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Attachment 7
Proposals for Working Group 2
Topic 2.4 Qualifying Capacity in Supply Plans
Topic 2.5 Performance Reports

DRAM Working Group 2

Working Group Sub-Topic #3 – Implementation Milestones (2.4) and Performance Reports (2.5)

SUB-TOPIC 2.4. Implementation Progress Milestones

IOU Co-Lead: San Diego Gas & Electric Company (SDG&E)

Interested Stakeholder Co-Lead: Joint DR Parties (CPower, Enel X, EnergyHub)

Problem Statements

The lack of requirements for contract progress reporting leaves the investor-owned utilities (IOUs) without any assurance that the DRP is capable and ready to perform when the delivery period starts.

Sub-Working Group Consensus:

Parties, in general, agree that it is a good idea to require the report of contract implementation milestones.

IOUs' Proposal for Implementation Milestones Report:

1. Milestones reporting should be applicable to all Demand Response Auction Mechanism (DRAM) Sellers or where appropriate the DRAM Seller's partnering DRP who will be assigned the roles of managing customer authorization through CISR-DRP Form or Click-Through, receiving Rule 24/32 customer data, registering customers in the California Independent System Operator (CAISO) Demand Response Registration System (DRRS) and managing CAISO wholesale market participation. Existing DRPs who are already configured in utilities' Rule 24/32 systems may not need to repeat milestone categories A and B below. Reporting obligation stays. If one DRP executes multiple contracts, referring to the same milestone report for categories A and B to satisfy the requirements is allowed.
2. A standard reporting template should be used.
3. The completion date for each milestone in categories A and B should be determined within a reasonable time frame from the due date of IOUs' year-ahead Resource Adequacy (RA) showing, which is October 31 of each year.
 - A. DRP Registration and IOU Data System Integration Milestones
 - A) Execute the IOU DRP Service Agreement for DRPs serving IOUs bundled customers;
 - B) Complete the California Public Utilities Commission (CPUC) registration process for DRPs serving IOUs bundled customers;
 - C) Complete specific IOU required onboarding process for Rule 24/32;
 - D) Complete the registration with specific IOU data sharing platform and complete all connectivity requirements;

- E) Successfully obtain a Click-Through authorization and/or submit a pdf/paper CISR-DRP form for processing;
- F) Successfully utilize online channels to obtain the full Rule 24/32 data set for a customer authorization.

B. CAISO Registration Milestones

- i. Register with the CAISO as a DRP and obtain a CAISO DRP ID;
- ii. Become a certified Scheduling Coordinator with the CAISO or contract with an existing certified Scheduling Coordinator (SC);
- iii. Review the CAISO's Demand Response User Guide.

C. RA Commitment Milestones

The completion date for each milestone in this category should be determined within a reasonable time frame from the due date of monthly RA showing. The calculation of the percentage to fulfill the capacity commitment should be consistent with that in the determination of supply plan capacity.

- i. Confirmation to Buyer that the Seller obtained at least 50% of customer authorizations required to meet the capacity requirement;
- ii. Confirmation to Buyer that the Seller has registered at least 50% of customers required to meet the capacity requirement;
- iii. Confirmation to Buyer that the Seller obtained 100% of customer authorizations required to meet the capacity requirement;
- iv. Confirmation to Buyer that the Seller has registered 100% of customers required to meet the capacity requirement;
- v. Resource IDs to be provided in the year-ahead supply plans;
- vi. As soon as possible, but no later than 60 days before the monthly supply plan due date, the Seller is required to notify the Buyer regarding short fall of supply plan capacity;
- vii. The result of the capacity test, if applicable, should be provided to the Buyer 90 days prior to the first day of the first showing month;
- viii. DRPs are required to submit year-ahead supply plans;
- ix. DRPs are required to submit month-ahead supply plans.

4. Exception and Cure process:

A) Exceptions:

- i. CPUC approval delays, or
- ii. If due solely to the actions or inactions of Buyer or the CAISO, or
- iii. Under circumstance beyond Seller's control, a satisfactory letter of explanation, with supporting documents, should be submitted to the Buyer. Both parties should negotiate, and potentially reach a mutual agreement to waive the non-compliance, followed by the cure process.

B) Cure process: Seller is allowed a reasonable extension time to fulfill the requirement.

5. Consequences:

- A) Failure to meet or cure such milestones should be considered an event of default.
- B) Liquidated damages will be applicable for replacement capacity that must be acquired in the event of default.

