BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations.	Rulemaking 23-10-011 (Filed October 12, 2023)

REPLY COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND LEAPFROG POWER, INC. ON TRACK 3 PROPOSALS

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the "Council") and Leapfrog Power, Inc. ("Leap") appreciate this opportunity to submit Opening Comments on the Track 3 Proposals which were submitted in Rulemaking ("R.") 23-10-011 (Resource Adequacy ("RA") on January 17, 2025. The Assigned Commissioner's Amended Scoping Memo and Ruling, issued in this proceeding on November 1, 2024 ("Amended Scoping Memo") provided parties with an opportunity to comment on the Track 3 Proposals.

II. 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] The Council's member companies employ many thousands of Californians throughout the state. They include energy efficiency ("EE"), demand response ("DR"), and distributed energy resource ("DER") 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.

[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.

Leap is a DR provider founded in 2017 and headquartered in Sacramento, California. The company provides DR services to residential, commercial, industrial, and agricultural customers throughout the state of California. Through its technology platform, Leap enables DER providers in California to provide grid flexibility, delivering revenue for their customers and integrating additional demand-side resources into the California electricity system. Leap believes that demand-side resources integrated into California's wholesale electricity market will play an increasingly important role in helping California achieve a resilient and zero carbon future. Leap is a registered DR Provider ("DRP"), as well as a registered Scheduling Coordinator, with the California Independent System Operator Corporation ("CAISO").

III. THE COUNCIL AND LEAP REPLY COMMENTS

A. There is broad-based support for DR to provide Resource Adequacy outside the Availability Assessment Hours.

OhmConnect, Inc. and Leap's ("the Joint DR Parties'") proposal to allow DR to provide Resource Adequacy ("RA") capacity outside of the Availability Assessment Hours ("AAH") is supported, conditionally or unconditionally, by a wide range of parties – the California Community Choice Association ("CalCCA"),[2] Calpine Corporation ("Calpine"),[3] California Environmental Justice Alliance ("CEJA"),[4] California Energy Storage Alliance ("CESA"),[5] Alliance for Retail Energy Markets ("AreM"),[6] and Pacific Gas and Electric Company ("PG&E")[7]– all of which recognize the need for the additional capacity that DR can provide outside of the AAH under the Slice-of-Day framework. Furthermore, no parties question the fundamental basis of the proposal - that certain enabling technologies like energy storage can provide multiple load curtailments within a 24-hour period. The Council fully agrees with Calpine that the appropriate measurement and verification are needed to ensure accurate Net Qualifying Capacity ("NQC") values are assigned for any hours outside of the AAH.[8] CalCCA makes a similar, if more expansive statement, saying:

[2] CalCCA Opening Comments, at p. 24.
[3] Calpine Opening Comments, at p. 8.
[4] CEJA Opening Comments, at p. 9.
[5] CESA Opening Comments, at p. 12.
[6] AReM Opening Comments, at p. 8.
[7] PG&E Opening Comments, at pp. 16-17.
[8] Calpine Opening Comments, at p. 8.

> If the load impact protocols and other supply-side DR QC methodologies demonstrate that a DR program has load reduction capability in hours beyond the AAH, that program should be able to provide RA in those hours under the Commission's SOD program. For this reason, the Commission should adopt the Joint DR Parties' proposal.[9]

As the Joint DR Parties state in their proposal, the DR Load Impact Protocols ("LIPs") are already capable of this now, so it is simply a matter of the Commission directing the Energy Division to recognize these additional load impacts when assessing DR NQC values.[10]

B. The Joint DR Parties proposal should be addressed in Track 3 of this proceeding.

Conceptually, the Council and Leap support addressing future DR-related RA issues in a DR rulemaking. This is how it had been done in the past until the Commission folded these issues into the RA proceeding. Addressing DR RA issues separately has been effective because, as can be observed in the current and recent RA proceedings, DR issues are of greatest interest to a relatively small subset of the parties that participate in the RA proceeding. Consequently, DR issues have been generally given a lower priority in favor of issues that are admittedly of greater consequence to maintaining reliability. An example of this is the recently-approved simplifications to the DR Load Impact Protocols. The Council and Leap had been advocating for this in the RA proceeding since 2019 but it was only recently that the Commission chose to allocate resources to this. Furthermore, many scoping issues in the RA proceeding are non-negotiable, e.g., assigning RA requirements, which leaves little added room for DR issues.

