)-282-6330 / access code: 2492 114 7012 | Webex link / password: 2022RPS
- **July 14: Pre-Application Workshop - GFO-22-308 - Decarbonizing HVAC Systems in Large Buildings**
  - 1:00 p.m. - 3:00 p.m.
  - Telephone: 1-888 475 4499 / Meeting ID: 871 1643 7945 / Password: meeting@1/ Zoom link
- **July 18: Workshop on Virtual Power Plants and Demand Flexibility: Identifying R&D Needs**
  - 10:00 a.m. - 1:00 p.m.
  - Telephone: (888) 475-4499 / ID: 834 1903 2245 | Zoom link
- **July 25: Public Forum on Diablo Canyon Power Plant Operations re: SB 846 (R.23-01-007)**
  - 6:00 p.m.
  - Telephone: 1-800-857-1917 / Passcode: 1765767# | Webcast



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# Open Solicitations

**7/11/23:** SVCE RFQ for Special Council on Electrification Policy
**7/12/23**: CEC GFO-22-612 due re: Electric School Bus Bi-Directional Infrastructure
- *Note: Questions are due May 5, 2023 by 5PM.*

**7/13/23:** 3CE RFI Demand Side Management Solutions
**7/14/23:** CEC GFO-22-615 due re: Innovative Charging Solutions for Medium- and Heavy-Duty Electric Vehicles
**7/23**: SDG&E RFA 147041 to be released re: Retail, Offices and Wholesale EE Program.
- Register in PowerAdvocate beforehand.

**8/2/23**: CEC GFO-22-614 due re: Reliable, Equitable, and Accessible Charging for Multi-family Housing 2.0 (REACH 2.0)
**8/7/23**: CEC GFO-22-307 due re: Optimizing Long-Duration Energy Storage to Improve Resilience and Reliability in Disadvantaged and Low-Income Communities and Native American Tribes
**8/7/23:** SVCE RFP Design, Implementation, and Portfolio Management Support for Decarbonization Programs
**8/15/23:** PG&E RFP due re: Summer Reliability Program Administrator 2024-2027
**8/17/23:** PG&E RFP 156121 Residential Customer Energy Orchestration Program
**8/24/23:** PG&E RFP 147261 Codes & Standards Code Readiness
**9/01/23**: SCE RFO due re: 2022 Catalina Island Clean Energy All-Source
- Note: The original submission date *was* May 1, 2023.

**9/7/23:** CEC GFO-22-307 - Optimizing Long-Duration Energy Storage to Improve Resilience and Reliability in Disadvantaged and Low-Income Communities and Native American Tribes
**9/13/23:** SDGE 159701 RFA Groceries, Restaurants and Food Storage
**9/15/23:** CEC GFO-22-308 - Decarbonizing Heating, Ventilation, and Air Conditioning Systems in Large Buildings
**9/22/23**: CEC GFO-20-305 - The Next EPIC Challenge

**Ongoing**:
- EE program 3P solicitation information and links found on the CAEECC Website
- CEC: GFO-22-902 - Cost Share for Federal Funding Opportunities Industrial Decarbonization and Improvement of Grid Operations Program, Food Production Investment Program (released March 24)

**DOE**: Funding Opportunity Exchange


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# Capitol Update from the Council Lobbyists

**Erin Niemela**

**Tiffany Phan**



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# Reviewing Final Decision Adopting EE Portfolio and Business Plans for 2023-2027 (A.22-02-005, et al.)

- Application docket: A.22-02-005
- Decision 23-06-055 issued June 29
  - The decision authorizes a total budget of **$4.3 B** over the four-year period beginning in 2024 with at least $3.5 B in benefits. Also adopts a forecasted budget of an additional **$4.6 B** in the period 2028-2031.
- CEDMC Opening Comments filed June 15
- CEDMC Reply Comments filed June 22



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# Reviewing Final Decision: A.22-02-005, et al.

**Areas of general support:**

- Principally: the general expansion of NMEC (note our concerns re: the proposed NMEC mandate and how the FD responded in the next slide).
- PD proposed continued improvement towards greater energy equity.
  - Final Decision: Positive. Preservation of beneficial proposals.
- PD proposed expansion of the market access approach with attention to cost-effectiveness for  long-term successes.
  - Final Decision: Positive. General preservation of market access approach.
- PD proposed investments in non-event based load shifting through EE budgets.
  - The Council suggested increasing caps, a preference for additive funds, and for general coordination on IDSM efforts.
  - Final Decision: Generally positive. Authorized raising the IDSM budget cap.



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# Reviewing Final Decision: A.22-02-005, et al. (Cont.)

