



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003
Filed November 19, 2020

COMMENTS OF CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE, SIERRA CLUB, UNION OF CONCERNED SCIENTISTS, AND GRID ALTERNATIVES ON THE ORDER INSTITUTING RULEMAKING EMERGENCY RELIABILITY

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This OIR presents a critical opportunity for the Commission to show leadership in the state’s fight to combat climate change. As 2020 has demonstrated, the devastation of climate change is here, and communities across California are feeling the impacts. The electricity sector has made major contributions to the problem and must be part of the solution. The OIR proposes some key elements of the solution – increased demand response and reliance on behind the meter resources, for example – that can be deployed for summer 2021. It also, unfortunately, suggests exploring potential directions that, rather than solving reliability and addressing climate emissions, would dig California deeper into a hole that we might no longer be able to get out of. The scope of this proceeding must focus on new and proven methods to increase reliability by investing in, and prioritizing, the communities that have borne the brunt of both the electricity generation system and environmental impacts for too long.

The California Environmental Justice Alliance, Sierra Club, Union of Concerned Scientists and Grid Alternatives (collectively “Justice Parties”) urge the Commission to do three things. First, the Justice Parties urge the Commission to reject calls to extend the life of once-through cooling (“OTC”) units again or invest in gas facilities. This is not the time to increase our investments in gas infrastructure rather than new clean energy. We need to keep our sights on the future and invest in that future. Second, the Justice Parties urge that the Commission not rely on harmful backup generators, which cause significant impacts for local communities. These diesel generators are not the answer for potential increases in power demand. Third, the Justice Parties urge the Commission to reduce barriers to demand response participation and to maximize demand response programs as an essential tool for fluctuating demand. Demand response was intended to be the first resource in the State’s loading order, but it is been given too

little attention and resources in the last decade. Demand response resources did not show up as expected during the August 14 and 15 outages.¹ It is important that the Commission identify why that happened and make changes to improve the effectiveness of demand response programs. As part of the increased commitment to demand response, the Justice Parties request increased investment in the DAC pilots, which are already ongoing. Increased investment will help ensure that DACs are not left behind and can participate in shifting their demand.

- 1. Should the Commission consider directing the IOUs to design a new paid advertising program for distributing CAISO's Flex Alerts in various outlets, including social media? If so, how should the Commission authorize a budget dedicated to this purpose and what measures and budget level should be considered?*

The Justice Parties support the recommendation to expand participation in Flex Alerts through increased advertising, and these expenditures should be monitored and discontinued in future years if they do not result in meaningful increases in Flex Alert participation. However, Flex Alerts should not replace meaningful investment in emergency load reduction programs and demand response programs, including increased investment in demand response for disadvantaged communities.

- 2. Should the Commission modify the Critical Peak Pricing (CPP) program to increase the number of allowed events per year, modify other attributes, or provide guidance on when the program should be dispatched?*

Decisions regarding CPP should be based on information showing efficacy of the existing CPP program in shifting load, especially to the extent the system will rely on CPP to meet emergency power situations. Once reliable information about effectiveness is shared, the Commission should modify the CPP program to increase the number of allowed events per year and provide guidance about when it should be dispatched. The Commission will need to balance increasing enrollment in the program with the number of events allowed. If the Commission increases the number of events by a significant amount, it may impact enrollment. We

¹ California Independent System Operator, Department of Market Monitoring, "Report on system and market conditions, issues and performance: August and September 2020" (November 24, 2020), at p. 5, available at <http://www.caiso.com/Documents/ReportonMarketConditionsIssuesandPerformanceAugustandSeptember2020-Nov242020.pdf>.

encourage the Commission to survey current customers in the CPP program about how program changes would impact their participation. The Commission should also improve program transparency to ensure that the program's non-residential customers understand the impacts of the program. The rate impact, for example, needs to be clear and understandable so that customers can fairly weigh participation. To the extent CPP applies to residential ratepayers, those customers will need careful and clear educational materials to ensure that they fully understand the program and do not experience sudden or unexpected increases in their energy bills. The Commission should also consider providing uniform CPP benefits across LSEs to better improve the transparency. Although CPP can be a useful tool to reducing demand, its impacts are not as clear as demand response programs.

