



**FILED**  
6-17-16  
02:35 PM

KHY/ek4 6/17/2016

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Enhance  
the Role of Demand Response in Meeting  
the State's Resource Planning Needs and  
Operational Requirements

Rulemaking 13-09-011  
(Filed September 19, 2013)

**ADMINISTRATIVE LAW JUDGE'S RULING REGARDING  
FEBRUARY 19, 2016 WORKSHOP REPORT AND PERMANENT LOAD  
SHIFTING WORKING GROUP REPORT**

**Summary**

This ruling seeks comments on two reports filed in Rulemaking (R.) 13-09-011: 1) March 4, 2016, *Draft Report on Cost-Effectiveness Workshop Held on February 19, 2016*; and 2) May 27, 2016, *Report to Commission Requesting Review and Approval of Findings of the Permanent Load Shifting Cost-Effectiveness Methodology Working Group*. Parties are asked to review the information provided in these reports and to provide comments as instructed below. Comments shall be filed no later than July 1, 2016 and reply comments shall be filed no later than July 11, 2016.

**Background**

Decision (D.) 15-11-042 addressed several issues regarding the demand response cost-effectiveness protocols. Specific to this ruling, the decision:

- 1) approved the future development and adoption of a probabilistic reliability

model to replace the current utility-calculated Availability or “A” factor<sup>1</sup> but required a workshop to be held to discuss the potential use of the Renewable Energy Capacity Planning (RECAP)<sup>2</sup> model in the interim; and 2) determined that the adopted Demand Response Cost-effectiveness Protocols are not a good model for measuring the cost-effectiveness of the permanent load shifting program<sup>3</sup> and thus established a working group to propose an appropriate methodology. We discuss both of these directives in more detail here.

In regards to the A Factor, D.15-11-042 found that there was agreement on the need to replace the current model for determining the A Factor with a probabilistic reliability model but that an interim model was needed until the probabilistic model could be created and adopted by the Commission.

D.15-11-042 stated that Energy Division staff recommended that the RECAP model could suffice for the time being. Many parties objected to the use of the RECAP model because the assumptions and approach used in the model had not been shared or fully vetted in a demand response proceeding.<sup>4</sup> Hence, the Commission adopted a placeholder for the A Factor until a probabilistic reliability model can be developed and adopted by the Commission. D.15-11-042

---

<sup>1</sup> The A Factor is intended to represent the portion of capacity value that can be captured by the demand response program based on the daily and monthly availability of the program, and the frequency and duration of calls permitted. *See* D.15-11-042 at footnote 49 and at 29.

<sup>2</sup> The RECAP model, developed by the consultant, E3, has been used to calculate effectiveness load-carry capacity in the Renewables Portfolio Standard and the Net Energy Metering proceedings.

<sup>3</sup> The permanent load shifting program is described as the shifting of energy usage from one time period to another on a recurring basis. The program involves storing electricity produced during off-peak hours and using the stored energy during peak hours to support loads, for example, battery storage and thermal energy storage. *See* D.12-04-045 at 146.

<sup>4</sup> D.15-11-042 at 30.

also required that a workshop be held to include a discussion of the A Factor, the RECAP model, as well as Southern California Edison's (SCE) model.<sup>5</sup>

Furthermore, D.15-11-042 clarified that the intention of the Commission is to formally adopt an interim model for determining the A Factor in 2016 until a probabilistic reliability model is adopted by the Commission. D.15-11-042 also required the Energy Division to hold a workshop to, amongst other things, present the RECAP model and work toward a final recommended interim model for determining the A Factor.

On February 19, 2016, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and SCE (jointly, the Utilities) hosted a workshop that included public discussion of the A Factor and E3's RECAP model. On March 4, 2016, the Utilities filed a *Draft Report on Cost-Effectiveness Protocols Workshop Held on February 19, 2016* (Draft Workshop Report), which provided an overview of: 1) the RECAP presentation, 2) stakeholder agreements on RECAP, 3) SCE's presentation on an alternative model, 4) stakeholder agreements on SCE's alternative, and 5) proposed language on an A Factor interim methodology. Parties were given the opportunity to file corrections to the Draft Workshop Report; no corrections were filed.

