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.
IT IS RULED that the corrected and final version of California Energy Commission’s Demand Response Working Group Report is attached to this ruling.

Dated February 24, 2023, at San Francisco, California.

/s/ DEBBIE CHIV
Debbie Chiv
Administrative Law Judge
ATTACHMENT