



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
(Filed October 07, 2021)**

**CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION
REPLY TO RESPONSES TO PETITION FOR MODIFICATION OF DECISION 23-06-029**

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Pursuant to Rule 16.4(g) of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) and Administrative Law Judge (ALJ) Debbie Chiv's September 27, 2023 email,¹ the California Large Energy Consumers Association (CLECA)² submits this reply to parties' responses³ to CLECA's Petition for Modification (PFM) of Decision (D.) 23-06-029 (the RA Decision).

¹ On September 27, ALJ Chiv granted CLECA's request to file a reply to responses to CLECA's PFM by no later than October 5, 2023.

² CLECA member companies produce goods essential for daily life including critical infrastructure, oxygen for hospitals and food distribution. CLECA's members represent the steel, cement, industrial and medical gas, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electrical demand exceeds 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need.

³ On September 22, a joint response was filed by The California Efficiency + Demand Management Council (the Council), Leapfrog Power, Inc. (Leap), OhmConnect, Inc. (OhmConnect), CPower, EnelXNorth America, Inc., and Center for Energy Efficiency and Renewable Technologies (collectively, the Joint DR Parties). On September 25, individual responses were filed by Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE), and the California Independent System Operator (CAISO).

I. INTRODUCTION

CLECA submits this reply to highlight the broad support for granting the PFM of the RA Decision to avoid a drastic loss in Base Interruptible Program (BIP) and Reliability Demand Response Resources (RDRR). Parties' responses highlight that these resources are key to reliability and sustainability goals, and that if the PFM is not granted in time, the RA Decision risks long-term harm to those goals. In addition, CLECA submits this reply to address CAISO's clarifications, and to note that this additional information does not change the fact that the Commission can and *must* act swiftly to grant CLECA's PFM.

II. REPLY

A. Responses Underscore the RA Decision's Deleterious Impact on BIP Participation

In their respective responses, PG&E, SCE, and the Joint DR Parties indicate that they share CLECA's concerns about the RA Decision's harm to BIP and the benefits historically provided to system reliability. Parties agree that the RA Decision deviates from long-standing practices,⁴ and fundamentally alters the framework upon which BIP participants have relied for decades as a condition of their participation and performance.⁵ PG&E rightfully points out that this change threatens to compound the downward trend in BIP enrollment, which parties have sought to address in the demand response proceeding (A.22-05-002, et al.). CLECA agrees that a failure to grant the PFM risks undermining the efforts in that proceeding, and may lead to

⁴ PG&E Response at 1; Joint DR Parties Response at p. 4.

⁵ SCE Response at p. 1.

accelerating BIP attrition at a time “when the overarching goal is to procure more demand response in upcoming years.”⁶

B. Responses Demonstrate the Need for Commission Action Before November 2023

Once a year, in November, BIP participants are provided the opportunity to either decrease their participation by adjusting their firm service level (FSL), or discontinue participation. PG&E’s comments reflect the very real risk that, if the Commission fails to act on the PFM prior to the November opt-out period, customers will decide that continued enrollment in BIP is no longer beneficial.⁷ As SCE notes, a decline in enrollment poses a risk of potential loss of the environmental and system benefits provided by the RDRR program.⁸ These responses magnify the very real concerns about a precipitous drop in BIP resource levels following the upcoming November opt-out window, and the long-term implications for key reliability and sustainability goals. Notably, SCE expresses the valid concern that, “[i]f a significant migration away from the program were to occur, SCE has no confidence that it will be able to convince those customers to rejoin the RDRR program.”⁹ Thus, to mitigate the risk of further BIP attrition and its attendant long-term impacts, CLECA urges the Commission to take swift action in October to inform BIP participants’ decisions during the November opt-out period.

⁶ PG&E Response at p. 3.

⁷ PG&E Response at p. 2.

⁸ SCE Response at p. 1.

⁹ SCE Response at p. 2.