3. *Should the Commission explore potential options to encourage non-IOU LSEs to develop programs similar to CPP?*

Yes. Programs similar to CPP can help shift non-IOU LSEs' load in critical periods. When exploring programs like CPP, the Commission should prioritize guidelines that ensure ratepayers fully understand how their bills might change under the program, depending on their energy usage. The programs will be more effective if customers understand the program well enough to modify their behaviors and reap the financial benefits of avoiding peak pricing. The Commission also should consider the effectiveness of existing programs in shifting load when encouraging non-IOU LSEs to develop similar programs.

4. *Should the Commission increase IOU marketing funds to increase enrollment in CPP or take other actions to increase customer participation in the program?*

If the Commission allows non-IOUs to enter the CPP, we encourage the Commission to work with LSEs to develop uniform marketing materials to increase enrollments and ensure that customers—particularly residential customers in the event they are included—fully understand the program and incentives. Given the tight timeframe, a uniform set of marketing tools that are accessible and understandable would be more helpful than numerous LSEs all developing their own materials.

5. *Should the Commission establish a new out-of-market and outside the RA framework emergency load reduction program (ELRP) that could be dispatched by CAISO/IOUs under specified conditions where participants are compensated only after the fact and*

based only on the amount of load reduction achieved during the dispatch window? If so, what are the key program design elements (e.g., dispatch conditions, compensation level, load reduction measurement considerations, target customer segments, etc.) that should be considered or incorporated? What other issues (such as interactions with existing supply-side and load-modifying programs) need to be considered in order to establish an ELRP? How should these issues be addressed?

Yes, other jurisdictions have instituted ELRPs with success. We suggest that the Commission begin this program by prioritizing industrial and commercial sources, much like the Governor’s Office did in August 2020 to reduce load.² Having a set program in place will help ensure that there is not a last minute scramble for reducing load.

The Commission can facilitate an ELRP to reduce load in California’s government buildings, and each individual utility can work with the highest energy users in their portfolio to develop ELRPs. The load reductions should separate out the loads that are driven by life, health, and safety from those that are driven by “business as usual” or profit. The ELRP system should also take into account emissions impacts of load reductions. For example, some load reduction measures, such as reducing particular industrial operations, may reduce air emissions, while others, such as switching to combustion-powered backup generation or prohibiting vessels at port from plugging in so they instead run their engines, will increase emissions. The ELRP system should prioritize measures that reduce emissions and avoid measures that increase them.

The Commission should work on developing alerts for ELRPs that reach impacted employees as well as the customer. These alerts should be given with as much advance notice as possible. The Commission can look at its PSPS event notification requirements as guidance for ensuring adequate notice provisions.

6. *Should the Commission allow BTM hybrid-solar-plus storage assets to participate and discharge their available capacity in excess of onsite load (and thus export to the grid) and receive compensation for the load reduction, including exported energy, under ELRP? Should this capability be expanded to include BTM stand-alone storage as well? Are there any Rule 21 or safety and reliability considerations that need to be addressed to permit storage, with or without NEM pairing, to export energy while participating in the ELRP? How should any safety and reliability issues be addressed?*

² See U.S. General Services Administration, “Emergency Electricity Reduction Measures,” (May 2020), available at <https://www.gsa.gov/real-estate/environmental-programs/energy-water-conservation/emergency-electricity-reduction-measures>.

Yes, the Commission should allow both BTM hybrid-solar-plus storage assets and stand-alone BTM storage to discharge available capacity and be compensated for participation in the ELRP. In doing so, the Commission should seek to establish a compensation value based on achieving maximum participation and demand reduction potential knowing that short term action to avoid rotating outages is the highest priority, and that a measure by measure evaluation of effectiveness will occur after the 2021 summer season. The Commission should also consider providing upfront incentives to customers to encourage ELRP participation as limiting compensation based on unpredictable events may inadvertently discourage customers' participation.

The Justice Parties note that in 2020, the Self-Generation Incentive Program (SGIP) program has received, processed, and/or incented the greatest amount of storage capacity of any year in program history.³ It is likely the majority of the more than 350 MW of capacity, with 168 MW reserved in SGIP's equity budgets, will be interconnected and available for ELRP participation before the summer of 2021.⁴

The Commission could also consider providing additional incentives and/or assistance to encourage BTM hybrid systems and standalone storage in DACs. For example, if compensation is provided to storage exports under the ELRP framework, specific effort should be made to encourage participation by low-income customers living in DACs, such as efforts to pair storage with SOMAH projects and DAC-SASH projects with the goal to be online by 2021.

