



Bid Normalized Load Impact Proposal

Supply-Side DR QC Working Group

August 24, 2023

Key Principles & Assumptions

- IOU and 3P DR should be treated **equally**
- Based on understanding that IOU and 3P DRPs would place DR programs on supply plans with DR treated as a **variable energy resource**, exempt from the RA Availability Incentive Mechanism
- Recognizes that ED/CEC seeks a **linkage** between Qualifying Capacity (QC) values and CAISO market performance
 - A price cap and minimum energy requirement are highly problematic because they risk forcing the dispatch of DR even when its opportunity costs are higher than market prices



Proposal Elements

- **Minimum dispatch percentage to qualify for a BNLI**

- The min. percentage should be low enough to allow for frequent **partial dispatches** but be high enough to prevent **overstating** of QC values
- Council supports proposal for a min. dispatch of 20% of bid quantity to receive a BNLI; can reassess in the future

- **Per-event BNLI cap**

- An IOU/DRP should **benefit** when it can deliver a greater amount of energy in a dispatch than was **bid**
- **Support** proposal that deliveries exceeding the total bid quantity may count up to 120%; we are **open to a higher cap** but want to ensure consistent performance across resources
- Would apply during partial dispatches when the average delivered energy is **greater than the bid amount**
- Example: A DR resource bids 10 MW and is scheduled for 6 MW; the avg. hourly delivery is 13 MW, a factor of 1.3. The BNLI for the dispatch would be 1.2.

Proposal Elements

- **Day-ahead market (DAM) vs. real-time market (RTM)**
 - The BNLI should be based on **DAM bids** only
 - Long-start DR resources are **exempt** from bidding into the RTM; forcing RTM capability will **reduce DR supply** because some customers cannot respond quickly due to **safety and operational** reasons
- **Treatment of DR outages**
 - CAISO allows for a **one-day outage** when a DR resource is dispatched for **3 consecutive days**, and for **balance of month** once 24 dispatch hours reached
 - Fatigue outages should be exempted when assessing the BNLI of a DR resource (this may already be envisioned by ED/CEC but want to be sure)

Proposal Elements

- **Baselines**

- Council **supports** Aug. 10 proposed reframing with one addition: Require the ex post evaluation baseline method to be used in CAISO settlement, unless it is not possible or practical to use that method for purposes of settlement, ***or if another method is found to be preferable.***
- Allows for possibility of future **universal control groups** or other approaches; not clear if proposed language allows for that

- **Minimum utilization targets (MUT)**

- Establish a **summer-only target %** dispatch rate (e.g., dispatch/bid) for Proxy Demand Resources (PDRs) measured at the portfolio level; can possibly use a **MW-weighted approach**
- Prefer a **summer-wide MUT** but not sure how that would work w/ monthly QC values
- Allows IOUs/DRPs to **manage** customer's **opportunity costs** while still providing **certainty** that the DR portfolio will be utilized to a meaningful extent

Discussion/Q&A

Thank You!

Please contact me if you have any questions.

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