Joint DR Parties (JDRPs) Proposal:

Problem Statement: Once contracts are signed, there is a perception by some that there is no preparation or activity by the DRP to meet its contract obligations until supply plans are submitted. How does an IOU know a seller will be ready?

Some are suggesting that there should be specific milestones in place in order to assess that the DRP is making progress in developing DR capacity in advance of the delivery date. While there are many milestones that can demonstrate the readiness of the DRP to participate in the CAISO market, and meeting its regulatory requirements, the JDRPs do not support a long, lead-time milestone of demonstrating capacity development for many reasons. First, customers are not likely to be motivated to sign contracts far in advance of the time period for which they will be required to deliver capacity. There is no incentive for customers to do this. Secondly, we already utilize a 60-day advance supply-plan demonstration for the “month-ahead” delivery timeframe. The Supply-Side Working Group also unanimously supported a proposal for how to manage a year-ahead demonstration, that was adopted by the Commission specifically for 2019. The Supply Side Working Group (SSWG) proposal has also been submitted into the current Resource Adequacy Docket, Track 2.

Proposal:

JDRP Propose that there are operational milestones that must occur to show the seller is preparing to deliver contracted capacity on time.

- Applicable IOU DRP agreement signed.
- CPUC registration obtained and bond posted if required.
- Seller becomes or contracts with a Scheduling Coordinator and CAISO DRP.
- Communication channel established with the IOU. Using a vendor such as the SC/Wholesale DRP is acceptable but must the vendor must be identified.
- Dispatch methodology/platform identified – is there a company scheduling desk, cloud-based system, etc.
- Acknowledgement of year-ahead supply plan process – preferably addressed via mechanism in SSWG that allows IOU to apply CQ as a year ahead supply plan credit.
- In the month before the first supply plan is due under the contract, Seller and Buyer to have a discussion on progress, resource creation and expectation about where Seller is in meeting QC.
- Month-ahead supply plan filed – 60 days ahead of delivery month.
- Buyer may audit supply plan QC.

<End of proposals for topic 2.4-Implementation Progress Milestones Invoice Deadline>

SUB-TOPIC 2.5. Performance Reports

IOU Co-Lead: San Diego Gas & Electric Company

Interested Stakeholder Co-Lead: Joint DR Parties (CPower, Enel X, EnergyHub)

Problem Statements

DRAM Buyer receives very little visibility into the availability or the number of market awards about the DRAM resources being procured, let alone performance of the dispatched events. Only limited performance information is available in the invoice (which could be submitted months after the delivery month), where the Seller may choose to reveal the performance of only one of the events, if awarded, during the operating month for the purposes of demonstrating capacity. Deficiency, if any, cannot be addressed in a timely manner without regular performance reports.

Sub-Working Group Consensus:

In general, parties are not against the idea of developing the requirements and processes to report ex-post performance data.

IOUs' Proposal for Performance Report:

1. **IOUs are in support of Energy Division (ED) staff's recommendation to require the DRAM Sellers to submit periodic reports to the CPUC. Information provided could include bid/award data and dispatch performance results.** The process and reporting template should be developed among the DRAM Sellers and the CPUC. IOUs suggest the following:
 - a. Frequency: Monthly
 - b. Data elements to be included: At a minimum,
 - i. Must Offer Obligation (MOO) bidding information, including the prices, dates and hours;
 - ii. Day-Ahead and Real-Time award and dispatch results;
 - iii. Penalty, if any, assessed by CAISO;
 - iv. List of customers participating in each dispatch event, including service accounts, name, address, customer class, baseline and load reduction calculated for each dispatch intervals.
2. **SDG&E is also in support of the monthly report, similar to that of Demand Response monthly report to the CPUC.** The ex-post information on the summary page of the monthly report is not accurate or useful. Seller's ability to estimate the load reduction depends on the availability of metered data from the IOUs. IOUs suggest the following:
 - a. Each DRAM Seller should be required to provide monthly reports similar in format to those IOUs provide on IOUs DR programs. The information should include, but is not limited to:
 - i. Expected ex-ante load impact of the Seller's contract for the month;
 - ii. Number of enrolled customers;
 - iii. Event-specific data, *i.e.*, date, time, subLAP, customer count, estimated load reduction.

- b. Each monthly report should be posted publicly or distributed to the DRAM Buyers and CPUC Energy Division by the end of the month following the delivery month.
- c. The monthly report is not intended to take the place of a more rigorous impact evaluation, rather it provides more visibility into each contract's performance in a timely manner.

<End of proposals for topic 2.5-Performance Reports>