



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

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

R.13-09-011
(Filed September 19, 2013)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) OPENING COMMENTS
TO ADMINISTRATIVE LAW JUDGE'S RULING REGARDING FEBRUARY 19, 2016
WORKSHOP REPORT AND PERMANENT LOAD SHIFTING WORKING GROUP
REPORT**

FADIA RAFEEDIE KHOURY
JANE LEE COLE

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3860
Facsimile: (626) 302-7740
E-mail: Jane.Lee.Cole@sce.com

Dated: **June 30, 2016**

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I.

INTRODUCTION

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), and in compliance with Administrative Law Judge's (ALJ) Ruling Regarding February 19, 2016 Workshop Report and Permanent Load Shifting Working Group Report, issued on June 17, 2016 (Ruling), Southern California Edison (SCE) respectfully submits these comments on the specific questions posed in the Ruling.

II.

RESPONSES TO QUESTIONS IN THE RULING:

a. Interim A Factor

- 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. Should the Commission adopt the RECAP methodology as its interim methodology for determining the A Factor and allow additional Utility methodologies for enhancement purposes?***

SCE agrees with the Workshop Report recommendations. The RECAP methodology should be adopted as the interim “default” methodology for determining the A Factor, and the Investor Owned Utilities (IOUs) should have the option to use either the RECAP methodology or their own loss of load expectation methodology to determine the A Factor.

- 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.***

SCE agrees with the Workshop Report. The IOUs should have an option to use either: a) E3’s estimate of day-ahead forecast error as modeled in the RECAP methodology; or, b) the prescriptive B Factor percentages included in the latest Demand Response Cost-Effectiveness Protocols.

It is important that the forecast uncertainty is not double-counted. If the B Factor is used, when the RECAP methodology generates the dispatchability component of the A Factor, the user must choose the “perfect forecast” option in the RECAP model.

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.*

The answer to this question depends on what the Demand Response (DR) programs are used for, and how the avoided capacity benchmark (e.g., the combustion turbine proxy) is calculated. For example, if DR is used to address a California Independent System Operator (CAISO) system need, such as system resource adequacy (System RA), it is appropriate to determine the A Factor at the CAISO level, consistent with the System RA counting rules. However, if the DR program is procured to meet Transmission Access Charge (TAC) area specific needs, the TAC area A Factor would be the better choice.

b. PLS Working Group Report

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 sifting program?*

The Permanent Load Shifting (PLS) program should be reviewed within the DR portfolio. Many of the DR inputs apply to the PLS calculation, including: the factors, avoided costs, discount rates, and line losses. As such, it is appropriate to approve PLS and its budget within the DR application.

III.

CONCLUSION

SCE appreciates the opportunity to provide these comments and responses to specific questions posed in the ALJ's Ruling.

Respectfully submitted,

FADIA RAFEEDIE KHOURY
JANE LEE COLE

/s/ Jane Lee Cole

By: Jane Lee Cole

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3860
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E-mail: Jane.Lee.Cole@sce.com

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