7. *Should the Commission allow BTM Back-Up Generators (BUGs) to participate in and receive compensation under the ELRP? If so, are there any Rule 21, safety and reliability, or other considerations that need to be addressed in order to permit BUGs to operate to reduce load or export energy while participating in the ELRP? How should these issues be addressed? With respect to increasing supply during the peak demand and net demand peak hours in the summer of 2021, comments should address the following and include an estimate of the MW impact and how to address any cost allocation and recovery issues.*

³ See SGIP 2020 4th Quarter Workshop, slide 6 (as of November 12, 2020, 18,123 storage applications have been received compared to 14,003 storage applications in the prior three program years combined (2017 – 2019)), available at <https://www.selfgenca.com/documents/workshops/2020/q4>.

⁴ See *id.* at slides 8-12.

The Commission should emphatically prohibit BUGs from participation in and compensation from the ELRP because the public health concerns dramatically outweigh the purported benefits. Decision 16-09-056 prohibited demand response customers from using certain fossil fuel backup generators (BUGs) to provide load reductions during demand response events.⁵ This decision represented a long-awaited formalization of a policy that the Commission had supported in principle for over a decade. BUGs release hazardous air emissions wherever they are run, often in DACs. Encouraging the growth of demand response in DACs should not compromise air quality. An Advisory Report prepared for the Energy Division showed that if diesel generators provided as little as 1% of the overall demand response load reduction, demand response would release more NO_x emissions than if a natural gas plant had run instead.⁶ The same report showed that once diesel generators account for 0.3% of a load reduction, demand response would emit more SO₂ emissions than a peaker power plant.⁷

Diesel exhaust is a major health concern. More than 40 gaseous and particulate constituents of diesel exhaust are listed as hazardous air pollutants by U.S. Environmental Protection Agency or as toxic air contaminants by the California Air Resources Board, and at least 21 of these substances are listed by the state of California as known carcinogens or reproductive toxicants, and at least 21 of these substances are listed by California as known carcinogens or reproductive toxicants.⁸ These engines are also often concentrated in population centers. In the South Coast Air Quality Management District alone, over 100 schools are located within 300 meters (less than a quarter of a mile) of a diesel generator.⁹ Because of the gravity of diesel BUGs impacts, the Commission's decision to ban diesel BUGs in demand response was unambiguous. The Commission should not backtrack on its decision now. Instead, the Commission should continue to ensure that diesel BUGs are not relied on to shift demand, and particularly it should not incentivize operation during emergencies. Including BTM BUGs in an

⁵ D.16-09-056, p. 20.

⁶ See Erich Huffaker, "Not All DR Created Equal: Assessing the Rule of Backup Generation in Demand Response," May 2012.

⁷ *Id.* at p. 12.

⁸ See Nancy Ryan, et. al, *Smaller, Closer, Dirtier: Diesel Backup Generators in California*, 2002, available at https://www.edf.org/sites/default/files/2272_BUGsreport_0.pdf.

⁹ *Id.* at p. 51.

ELRP would provide new incentives for BUGs to emit toxic, carcinogenic pollutants into communities that are already breathing harmful air.

Diesel BUGs already pose too great a threat to human health in California. The Air Resources Board estimated that diesel BUGs during public service power shutoffs in October 2019 alone produced diesel particulate matter equivalent to almost 29,000 heavy duty diesel trucks driving on California roadways for one month.¹⁰ However, in contrast to diesel trucks, these backup generators remained stationary, concentrating all emissions in close proximity to where people live and breathe. Diesel emissions already pose an unacceptable threat to human health during emergencies, and the Commission should be *decreasing* incentives for BUGs operation, absolutely not adding new incentives. Justice Parties therefore urge the Commission explicitly to prohibit BUGs from participating in or receiving compensation in the ELRP.