**Concerns regarding initial PD proposals:**

- Mandate for NMEC to apply to programs with narrow exceptions.
  - Final Decision: Generally positive. Retained a general shift towards NMEC (generally required by statute) but included a flexible provision authorizing exceptions to programs using NMEC due to its "appropriateness," relative to each program.
    - It is worth noting that the Final Decision will result in some additional work for PAs or implementers.
    - However, in relation to the initial PD, the Final Decision is a substantive improvement.



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# Reviewing Final Decision: A.22-02-005, et al. (Cont.)

**Cal TF Custom & Site-Level NMEC Proposal:**

- In our Opening Comments, the Council proposed to transition custom and site-level NMEC review / approval authority to the Cal TF; generally initiating a transitional process among stakeholders and interested parties. The following parties addressed the proposal in their Reply Comments:
  - PG&E reply comments; "strongly support"
  - SCE reply comments: "recognizes the potential value" but "is premature without evaluating the current rules for custom projects for improvement opportunities."
  - NRDC reply comments: "supports"
  - BayREN / 3CREN reply comments: Align with recommendation
- The Final Decision did not accept a process to initiate the transition.
- However, the Final Decision did provide some legitimacy towards the effort, and there can be relative optimism found in the Final Decision's handling of the issue:

  *CEDMC proposes to have the California Technical Forum (CalTF) be granted authority for site-level NMEC and custom review processes. NRDC and PG&E support this idea in reply comments, while SCE opposes on the grounds that the Commission should first address necessary improvements to the custom review process overall before adopting any centralized custom oversight process. Here we agree with SCE that deferring to CalTF on site-level NMEC is premature. However, this idea may be further explored by interested parties in the future.* [Emphasis added]

**The Council celebrates these wins and is already working to continue the discussion and effort on the Cal TF custom and site-level NMEC proposal.**



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# Updated DSGS Draft Guidelines

**Following the submission of our Newsletter on Friday 6/30, the CEC issued updated draft Demand Side Grid Support Program guidelines.**

- CEDMC DSGS comments (latest)
- Draft Updated DSGS guidelines (6/30)
- Comments due July 10 - tight turnaround; looking towards currently scheduled next CEC Business Meeting July 26

Summary of changes:

- Retains the framework of the three program options (does not build in a fourth option as advocated by the Council and Advanced Energy United).
- Option 1 (Standby and Energy Payment):
  - Greater content and (intended) clarity re: baseline calculations and baseline requirements (e.g. 10 days of meter data at minimum at time of use, etc.).
  - Explicit guidance on interconnected devices with export capabilities.
  - Broad authority for providers to propose alternate methods of calculating incremental load reduction.



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# Updated DSGS Draft Guidelines (Cont.)

Option 2 (Incremental Market-Integrated DR Capacity Pilot):

- Additional 30% bonus for participating resources (2023 or 2024) to try and accelerate market readiness/engagement of resource.
  - Future year additional bonuses *may* be available.
- Greater guidance on measuring performance calculations, etc.
- Elimination of requirement to receive CCA permission before engaging in program
- Season-to-date capacity valuations enabling (hopefully) more rapid payout of incentives from the CEC. Provided at the aggregator's request.
- Requires residential customers to attest to various information under penalty of perjury, even though residential customers cannot directly participate in the DSGS.

Option 3 (Market-Aware Behind-the-Meter Battery Storage Pilot):

- Remains battery-only (not storage in general or at large)
- Provides various guidance throughout, including vague sideboards around POU reimbursement for administrative expenditures.



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# Updated DSGS Draft Guidelines (Cont.)

Next steps:

- The Council will be submitting comments by the deadline: 7/10
- It is anticipated the CEC will take up the Updated Draft Guidelines at their next Business Meeting, scheduled for 7/26.
- Intend follow-up post-summer 2023 for program review, analysis, and improvements depending on experience and performance.



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# Reviewing Final Decision: R.21-10-002 RA Phase 3

- Application docket: R.21-10-002
- Decision 23-06-029 issued June 29
  - The decision adopts a timeline for completing the CEC's DR incentive-based Qualifying Capacity ("QC") counting proposal and streamlined Load Impact Protocol ("LIPs"); adopts several significant changes to DR-related RA rules that will reduce their value and increase their availability requirements.
- CEDMC (w/ CPower) Opening Comments filed June 14
- CEDMC (w/ CPower) Reply Comments filed June 19



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# Reviewing Final Decision: R.21-10-002 RA Phase 3 (Cont.)

