

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

02/24/22

Rulemaking 21-10-002:12 PM
(Filed October 7, 2021) 110002

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations.

**REPLY COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL,
ENEL X NORTH AMERICA, INC., LEAPFROG POWER, INC.,
AND OLIVINE, INC. ON PHASE 2 PROPOSALS**

Dated: February 24, 2022

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I. INTRODUCTION

The California Efficiency + Demand Management Council (“the Council”)¹ and Enel X North America, Inc., Leapfrog Power, Inc., and Olivine, Inc. (collectively “the DR Coalition”) appreciate this opportunity to submit its Reply Comments on the Phase 2 Proposals, submitted in this resource adequacy (“RA”) proceeding on January 21, 2022. These Reply Comments have been timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the Assigned Commissioner’s Scoping Memo and Ruling (“Scoping Memo”), issued on December 2, 2021.

II. SUMMARY

The DR recommends the following:

- The Commission should not adopt the California Independent System Operator (“CAISO”) demand response (“DR”) qualifying capacity (“QC”) proposal in 2024.
- The relationship of the California Energy Commission (“CEC”) and Energy Division regarding DR QC determination should be clearly defined.
- The Energy Division’s DR testing proposal should clarify that it is applicable only to third-party contracts until rules are established for biennial testing.

¹ The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

III. THE COMMISSION SHOULD NOT ADOPT THE CAISO DR QC PROPOSAL IN 2024

The DR Coalition agrees with the OhmConnect, Inc. (“OhmConnect”) recommendation that the Commission devote 2022 to developing a long-term DR QC methodology proposal rather than adopting CAISO’s interim proposal for 2024.² The Commission should also take it one step further and refrain from adopting a long-term methodology until after the final Slice-of-Day framework is approved. In Decision (“D.”) 21-07-014, the Commission indicated its expectation that the new Slice-of-Day framework would be implemented in 2024. If the Commission maintains this timeline, then CAISO’s proposal, in its current form, would clearly not be workable for the reasons Pacific Gas and Electric Company (“PG&E”) and California Large Energy Consumers Association (“CLECA”) cite.³

As CLECA clearly explains, “the use of a single monthly [Effective Load Carrying Capability (“ELCC”)] value does not work” with either of the two prevailing Slice-of-Day proposals because ELCC values are at the monthly level while both Slice-of-Day proposals would require more granular QC values (as many as 24) for any given month.⁴ The use of the ELCC to determine QC values at a level as granular as each hour is a misapplication of the model and stretches it beyond what it is plausibly intended to do. Even PG&E, one of the co-sponsors of the CAISO proposal in the CEC’s Supply Side DR QC working group, only expresses support for it “under the current RA construct” and suggests that “the merit of LIP profile-informed ELCC...must be considered within the context of slice of day development and implementation” because a 24-slice approach already accounts for the inter-hour variability of DR resources. This means that “the need for the ELCC is greatly reduced, if not eliminated altogether.”⁵

Should the Commission ultimately implement the Slice-of-Day framework in 2025 or later rather than in 2024, all of the interim DR QC methodologies that the Commission adopts in its June 2022 decision should be retained until the Slice-of-Day is implemented. Under no circumstances should the Commission approve the CAISO proposal for a longer period of time than the other interim DR QC proposals it adopts.

² OhmConnect Opening Comments, at pp. 2-3.

³ CLECA Opening Comments, at pp. 7-8 and PG&E Opening Comments, at p. 11.

⁴ CLECA Opening Comments, at pp. 7-8.

⁵ PG&E Opening Comments, at p. 11.

IV. THE RELATIONSHIP OF THE CEC AND ENERGY DIVISION REGARDING DR QC DETERMINATION SHOULD BE CLEARLY DEFINED

The DR Coalition strongly agrees with OhmConnect’s recommendation that the specific roles and responsibilities of the CEC and Energy Division Staff should be clearly defined.⁶ The current process used by the Energy Division for assessing Load Impact Protocol (“LIP”) evaluations to determine DR QC values is already very opaque, and the DR Coalition is highly concerned that this process will become even more so with the insertion of another agency. For instance, will QC values be determined through negotiations between the Energy Division and CEC staff? The Commission should direct the Energy Division to work with CEC staff to develop a clear timeline of the process, including the responsibilities of each agency. In addition, sharing of this duty between two State agencies will inevitably result in confusion on occasion, so the Commission should require that each IOU and DR provider be provided with a specific point of contact at both agencies. This is especially necessary so that a DR provider will know exactly which agency to contact should they make an inquiry with regard to the status of its LIP evaluation.

V. THE ENERGY DIVISION’S DR TESTING PROPOSAL SHOULD CLARIFY THAT IT IS APPLICABLE ONLY TO THIRD-PARTY CONTRACTS UNTIL RULES ARE ESTABLISHED FOR BIENNIAL TESTING

In its opening comments, Southern California Edison (“SCE”) highlighted some important gaps in the Energy Division’s DR testing proposal that must be addressed to ensure clarity in these rules.⁷ First, SCE recommended the Energy Division proposal be modified to explicitly state that expansion of the testing rules would not apply to the investor-owned utility (“IOU”) tariffed aggregator DR programs.⁸ The DR Coalition assumes it was not the Energy Division’s intention to expand DR testing rules to these programs but stakeholders would benefit from this clarity to avoid any confusion.

Second, SCE recommends that the Energy Division refine its proposal to exempt existing legacy reliability DR resources (“RDRRs”), proxy DRs (“PDRs”) that are dispatched less than 50 percent of its maximum tariff or contract provisions, and DR contracts executed and approved

⁶ OhmConnect Opening Comments, at p. 4.

⁷ SCE Opening Comments, at p. 5.

⁸ *Id.*

before the effective date of the Commission’s decision on this proposal.⁹ The DR Coalition supports SCE’s recommendation with regard to legacy RDRR resources and pre-existing Commission-approved contracts.

However, applying DR testing rules to Capacity Bidding Program (“CBP”) resources based on the number of remaining minimum dispatch hours is overly complicated and would simply reduce the availability of CBP resources when they are actually needed. Furthermore, SCE has not demonstrated that existing CBP testing rules are insufficient. In fact, the IOUs already have the right to test CBP resources. PG&E’s CBP tariff allows PG&E to call a test event as frequently as once per month,¹⁰ SCE’s CBP tariff allows it to test up the three times per year,¹¹ and San Diego Gas & Electric’s (“SDG&E’s”) CBP tariff allows it to call test events up to twice per year.¹² D.20-06-031 adopted testing rules for third-party DR contracts only. The Commission should clarify that the updated testing requirements similarly only apply to third-party DR.

VI. CONCLUSION

The DR Coalition appreciates the opportunity to submit Reply Comments on the RA Phase 2 proposals.

Dated: February 24, 2022

Respectfully submitted,

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⁹ SCE Opening Comments, at p. 5.

¹⁰ PG&E Schedule E-CBP, at Sheet 10.

¹¹ SCE Schedule CBP, at Sheet 5.

¹² SDG&E Schedule CBP, at Sheet 6.