8. *Should the Commission consider expedited procurement, including through the cost allocation mechanism for additional reliability procurement (e.g., expansion of existing gas-fired resources) that could be online for Summer 2021 and 2022? If so, how could this occur in order for the additional capacity to be online on time to address summer reliability needs. If not, why not?*

The Commission should only consider expedited procurement of resources that are consistent with the State’s GHG and AQ goals. The Commission should not consider expedited procurement of expanding gas resources. Allowing procurement of new gas capacity is inconsistent with numerous important mandates and rulings including SB 100, California’s commitment to decarbonization, SB 32, the Loading Order, statutes that require analysis of other resources before procurement of fossil fuel resources, and this Commission’s prior decision and planning, as discussed below.

SB 100 requires an orderly transition away from fossil fuel-powered electricity, and Executive Order B-55-18 requires California to achieve carbon neutrality by 2045. Allowing procurement of new gas capacity is inconsistent with these clear mandates and is likely to lead to stranded assets as California transitions to renewable and GHG-free fuels. Allowing the procurement of new fossil fuel capacity, which is generally calculated for a 30 year lifespan but often continues to operate for decades beyond that, is not “just and reasonable” when California

¹⁰ California Air Resources Board, “Potential Emissions Impact of Public Safety Power Shutoff (PSPS)” (Jan. 30, 2020) at p. 2, available at https://ww2.arb.ca.gov/sites/default/files/2020-01/Emissions_Inventory_Generator_Demand%20Usage_During_Power_Outage_01_30_20.pdf.

will be carbon neutral in twenty-five years. Utilizing the cost allocation mechanism to procure additional gas fired generation, in light of existing clean energy mandates, would increase costs to ratepayers and risk creating additional challenges for low-income ratepayers and those struggling to pay utility bills. The Commission has a duty to ensure its decisions are just and reasonable,¹¹ and the procurement of new fossil fuel capacity in light of SB 100 and the state's focus on retiring fossil-fueled facilities is not.

Allowing new fossil fuel capacity to be procured is also inconsistent with SB 32 and prior Commission precedent. The Commission has conducted a detailed analysis of what resources are necessary to meet GHG goals and requirements including SB 32. This analysis, implemented over the course of several years, is reflected in the Reference System Plan and the Preferred System Plan. Neither of these plans finds any need for new gas facilities.

Procurement of new fossil fuel capacity or resources is also inconsistent with the SB 350 requirement to minimize air emissions, with a priority for disadvantaged communities. Given the burden that fossil fuel facilities impose on disadvantaged communities, the Commission required in D.19-04-040 that any LSE proposing new natural plants make additional showings that lower-emitting or zero-emitting resource could not meet the identified resource need.¹² The Commission imposed these requirements based on the following reasoning:

both because of the clear nexus between natural gas generation and emissions in disadvantaged communities within the electric sector and because a portfolio that includes new gas plant procurement would be inconsistent with the portfolio we are adopting in this decision...., we will require that any LSE proposing to develop new natural gas resources or re-contract with existing natural gas resources in their IRP for a term of five years or more, regardless of whether it is located in a disadvantaged community, make a showing as to why another lower-emitting or preferably zero-emitting resource could not reasonably meet the need identified.¹³

¹¹ Cal. Public Util. Code § 451.

¹² D.18-02-018, p. 70.

¹³ D.18-02-018, p. 70.

As the Commission has further stated, it is “focused on minimizing the operation of fossil-fueled resources to the extent possible, especially in disadvantaged communities.”¹⁴

Allowing procurement of new fossil fuel capacity is also inconsistent with the LSE IRPs. To our knowledge, not one LSE made the showing required in D.19-04-040 for a new natural gas plant or new natural gas capacity in their approved IRPs.¹⁵ The Commission should not now contradict its own decision on the IRPs and order procurement that is inconsistent with LSE plans.