C. The CAISO's Clarifications Regarding CAISO Policies Do not Undermine Parties' Unanimous Calls for Expedient Approval of the PFM

In its response, CAISO seeks to provide clarification on issues raised in the PFM regarding the CAISO processes, and its use of RDRR during the July 20 event.¹⁰ At the outset, CLECA notes that CAISO's clarifying information "does not opine on the merits of the requests in the PFM" and does not detract from the need for the Commission to take swift action on the PFM.¹¹ In its response, the CAISO cites to portions of the PFM concerning issues with its tariffs and operating procedures, and clarifies that the Commission has no jurisdiction over these matters. CLECA agrees with the CAISO, and notes that the PFM does not request that the Commission adopt any changes to the CAISO's procedures or tariff. Rather, the PFM highlights issues and flaws that arose with CAISO tariffs and operating procedures as a direct result of the RA Decision's drastic and immediate changes to RDRR. The PFM cites to those issues and flaws as new facts that justify the Commission acting within its jurisdiction to defer implementation of the RA Decision's changes to RDRR until after the appropriate CAISO tariff changes can be adopted.¹² As the CAISO acknowledges, changes to its tariff rules entail an extended stakeholder process and approval by the Federal Energy Regulatory Commission. The RA Decision does not account for that process.¹³ Thus, the Commission should defer

¹⁰ CAISO Response at p. 1.

¹¹ CAISO Response at p. 1.

¹² PFM at p. 13.

¹³ See Joint DR Parties Response at 5 ("Clearly, the interrelationship between the Commission's Orders and CAISO Tariff and BPMs were not considered as a necessary implementation step of the Order. Those changes to CAISO Tariffs, which require FERC approval, and BPMs . . . are not instantaneous or immediate, further highlighting the importance of staying this decision to allow time for these changes to be established.").

implementation of the RA Decision as it relates to RDRR until the appropriate changes can be initiated and vetted through the CAISO process.

Furthermore, the CAISO's claim that Commission precedent does not require the CAISO to "wait until immediately prior to canvassing neighboring balancing Authorities" before the exceptional dispatch of RDRR is unconvincing. In support of its position, the CAISO cites to one page in D.18-11-029.¹⁴ However, the CAISO's response overlooks the rest of the decision, in which the Commission made clear its intent to *not* disturb the 2010 settlement agreement and to avoid frequent RDRR dispatch.¹⁵ Notably, in D.10-06-034 addressing the 2010 settlement agreement, the Commission stated, "RDRR can be triggered at the point immediately prior to the ISO's need to canvas neighboring balancing authorities and other entities for available exceptional dispatch energy or capacity."¹⁶ The CAISO's response fails to undermine the PFM's argument that the RA Decision violates Commission precedent and damages a key feature of RDRR that parties agreed to in the 2010 settlement agreement.

In addition, CAISO's response attempts to downplay the RA Decision's role in the confusion caused by the July 20 event, suggesting that the events were not dissimilar from events prior to the RA Decision. However, this characterization does not change the facts set forth in the PFM pertaining to the confusion, frustration, and harm the RA Decision caused on July 20. Notably, the CAISO does not dispute that RDRR was dispatched at EEA 1 in violation of its then-published emergency operating procedures, which is what caused the confusion cited

¹⁴ CAISO Response at p. 2, fn 4 (citing to D.18-11-029 at p. 40).

¹⁵ CLECA PFM at pp. 2-3 (citing to D.18-11-029 at pp. 23, 30, 39, 89, 97).

¹⁶ CLECA PFM at p. 2 (quoting D.10-06-034 at p. 14).

in the PFM.¹⁷ Furthermore, the CAISO acknowledges that the rapid precipitation of real-time shortfalls was different in nature from emergency events in prior years, and that it has taken steps to prevent similar events from occurring in the future.¹⁸

III. CONCLUSION

CLECA appreciates the opportunity to submit this reply and urges the Commission to heed parties' calls for the expeditious granting of the PFM and modification of the RA Decision prior to November 2023.

Respectfully submitted,

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¹⁷ PFM at p. 10.

¹⁸ CAISO Response at p. 3.