In regards to the permanent load shifting or PLS program, D.15-11-042 found that the Demand Response Cost-Effectiveness Protocols are not a good tool to measure the cost-effectiveness of the permanent load shifting program

---

<sup>5</sup> *Id.* at 31.

and, thus, established a working group to develop an appropriate methodology to evaluate the cost-effectiveness of the program.

D.15-11-042, Ordering Paragraph 12, directed the Commission's Energy Division to organize a working group to develop a draft proposal to measure the cost-effectiveness of the permanent load shifting program. Furthermore, Ordering Paragraph 13 of the decision required the Utilities to file a report in this proceeding requesting Commission review and approval on the findings of the working group.

On May 27, 2016, the Utilities filed a motion for Commission review and approval of an attached report, *Report to Commission Requesting Review and Approval of Findings of the Permanent Load Shifting Cost-effectiveness Methodology Working Group* (PLS Working Group Report) recommending a methodology for measuring the cost-effectiveness of the permanent load shifting program.

## **Discussion**

Determination of both an interim methodology for determining the A Factor and adoption of the proposed cost-effectiveness methodology for the permanent load shifting program require additional record formation. We address these separately below.

### Interim A Factor

Parties were provided an opportunity to file corrections to the Draft Workshop Report including the portions relating to an interim A Factor methodology. No party filed any corrections. Hence, we deem the report to be final (Workshop Report).

Parties are asked to respond to the following questions:

1. The Workshop Report recommended that the Commission adopt the RECAP methodology as an interim methodology for determining the A Factor and allow the Utilities to use

their own loss of load expectation methodology, which is similar to RECAP, as an alternative but any alternative methodology must be transparent and publicly available. In R.14-10-003, the Order Instituting Rulemaking to create a consistent framework for the guidance, planning and evaluation of integrated distributed energy resources, the Commission adopted the use of the RECAP methodology for hourly time allocation of avoided generation capacity across all resources but permitted the use of an additional methodology for enhancement purposes.<sup>6</sup> Should the Commission adopt the RECAP methodology as its interim methodology for determining the A Factor and allow additional Utility methodologies for enhancement purposes?

2. The Workshop Report states that the Utilities should be given the option of using the RECAP dispatchability factor drawn from the simulations that assume imperfect foresight and imperfect forecast and not apply the current B factor. The report states that the reason for this is that the current B Factor already adjusts for forecast uncertainty and hence not using the RECAP dispatchability factor will avoid double counting. Comment on whether the Commission should adopt this recommendation.
3. A remaining question posed in the Workshop Report is whether an A Factor should be determined at the CAISO level or at the Transmission Access Charge area. Comment and provide justification for your answer.

#### PLS Working Group Report

As previously discussed, the Utilities filed a motion on May 27, 2016 asking the Commission to review and approve the permanent load shifting (PLS) Working Group Report. Parties provided no response to the motion. Given that

---

<sup>6</sup> D.16-06-007 at Ordering Paragraphs 4, 5, and 6.

the Commission is currently reviewing the demand response program overall, we take this time to address the question of whether the Commission should retain the permanent load shifting program within the realm of the demand response portfolios or should this program be moved to a different realm.

4. Why should the permanent load shifting program continue to be reviewed within the demand response portfolio? If it should not, how should the Commission review and approve performance and budgets for the permanent load shifting program?

**IT IS RULED** that

1. The March 4, 2016 *Draft Report on Cost-Effectiveness Workshop Held on February 19, 2016* is hereby deemed to be a final report.
2. Parties shall address the four questions in this ruling. Responses shall be filed no later than July 1, 2016, and reply comments shall be filed no later than July 11, 2016. The responses shall be filed along with the responses to the May 20, 2016 Administrative Law Judge's Ruling, as a single filing.

Dated June 17, 2016, at San Francisco, California.

\_\_\_\_\_  
/s/ KELLY A. HYMES  
Kelly A. Hymes  
Administrative Law Judge