Allowing new fossil fuel resources to be procured is also inconsistent with the Loading Order, which requires procurement of preferred resources ahead of fossil fuel resources. As the Commission has found, “all utility procurement must be consistent with the Commission’s established Loading Order, or prioritization.”¹⁶

New fossil fuel capacity procurement is also inconsistent with SB 350 requirements to optimize procurement of resources other than fossil fuel for integration. Under Public Utilities Code Section 454.51(a), the Commission is required to “identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.”¹⁷ The Code further specifies that “[t]he portfolio shall rely upon zero carbon-emitting resources to the maximum extent reasonable and be designed to achieve” the GHG limit established by CARB.¹⁸ Section 400 further requires the Commission to “authorize procurement of resources to provide grid reliability services that minimize reliance on system power and fossil-fuel resources.”¹⁹

New fossil fuel capacity procurement is further inconsistent with Section 380 of the Public Utilities Code, which requires that the Commission advance, to the extent possible, “the state’s goals for clean energy, reducing air pollution, and reducing greenhouse gas emissions.”²⁰

¹⁴ D.19-04-040, p. 136.

¹⁵ See CEJA and Sierra Club Sept. 12, 2018 Comments (describing each LSE submission).

¹⁶ D.14-03-004, p. 14.

¹⁷ Cal. Public Util. Code § 454.51(a).

¹⁸ Cal. Public Util. Code § 380.

¹⁹ Cal. Public Util. Code § 400(c).

²⁰ Cal. Public Util. Code § 380.

For all the reasons described above, the Commission should not allow for the procurement of new natural gas capacity.

9. *If the CEC, CAISO, or the CPUC conducts additional analyses regarding Summer 2021 load forecasts, should the Commission consider a mechanism to update RA requirements in April for the summer of 2021 or would it be appropriate for CAISO to use its capacity procurement mechanism (CPM) to procure additional capacity for the summer of 2021, should it be deemed necessary?*

The Commission should consider a mechanism to update RA requirements for summer 2021. CAISO's Department of Market Monitoring recently issued a report describing significant amounts of resource adequacy capacity that were unavailable during the August 14 and 15 outages.²¹ The Commission must at least explore options to improve counting rules for RA capacity so that grid operators have a realistic idea of what resources are available. Accuracy could help avoid future reliance on unsustainable and highly polluting back up energy sources, such as diesel backup generators, and help ensure that California meets its 2030 and 2045 clean energy targets.

10. *Should the Commission undertake a stack analysis of the amount of resources that would be necessary for Summer of 2021?*

The Commission will need to undertake an analysis to determine the resources needed next summer, but it is not yet clear which type of analysis will produce the most useful results. A stack analysis of peak load may not reveal capacity shortfalls that are more likely to occur during the net peak load hours. However, a more rigorous analysis, such as SERVM reliability modeling, may not be timely. As a middle ground, the Commission might consider completing a stack analysis that focuses on net peak load rather than peak load. A focus on net peak load might be more indicative of reliability issues.

11. *Should the Commission consider requiring that load serving entities expedite the IRP procurement they have scheduled to come online? How would the Commission provide*

²¹ California Independent System Operator, Department of Market Monitoring, "Report on system and market conditions, issues and performance: August and September 2020" (November 24, 2020) at p. 5, available at <http://www.caiso.com/Documents/ReportonMarketConditionsIssuesandPerformanceAugustandSeptember2020-Nov242020.pdf>.

equitable incentives so that the expedited process does not disproportionately increase costs for that LSE? If so, please explain how this would work. If not, why not?

The Commission should give LSEs the opportunity to expedite and increase procurement, but many LSEs already have set contracts for resources. Rather than focus on changing those existing contracts, we recommend focusing on options that can be implemented quickly, such as solidifying emergency demand response.

Justice Parties note that the procurement of new clean resources—specifically additional renewable energy resources and energy storage—is necessary to address the state’s long-term reliability and decarbonization requirements. In this proceeding and others, the Commission often asks the same question in various permutations: how can we ensure the grid’s reliability despite climate change? There is no new, surprising answer, only the one that has long been before the Commission. We need more clean resources. Justice Parties²² and others²³ have repeatedly pushed the Commission in the IRP proceeding and elsewhere to order the procurement of new energy efficiency, renewable energy, and energy storage to decarbonize the electric sector, reduce criteria pollutant emissions, and ensure that the grid can maintain reliability. California needs to build dramatically more clean resources. The Commission needs to provide leadership in this proceeding and others to set us on a long-term trajectory to meet this challenge, or else we will face recurring emergency proceedings like this one in future years.

12. Are there other opportunities for increasing supply for the summer of 2021 and/or reduce demand that the CPUC has not considered? If so, please provide details of these supply or demand resources and please explain how they can address reliability needs in the timeframe discussed in this OIR.

