

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.

**REPLY COMMENTS OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES ON
PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2024-
2026, FLEXIBLE CAPACITY OBLIGATIONS FOR 2024, AND PROGRAM
REFINEMENTS**

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REFINEMENTS**

The Center for Energy Efficiency and Renewable Technologies (CEERT) submits these Reply Comments on the Proposed Decision Adopting local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements (Proposed Decision), mailed in this proceeding (R.21-10-002 (Resource Adequacy (RA))) on May 25, 2023. These Reply Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**I.
CEERT SUPPORTS THE MULTIPLE PARTIES WHO OPPOSE ADOPTING A BID
CAP SPECIFIC TO PROXY DEMAND RESPONSE ASSETS**

The Proposed Decision orders that starting in the 2024 RA compliance year, “in order for proxy demand response resources to count toward Resource Adequacy requirements, proxy demand response resources must be bid no higher than \$500 per megawatt hour for the months of July through September in the day-ahead and real-time markets.”¹ However, numerous parties, including but not limited to the California Efficiency + Demand Management Council and CPower (the Joint Parties), California Energy Storage Alliance (CESA), California Large Energy Consumers Association (CLECA), Leapfrog Power, Inc. (Leap) and Southern California

¹ Proposed Decision, at p. 121 (Ordering Paragraph 23).

Edison Company (SCE) oppose this bid cap because it is too low.² CLECA states that “[i]mposing a lower bid cap pushes those DR MWs out of the program and makes emergency conditions harder to manage.”³

The Joint Parties oppose the PDR bid cap “because it would unfairly limit the ability of some DR participants to reflect their opportunity cost in their CAISO market bids because many DR participants opportunity costs exceed \$500/MWh.”⁴ Furthermore, the Joint Parties demonstrate the Proposed Decision claims that there is a need to improve PDRs’ contribution to reliability, but the Proposed Decision does not explain how this concept is measured in this context.⁵ Leap discusses another issue that would occur with a low bid cap which is that resources would be fatigued more often by long periods of consecutive dispatch events.⁶ Furthermore, SCE’s concerns are that if the bid cap is too low it “may decrease the value or optimization of PDRs and potentially increase customer fatigue in conjunction with the Commission’s other DR requirements.”⁷

Some parties urge that if the Commission insists on implementing a bid cap that it should be \$949/MWh.⁸ CESA argues that this bid cap will suffice to mitigate Energy Division’s concern that reliability DR resource (RDRR) “assets are dispatched ahead of PDR assets.”⁹ Similarly, CLECA states that “the bid cap must be high enough to ensure the appropriate

² CESA Opening Comments, at p. 2; CLECA Opening Comments, at p. 13; the Joint Parties Opening Comments, at pp. 6-9; Leap Opening Comments, at pp. 3-6; and SCE Opening Comments, at pp. 6-7.

³ CLECA Opening Comments, at p. 13.

⁴ The Joint Parties Opening Comments, at p. 7.

⁵ *Id.*, at p. 8.

⁶ Leap Opening Comments, at p. 4.

⁷ SCE Opening Comments, at p. 7.

⁸ CESA Opening Comments, at p. 3; CLECA Opening Comments, at p. 13; and Leap Opening Comments, at p. 5..

⁹ *Id.*, at p. 3.

dispatch order.”¹⁰ As such, CEERT recommends elimination of the PDR bid cap, but if one is imposed it should be \$949/MWh.

II. THE TRANSMISSION LOAD FACTOR ADDER SHOULD NOT BE ELIMINATED

CEERT agrees with parties such as CLECA, the Joint Parties, and Leap that elimination of the Transmission Load Factor (TLF) Adder would have negative consequences.¹¹ CLECA argues that eliminating the TLF would unreasonably favor load modifying DR and devalue highly reliable RDRR.¹² CEERT agrees with the Joint Parties that eliminating the TLF Adder “would also put California at odds with other wholesale markets[]” and the Proposed Decision “errs by providing no evidence to support its contention that the administrative burden of implementing the TLF Adder actually outweighs the value of the DR capacity that would be lost.”¹³ Leap correctly states that “removing adders that represent legitimate benefits provided by DR is an unfair and inappropriate response to an administrative challenge.”¹⁴ CEERT urges the Commission not to remove the TLF Adder.

III. CEERT AGREES WITH THE JOINT PARTIES THAT THE CALIFORNIA ENERGY COMMISSION PROCESS SHOULD BE ACCELERATED

CEERT agrees with the Joint Parties who appreciate the fact that the Proposed Decision will continue to develop the California Energy Commission’s (CECs) DR Qualifying Capacity (QC) counting proposal.¹⁵ In addition, CEERT concurs with the Joint Parties that the timeline

¹⁰ CLECA Opening Comments, at p. 13.

¹¹ CLECA Opening Comments, at pp. 10-13; the Joint Parties Opening Comments, at pp. 10-11; and Leap Opening Comments, at p. 6.

¹² CLECA Opening Comments, at p. 12.

¹³ The Joint Parties Opening Comments, at p. 11.

¹⁴ Leap Opening Comments, at p. 6.

¹⁵ The Joint Parties Opening Comments, at p. 2.

set forth for further evaluation of this proposal in the Proposed Decision should be accelerated.¹⁶ As such, CEERT supports the accelerated timeframe set forth by the Joint Parties.¹⁷ This accelerated timeline would “forego the need to create yet another working group to revise the [Load Impact Protocols (LIPs)].¹⁸

Leap shares the request for an expedited schedule to implement the CEC’s QC methodology.¹⁹ CEERT agrees with Leap that “[it] should be feasible to shorten this review period so that the Energy Division (ED) and CEC submit a finalized proposal in summer rather than winter 2024, providing time for the Commission to rule on the proposal for implementation in 2025.”²⁰ As such, CEERT urges the Commission to adopt the accelerated timeframe set forth by the Joint Parties.

IV. CONCLUSION

CEERT appreciates the opportunity to submit these Reply Comments.

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Respectfully submitted,

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¹⁶ The Joint Parties Opening Comments, at p. 4.

¹⁷ *Id.*, at p. 5.

¹⁸ *Id.*

¹⁹ Leap Opening Comments, at p. 2.

²⁰ *Id.*, at p. 3.