BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations.	Rulemaking 21-10-002

OHMCONNECT, INC. REPLY COMMENTS ON RESOURCE ADEQUACY REFORM WORKING GROUP REPORT

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OHMCONNECT, INC. REPLY COMMENTS ON RESOURCE ADEQUACY REFORM WORKING GROUP REPORT

Pursuant to September 2, 2022 *Assigned Commissioner's Amended Scoping Memo and Ruling* ("September Ruling"), OhmConnect, Inc. ("OhmConnect") respectfully submits this reply to parties' opening comments on the *Resource Adequacy Reform Working Group Report* ("Working Group Report"). OhmConnect focuses solely on issues contained within workstream 2, specifically, on the adaptation of the load impact protocol outputs to the 24-hour Slice-of-Day framework during the 2024 test year. As explained in detail below, the California Public Utilities Commission ("Commission") should:

1. Permit variable showing of demand response ("DR") resources across all hours;
2. Harmonize the planning assumptions between the resource adequacy ("RA") program and DR valuation; and
3. Maintain the existing monthly availability requirements for DR.

I. REPLY TO PARTY COMMENTS CONCERNING WORKSTREAM 2

A. The Commission should permit variable showing of DR resources across all hours.

The qualifying capacity ("QC") of DR should be variable across all hours, consistent with the current load impact protocols ex ante modeling. As such, Option 1 as presented by the

Commission's Energy Division Staff[1] and supported in the opening comments of the California Large Energy Consumers Association ("CLECA"), Pacific Gas and Electric Company ("PG&E"), and Southern California Edison Company ("SCE")[2] is the most sensible method for adapting the load impact protocol outputs to the Slice of Day framework. The Commission should adopt this option for the 2024 test year. The demand response provider ("DRP") should be responsible for determining the operational window for its resource—taking into account the minimum requirements of the RA program—and modeling the expected capability across that window.

Options 2-4 are not workable and should not be adopted. Option 2, which would cap the hourly variable capacity of the resource at average of the worst four hours during the Availability Assessment Hours ("AAH"), creates an artificial variable capability profile whereby the "true" capability in some hours is arbitrarily diminished. SCE correctly notes that "[f]or weather-sensitive DR resources in which the maximum capacity often occurs during the first hour of the event that could encompass the AAH, the cap proposed in Option 2 would *understate* the DR resource's available capacity."[3] Option 3, which would show DR's capacity for any four hours, unnecessarily caps program duration at a maximum of four hours and appears to contradict the existing four-hour continuous operation requirement. Option 4, which would set the hourly capability of DR at the minimum of the hourly capacity shown in the AAH window, inappropriately creates a flat, artificially low profile for a variable resource. As CLECA

[1] R.21-10-002 Energy Division, Reform Track Workshop, Use of Load Impact Protocol Outputs Under 24-hour Slice Framework (Sept. 16, 2022).

[2] CLECA Opening Comments on Working Group Report at 9; PG&E Opening Comments on the Working Group Report at 7; SCE Opening Comments on the Working Group Report at 2.

[3] SCE Opening Comments on the Working Group Report at 2 (emphasis in original).

correctly notes, this option "directly contradicts the slice-of-day framework to move to a RA construct that shows resources' capacity values varying by hour."[4]

While spillover effects should be modeled if present to the extent possible, they should not be introduced into QC valuation. First, spillover effects are often relatively minor—they do not reflect the near one-to-one relationship of storage charging and discharging—so the benefit of the incremental precision will likely be dwarfed by the cost of the added complexity. For example, will an LSE purchasing the DR resource effectively have their RA obligation *increased* in the hours outside of the DR resource's operational window? Second, requiring negative crediting or "negative capacity" to be sold to LSEs would incentivize DRPs to minimize any such spillover. For example, one means of accomplishing this would be to discourage DR customers from taking actions such as pre-cooling their homes ahead of an evening event. However, this type of load shift should be *encouraged*, not discouraged, by the RA program. To that end, OhmConnect echoes SCE's statement that "[a]ny impactful spillover effects around the event window (e.g., pre-cooling or snapback) would also be shown for the purpose of showing how the DR resource behaves, not for resource counting."[5]

B. The Commission should harmonize the planning assumptions between the RA program and DR valuation.

The planning conditions used to value demand response and forecast load for the purposes of RA should be harmonized, both in 2024 and beyond. Therefore, the Commission should adopt the proposal of CLECA and DSA, reiterated in CLECA's comments, to "[a]lign

[4] CLECA Opening Comments on the Working Group Report at 10.

[5] SCE Opening Comments at 1-2.

weather conditions for a DR event with the assumptions for the worst day of the month planning conditions, as defined by the RA working group."[6]

Per the 2017 QC Methodology Manual, DR's QC is based on the 1-in-2 weather year for the monthly system peak day.[7] The utilization of 1-in-2 weather for DR impact estimation has traditionally reflected the use of 1-in-2 weather conditions for the purposes of load forecasting. Under the Slice of Day framework, however, load forecasts will use "worst-day" conditions, defined as "the day of the month that contains the hour with the highest coincident peak load forecast."[8] It is unclear whether the "worst day" conditions will continue to reflect 1-in-2 weather. If the answer is "no", DR planning weather conditions should be updated to reflect the worst-day of the month as defined by the RA program. This is true for both the 2024 test year as well as all future years.

C. The Commission should maintain the existing monthly availability requirements for DR.

The Commission should not alter the monthly availability requirement of DR during the 2024 test year. Anything less than 24 hours would introduce a discrepancy between the Commission requirement and that of the CAISO.[9] Anything more could result in greater customer fatigue for no obvious benefit. PG&E's recommendation that "DR be required to be

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[6] CLECA Opening Comments at 7.

[7] Qualifying Capacity Methodology Manual Adopted 2017 at 14: "...the 1-in-10 weather year … are not needed for QC calculation.", https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/a/6442455533-adopted-qc-methodologymanual-2017.pdf.

[8] D.22-06-050, Appendix A at 1.

[9] Per CAISO Tariff 40.8.1.13, "Proxy Demand Resource[s] must have the ability to (i) be dispatched for at least twenty-four hours per month . . . in order to qualify as Resource Adequacy Capacity.", http://www.caiso.com/Documents/Section40-ResourceAdequacyDemonstration-for-SchedulingCoordinatorsintheCaliforniaISOBalancingAuthorityArea-asof-Aug15-2022.pdf (last visited Dec. 9, 2022).

available 30 hours each month"[10] is unfounded; there is no explanation for why increasing the availability requirement from 24 to 30 hours would improve reliability in any meaningful way.

II. CONCLUSION

OhmConnect appreciates the opportunity to submit these reply comments to party Opening Comments on the Working Group Report.

Respectfully submitted,

By: /s/_____

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[10] PG&E Opening Comments on the Working Group Report at 11.