



FILED

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R2110002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**ADMINISTRATIVE LAW JUDGE'S RULING
ON CORRECTED VERSION OF
CALIFORNIA ENERGY COMMISSION'S REPORT**

This ruling attaches the corrected and final version of California Energy Commission's (CEC) Qualifying Capacity (QC) of Supply-Side Demand Response (DR) Working Group Report.

**1. Corrected Version of CEC's
Demand Response Report**

On February 2, 2023, an Administrative Law Judge's (ALJ) ruling attached CEC's QC of Supply-Side DR Working Group Report (Initial CEC Report). On February 15, 2023, an ALJ's ruling was issued that established a comment schedule for the Initial CEC Report and provided questions to address in comments. The ruling set a deadline for opening comments on March 1, 2023, with reply comments due on March 8, 2023.

On February 22, 2023, CEC notified the service list of this proceeding in an e-mail that "CEC staff inadvertently served a draft of the report in this proceeding." CEC's e-mail attached the corrected and final version of the CEC Report (Final CEC Report).

For reference, the Final CEC Report differs from the Initial CEC Report in the following substantive ways:

1. Bid-normalized Load Impacts (BNLI): Reverted to originally proposed BNLI definition and removed all references to alternative definition. Added recommendation to discard dispatches below 20 percent of the bid amount.
2. Incentive Implementation: the California Public Utilities Commission rather than the California Independent System Operator (CAISO) is recommended to implement incentive mechanism. The draft report also erroneously recommended the CAISO take the role of approving QC values, which has been corrected in this version.
3. Penalty Design: Changed the penalty design from applying below the 94.5 percent cutoff/threshold to a 1.058 multiplier in the calculation of effective capacity. Added alternative Capacity Shortfall Penalty implementation option using standardized penalty price.
4. Reporting Requirements: Eliminated recommendation to apply streamlined load impact protocols (per OhmConnect Inc.'s proposal) and replaced with reporting requirements enumerated in the California Efficiency + Demand Management Council's proposal.
5. Consistent Framework: Added recommendation to apply a consistent QC framework and methodology across investor-owned utility, Demand Response Auction Mechanism, and bilaterally contracted DR resources.

The Final CEC Report is attached to this ruling. Parties shall refer to the Final CEC Report in submitting opening comments on March 1, 2023, and reply comments on March 8, 2023.

ATTACHMENT