²² See, e.g., R.20-05-003 Comments of California Environmental Justice Alliance and Sierra Club on Transmission Planning Process Portfolios and Busbar Mapping, at p. 4 (Nov. 10, 2020) (“Given that the 38 MMT portfolio includes more procurement than the 46 MMT portfolio, it is more likely to reduce these reliability concerns than the high GHG 46 MMT case. ... [W]e request that the Commission develop a 38 MMT portfolio that meets reliability while also reflecting LSE preferences.”).

²³ See, e.g., R.20-05-003 Comments of the California Independent System Operator, p.3 (Oct. 23, 2020) (describing modeling and reliability concerns, “Although the [Reference System Plan] and the 38 MMT Portfolio include significant incremental resource additions by 2026, the CAISO’s production cost modeling analysis shows they likely underestimate the total quantity of new resources needed to maintain reliability.”). See also, American Wind Energy Association of California, at p. 1 (“To ensure reliability, decarbonization, and affordability the Commission must use the 38 MMT as the starting point for scenario development going forward.”).

Yes, the utilities have recently enrolled customers in their disadvantaged communities demand response pilot programs, and CCAs are developing innovative programs to increase the ability of disadvantaged and low-income communities to participate in these demand-reduction programs.²⁴ The budget for the pilot projects was extremely modest (\$2.5 million to be shared among PG&E, SCE and SDG&E) but the concepts being piloted can be of immediate use for summer 2021 and beyond. The pilot projects are rooted in providing economic benefits to disadvantaged communities and reducing air pollution while pursuing innovative load-shifting and load reduction measures.²⁵ These are key concepts in 2021.

Demand reduction programs and other options for increasing supply must prioritize emission reduction in California's most polluted communities, not only to meet climate targets, but also to protect public health at this critical time. Disadvantaged communities have been ravaged by the coronavirus pandemic at rates far exceeding whiter, more affluent, communities. Further, studies show that COVID-19 risks increase significantly with increased exposure to air pollution such as that emitted by gas-fired power plants when they ramp, and contribute to smog on extremely hot days. In particular, a study by Harvard University's School of Public Health found that a small increase in long-term exposure to particulate matter was associated with a 15 percent increase in the COVID-19 death rate.²⁶ Another analysis found that nearly 80% of the deaths in Italy, Spain, France, and Germany occurred in the five most polluted regions based on nitrogen dioxide concentrations.²⁷ The initial wave of scientific literature points to the urgency

²⁴ See, e.g., "The Olivine Community: Fresno Energy Program" Presentation (July 17, 2020), available at https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/Item%204_PGE%20DAC%20Pilot%20Update_July%202020.pdf.

²⁵ D.18-11-029, pp. 66-67; Assigned Commissioner's Office Draft Straw Proposal (Feb. 27, 2018) proceeding A.17-01-012 et. al., at p. 11.

²⁶ See Wu, X., Nethery, R. C., Sabath, M. B., Braun, D. and Dominici, F., 2020. Air pollution and COVID-19 mortality in the United States: Strengths and limitations of an ecological regression analysis. *Science advances*, 6(45), p.eabd4049, available at <https://projects.iq.harvard.edu/covid-pm>.

²⁷ See Yaron Ogen, Assessing nitrogen dioxide (NO₂) levels as a contributing factor to coronavirus (COVID-19) fatality, *Science of The Total Environment*, Volume 726, 2020, 138605, ISSN 0048-9697, <https://doi.org/10.1016/j.scitotenv.2020.138605>, available at <http://www.sciencedirect.com/science/article/pii/S0048969720321215>.

and necessity of the state’s next actions: air pollution must be reduced to protect and save lives in the most vulnerable communities.²⁸ As researchers observed: “our findings underscore the need to hold governments accountable for the installation of environmental protections that will permanently maintain safe levels of air pollution to protect public human health, rather than removing those environmental protections at the behest of the industries that pollute our environment.”²⁹

The demand reduction pilots offer an opportunity to create financial benefits in addition to addressing reliability needs, which is especially important during the pandemic. The economic impacts of the virus are affecting all of California, but people in DACs are disproportionately low-income and less able to rely on savings or safety nets to get through extended periods of reduced earning. The pilots do not include existing DR programs, but rather are entirely new efforts that can provide added DR to support the entire state if the need should arise in 2021.³⁰ These programs can and should be increased as a way that disadvantaged communities can benefit financially while shifting load when electricity demand is high.

