



DR, DERs + Resilience Committee

November 7, 2023



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Today's Agenda

• Issues/Topics

- CEC approval of DEBA guidelines
- CEC approval of Flexible Demand Appliance Standards for Pool Controls
- IDSM funding in IOU EE true-up advice letters
- Status update on Supply Side DR QC and Simplified LIPs Working Groups
- New Resource Adequacy OIR 23-10-011
- DR Parties' reply comments on expanded dynamic rate pilots



CEC approval of DEBA guidelines

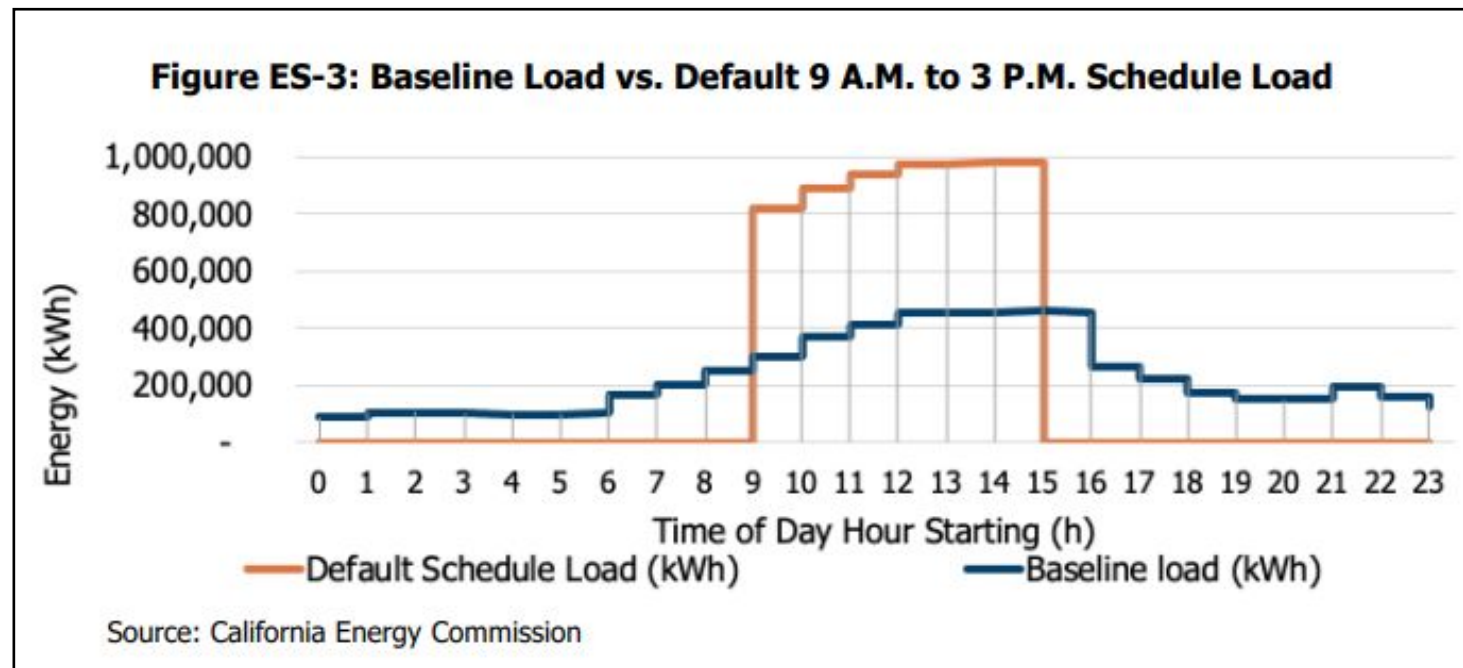
- The CEC adopted proposed Distributed Electricity Backup Assets Program (“[DEBA](#)”) [First Edition Guidelines](#).
- All public and private entities are eligible applicants who must intend to own or operate the eligible project which are broken into two categories: bulk grid assets and distributed resources.
- A GFO solicitation will be posted on the CEC contracts webpage. You can also find more at Docket Log 22-RENEW-01.
- While not all of the Council’s recommendations were incorporated into the final guidelines, the following were:
 - Clarification that DEBA is not a standalone program and therefore “DEBA solicitations will be designed to attract clean resources into the Strategic Reliability Reserve while not inadvertently discouraging clean resources from participating in the state’s Resource Adequacy program.”
 - Clarification of the definition of “distributed resource” (see page 3).
 - Use of the term “energy storage” rather than “battery storage”; only one reference to battery: “Battery-backed electric vehicle charging.”
- There is uncertainty if there is a need to revisit/revise the Guidelines.