- The Council joined a joint stakeholder lobbying campaign alongside other Members to advocate for improvements and proper outcomes before the Final Decision.
- The key concerns delivered to Commissioner advisors were:
  - The originally-proposed $500/MWh Proxy Demand Resources (“PDR”) bid cap would risk exhausting PDRs before they would be of greatest benefit,
  - Eliminating the Transmission Loss Factor (“TLF”) Adder was unsupported by any evidence,
  - Expanding PDR availability requirements as proposed was operationally challenging,
  - Derating DR QC values based on a single test event was inappropriate and undermined the current DR QC counting process, and
  - The proposed timeline to finish the CEC’s DR QC methodology was excessively long and would be distracted by the effort to develop streamlined LIPs in parallel.



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# Reviewing Final Decision: R.21-10-002 RA Phase 3 (Cont.)

Key outcomes of the Final Decision include:

- Adopts a $949/MWh bid cap for all PDR counting as RA capacity beginning in 2024,
- Downgrades the threshold at which Reliability Demand Response Resources ("RDRR") may be economically or exceptionally dispatched from a CAISO Energy Emergency Alert ("EEA") 2 to an EEA Warning (effective immediately),
- Eliminates the Planning Reserve Margin ("PRM") and TLF Adders from DR RA values beginning in the 2024 RA year,
- Beginning in 2024, expands availability requirements for PDR RA resources to include days when a CAISO Flex Alert is called, during a CAISO Grid Warning or EEA notification, or when the Governor's Office has issued an Emergency Declaration (does not grandfather existing contracts),
- Allows the Energy Division to derate third-party DR RA values based on test results beginning with the capacity awards for the 2024 RA year, and
- Establishes a timeline to finish developing the CEC's DR QC counting methodology while simultaneously streamlining the existing LIPs.



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# California Technical Forum (Cal TF) Data Charette Part 1

Objectives for June 21 meeting:

- Establish a shared understanding of existing energy efficiency data systems: data flows, data needs, and challenges from different stakeholder perspectives
- Discuss data use cases to support stakeholders and the state's energy efficiency and decarbonization goalsIntend follow-up post-summer 2023 for program review, analysis, and improvements depending on experience and performance.
- Identify the top 5 opportunities and strategies to address data challenges and improve energy efficiency performance through data solutions.



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# California Technical Forum (Cal TF) Data Charette (cont.)

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## Presentations

- Data Charette Presentation Amy Reardon, CPUC; Annette Beitel, Cal TF; Tomas Torres-Garcia
- Energy Data in Context - Building the UCLA Energy Atlas, Eric Daniel Fournier, Ph.D., UCLA
- DOE Building Data Tools - Andrew Parker (NREL), Cal TF Member
- LA 100 - Building Stock Modeling & Lessons Learned, Armen G. Saiyan, P.E., LADWP
- Achieving Equitable Decarbonization: Lessons from Policy and Pilot Projects, Marc Costa, The Energy Coalition
- Energy Data Modernization and Analytics, Joe Desmond, CEDMC
- The Implementer's Perspective, Richard Hart, Cascade Energy
- Energy Efficiency Program Data – Portfolio Manager Perspective, John Zwick,
- Data User Issues, Jake Richardson, PG&E
- REN Perspective Tim Olsen, The Energy Coalition
- Data Needs and Innovative Market Opportunities, Mike Yim, Tierra Resource Consultants

Building Code Changes – Tying into eTRM, Jay Madden P.E., SCE



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# Quick Updates

- CEDMC submitted the following filings since our last Monthly Member Readout:
  - June 28 – CEC 22-DECARB-03 Council Comments on May 4 Draft Equitable Building Decarbonization (EBDP) Direct Install Program (DIP) Guidelines
  - June 27 – CPUC (R.21-10-002) Council Joint Notice of Ex Parte Communications re: Resource Adequacy (Part II)
  - June 26 – CPUC (R.21-10-002) Council Joint Notice of Ex Parte Communications re: Resource Adequacy
  - June 22 – CPUC (A.22-02-005, et al.) Council Reply Comments on Proposed Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031
  - June 19 – CPUC R.21-10-002 (RA) Joint Reply Comments re: Proposed Decision Adopting Local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements
  - June 15 – CPUC (A.22-02-005, et al.) Council Opening Comments on Proposed Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031
  - June 14 – R.21-10-002 (RA) Council and CPower Opening Comments on Proposed Decision
- The Council submitted the following testimony since our last Readout:
  - June 26 – Council letter of support re: Assemblymember Ting's Energy Efficiency Audit Letter to the Joint Legislative Audit Committee
  - June 20 – Council Letter of Support re: SB 795 (Stern) to Assembly Utilities and Energy Committee
  - June 14 – Joint Comments Supporting SB 691 (Ting) to Improve Distribution Interconnection



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# Discussion & Q&A

**Thank You!**

*Please contact us if you have any questions.*

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*Clark McIsaac – cmcisaac@cedmc.org*
*Kira Kimick – admin@cedmc.org*

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Next Monthly Member Readout: August 4



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