13. Should the Commission consider revisions to the reliability DR programs (Base Interruptible Program-BIP, Agriculture Pump Interruptible-API, AC cycling) that allow these programs to be triggered before the Warning stage (e.g., after an Alert in the day-ahead timeframe)? If so, under what conditions and how would this work? If not, why not?

Yes, the Commission should consider revisions to the program to make the program more accessible and transparent, which has been an issue in the past.

14. Are there other changes to the BIP that would make it more effective to meet load under a variety of conditions during the summer of 2021 (e.g., expansion of the 2% cap, mid-year enrollment, trigger notification time, etc.)?

²⁸ See Anushka Bhaskar, et. al, “Air pollution, SARS-CoV-2 transmission, and COVID-19 outcomes: A state-of-the-science review of a rapidly evolving research area”, medRxiv 2020.08.16.20175901; doi: <https://doi.org/10.1101/2020.08.16.20175901>, available at <https://www.medrxiv.org/content/10.1101/2020.08.16.20175901v1> (reviewing over twenty studies finding a connection between air pollution and COVID outcomes).

²⁹ See *id.*

³⁰ D.18-11-029, at pp. 67-68.

We highly recommend expanding the cap and allowing mid-year enrollment. Enrollment should be streamlined as much as possible to ensure that those interested in participating are given an opportunity.

15. Should the Commission consider authorizing another variation of the IOUs' Capacity Bidding Program in which customers can be dispatched in the Real-Time Market (RTM) under specified conditions? If so, what should be the required program attributes and dispatch conditions?

Justice Parties reserve the right to respond in reply.

16. Should the Commission order a supplemental Demand Response Auction Mechanism (DRAM) auction to be held in early 2021 to procure additional DR resources for summer 2021 (e.g., July – September)? If so, what level of budget authorization should be considered and why?

Yes, the Commission should hold another DRAM auction, while also pursuing all the other actions recommended above. The DRAM auction mechanism is the primary mechanism that is in place for DR procurement. Accelerating, and funding, that mechanism would be wise, given alternative suggestions such as investing in additional gas generation or emphasis on back-up generators. It is better to purchase demand response than to invest in infrastructure that may later lead to stranded assets.

17. Should the Commission explore short-term measures to expand electric vehicle (EV) participation in currently available DR programs (IOU DR, DRAM, non-IOU LSE DR)?

Yes, this is an opportunity to begin harnessing the ability of EVs to provide demand response. A proposed decision issued in the DRIVE OIR (R.18-12-006) calls for a workshop “in the first quarter of 2021 to educate potential VGI demand response providers on demand response opportunities and identify any barriers to participation for VGI resources.”³¹ The Commission should consider making that workshop a joint workshop with this proceeding and identifying short-term measures that could allow EVs to participate in existing DR programs to meet summer 2021 reliability needs. The Commission should consider criteria or guidelines that encourage EVs to become reliable demand response resources, to avoid some of the problems

³¹ Rulemaking 18-12-006, Proposed Decision Concerning Implementation of Senate Bill 676 and Vehicle-to-Grid Integration Strategies, p. 32 (November 13, 2020).

that DMM identified in its recent report.³² It will also be important to set guidelines for clear communication about DR programs with consumers and fleet operators.

In the longer term, the Commission's efforts to develop vehicle-to-grid and vehicle-to-building assets should naturally turn toward EV efforts focused in DACs. At a minimum, for summer 2021, the Commission should implement additional rules regarding charging on-peak.

18. Should the Commission consider measures to minimize potential attrition and loss of capacity in existing utility DR programs, such as increasing incentives, reducing dispatch activity limits, and clarifying expectations regarding when programs are dispatched?

The Commission should consider ways to clarify the program and make it more accessible. To the extent there is concern about attrition, the LSEs should present data correlating reductions in customer participation with number and duration of dispatch, incentive levels and quality and quantity of customer notification prior to dispatch.

November 30, 2020

Respectfully submitted,

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³² *Id.*