CEC approval of Flexible Demand Appliance Standards for Pool Controls

- The CEC adopted the nation's first flexible demand appliance standards for Pool Controls, which take effect in September 2025.
- Required under SB 49 (2019) granting the CEC with a new authority to develop standards for flexible demand technologies to reduce greenhouse gas (GHG) emissions from electricity generation.
- Requirements:
 - Default operations when both electricity prices and greenhouse gas (GHG) emissions are low.
 - Must be cost-effective.
 - Establish cybersecurity standards to protect consumers using flexible demand appliances connected to the internet.
- CEC staff initially studied a range of appliances to understand technical readiness and benefit potential.
 - Identified pool controls, (setting daily schedule of the pool filter pump, pool heater, chlorinator, and pressure cleaner booster pump) as an ideal candidate for the first of California's flexible demand appliance standards.

CEC approval of Flexible Demand Appliance Standards for Pool Controls (Cont.)

- Pool control proposal aligns the pool control operation schedule to the average daily period of low GHG emissions **between 9 a.m. - 3 p.m.** and **avoids operation from 4 p.m. - 9 p.m.** to provide permanent load shift away from periods when the electric grid is the most stressed.



CEC approval of Flexible Demand Appliance Standards for Pool Controls (Cont.)

- **Cost-effective:** SB 49 defines cost-effectiveness broadly. To determine cost-effectiveness, staff must determine the value of the energy shifted, the effect of the standard on the usefulness of the device, and the life-cycle cost to the consumer of the flexible device

Table ES-1: Costs and Benefits Considered for Cost-Effectiveness Per Control

Proposal	Design Life (years)	Consumer Utility Bill Savings Over the Design Life (In \$2022)	Incremental Consumer Costs (In \$2022)	Life-Cycle Consumer Savings (In \$2022)
Pool Controls	10	1,131	70	1,061

Source: California Energy Commission

Table ES-2: Statewide Monetary Savings and GHG Emissions Avoided

Appliance	Total Avoided GHG Emissions During Turnover 2024 - 2033 (Metric Tons CO _{2e})	Annual Consumer Savings - First Year in 2024 (M\$ 2022)	Annual Consumer Savings - Stock Turnover in 2033 (M\$ 2022)
Pool Controls	2,135,000	11	150



CEC approval of Flexible Demand Appliance Standards for Pool Controls (Cont.)

- Expected delivery of nearly 400 MW of permanent shift flexible capacity by 2030, 560 MW by 2033.
- The CEC approved the Guidelines in late October.



IDSMS funding in IOU EE true-up advice letters

- [D.23-06-055](#), enables IDSMS investments through Tier 3 AL by March 15, 2024 for PY '24-'27. 41.
 - **COL. 41:** *It is reasonable to permit each PA to set aside up to 2.5 percent, or \$4 million, whichever is great, of its energy efficiency budget for the portfolio period, up to a maximum of \$15 million, for ongoing load shifting that reduces peak consumption and is not event-based.*
- **SCE:** requested no budget for integrated demand-side management (“IDSMS”).
- **SDG&E:** did not request a budget for IDSMS - but “is evaluating options” and may choose to do so through a Tier 3 AL process by March 2024.
- **PG&E:** laid out the opportunity to incorporate four IDSMS programs but is looking for additional funding in addition to what is authorized through the EE budgets in order to cover costs.
 - PG&E intends to file a Tier 3 AL to implement the four program by leveraging EE and non-EE funding and tap into (a) third-parties through a solicitation process. PG&E therefore does not yet know the specifics of their program designs but lays out placeholder budget amounts.
- **SCG:** requested \$1,200,000 for EE-funded IDSMS to cover non-third party qualifying costs. This funding is, in part, intended to address ongoing load-shifting that is not event-based.