Another important characteristic of many DR issues that make them unsuitable for consideration in the RA proceeding is their complexity and highly technical nature, which often warrants one or more workshops and/or rounds of comments to work through. The most recent example of this has been the efforts to develop a new DR NQC counting methodology (which has since been suspended) as well as a more streamlined version of the DR LIPs. Even if addressed in a separate, dedicated track of the RA proceeding, the comparatively shorter timeline of a typical RA proceeding track (approximately six months) is sometimes insufficient to address such technical issues.

[9] CalCCA Opening Comments, at p. 24.
[10] Joint DR Parties Proposal, at p. 2.

Despite the Council and Leap's general support for addressing DR-related RA issues in a DR rulemaking, in this particular instance, the Council and Leap strongly disagrees with PG&E's suggestion that a future DR rulemaking "might be a better venue for consideration of the Joint DR Parties' proposal."[11] PG&E does not explain why this proposal cannot be approved in Track 3 of the RA proceeding nor does it identify the specific elements of the proposal that remain to be worked out in a future DR rulemaking. Leap and Renew Home have submitted their proposal in the current RA proceeding, which is the only venue currently in existence that is capable of addressing it. The Commission's intentions regarding when, or even if, it will open a new DR rulemaking are unknown, so deferring consideration of the Joint DR Parties' proposal to a yet-to-be-opened rulemaking risks delaying consideration for an indefinite period of time. Furthermore, this proposal is very straightforward because, as Leap and Renew Home explained in their proposal, and as the Council and Leap cite above, the DR LIPs already allow for their proposal to be implemented.

C. The Commission should adopt the Protect Our Communities Foundation recommendation to develop a QC counting methodology for exporting Behind-the-Meter energy storage.

The Protect Our Communities Foundation ("PCF") proposes that a working group be created for the purpose of developing a QC value for behind-the-meter ("BTM") solar plus storage.[12] The Council and Leap strongly support this, but, it should not slow down the CAISO's current efforts to consider the Modified Proxy Demand Resource ("mPDR") proposal in its Demand and Distributed Energy Market Integration ("DDEMI") Working Group. The mPDR proposal, which is among those selected by the CAISO as part of its 2024 Policy Roadmap process, would enable counting of exporting BTM energy storage having Electric Rule 21 interconnections in the CAISO market.[13] Furthermore, the Council and Leap note that in February 21 comments on the February 5 kick-off stakeholder call of the DDEMI Working Group, several stakeholders (Arizona Public Service, CalCCA, California Solar and Storage Association, the Council, Leapfrog Power, Inc., Renew Home, Sunrun, Tesla, and Voltus, Inc.)

[11] PG&E Opening Comments, at p. 17.
[12] PCF Opening Comments, at p. 15.
[13] CAISO 2024 Final Policy Initiatives Roadmap which can be found here: https://stakeholdercenter.caiso.com/InitiativeDocuments/2024-Final-Policy-Initiatives-Roadmap-and-Disposition.pdf

expressed support for improved integration of exporting BTM energy storage in the CAISO market.[14]

A working group, as proposed by PCF, would likely require six months to develop a viable QC counting proposal for exporting BTM energy storage, so the Council and Leap recommend the Commission direct Energy Division to convene a working group this summer with the goal of submitting a proposal in the next Resource Adequacy rulemaking in early 2026 for Commission consideration in its June 2026 decision. This would align with the CAISO's initial target of Q3 implementation of the Phase 1 stakeholder initiatives from the DDEMI Working Group.[15]

IV. CONCLUSION

The Council and Leap appreciate the Commission's consideration and the opportunity to provide Reply Comments on the Track 3 Proposals.

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Respectfully submitted,

/s/ JOSEPH DESMOND

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[14] Comments on the February 5 Working Group Kick-Off Meeting which can be found here: https://stakeholdercenter.caiso.com/Comments/AllComments/f2240309-139e-462b-8c25-de5509e9a848

[15] CAISO Demand and Distributed Energy Market Integration Working Group which can be found here https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Demand-Distributed-Energy-Market-Integration-Feb-5-2025.pdf, at Slide 15.