Status update on Supply Side DR QC and Simplified LIPs Working Groups

- Supply Side DR Qualifying Capacity (QC) Working Group
 - Kicked off on 7/27; pursuant to D.23-06-029, convened to refine the CEC's incentive-based DR QC proposal
 - Key elements to be refined include 1) Bid-Normalized Load Impact metric formula, 2) design of Capacity Shortfall Penalty, and 3) Penalty Enforcement Mechanism
 - WG Schedule: Regular Working Group convened through early November with ad hoc discussions on specific technical issues as needed
 - General observations: There is general alignment between the IOUs and DR parties to minimize penalties but PG&E continues to believe that IOUs should not be penalized; Staff continues to seek perfection (i.e., more complication) rather than something workable
 - Energy Division/CEC Staff (Staff) will finalize methodology for testing in parallel with LIPs in 2024; final modifications will be made by Staff in 2H 2024; final proposal submitted to CPUC RA proceeding in December 2024
- Simplified Load Impact Protocols (LIP) Working Group
 - Kicked off on 8/8; pursuant to D.23-06-029, convened to develop a simplified version of the LIPs for DR QC valuation
 - Demand Side Analytics and SDG&E have volunteered to lead effort to develop a proposal that all parties can support; parties have presented individual proposals and responded to a survey to inform areas of convergence and divergence
 - General observations: Staff appears to recognize that current LIPs are a barrier to the DR QC process; IOUs generally want to keep more of the LIPs than the DR parties, but there seems to be room for compromise
 - Aiming for 12/15 final proposal

New Resource Adequacy OIR 23-10-011

- On 10/19, the CPUC issued a new [Resource Adequacy \(RA\) OIR](#)
- This is the usual 2-year RA proceeding used to set the RA requirements and make improvements to the RA regime; other preliminary scoping issues include 1) an Unforced Capacity (UCAP) methodology for thermal generation resources, 2) changes to RA compliance and penalties, 3) coordination with the Integrated Resource Plan, and 4) DR QC counting conventions
- QC counting conventions to include the Supply Side DR QC and Simplified LIPs WGs, and testing requirements and requirements to market integrate IOU DR programs
- Last two issues are potentially significant b/c DR parties have been pushing for criteria for less frequent testing; also, it appears CPUC may be reconsidering its bifurcation policies
- Next Steps: Party opening comments additional scoping issues due 11/8; [pre-hearing conference](#) scheduled on 11/21

DR Parties' reply comments on expanded dynamic rate pilots

- On 10/9, the Council submitted joint [reply comments](#) w/ OhmConnect and Olivine on the Energy Division's 8/15 [expanded dynamic rate pilot proposals](#) in R.22-07-005
- Background: Staff proposed to expand 1) the VCE/PG&E AgFIT pilot to include other agricultural end uses for all LSEs in PG&E service area, 2) AgFIT to certain res. and non-res. TOU rate participants, and 3) SCE Dynamic Rate pilot to include Charge Ready participants to meet DR participation requirement; participating customers prohibited from dual participation except for BIP/AP-I
- Summary of reply comments
 - Dual participation in a dynamic rate pilot w/ Supply Side DR or non-rate Load Modifying DR should be allowed to promote rapid dynamic rate uptake; existing baseline methodologies should be able to avoid double compensation and attribution
 - Greater participation in dynamic rate pilots can be achieved through dual participation and more ME&O
 - Dynamic rate pilot participants should be eligible for technology incentives under IOU DR technology incentive programs
- Next steps: Expect a PD this fall

Discussion and Q&A

Thank You!

Please contact us if you have any questions.

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