

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 THE ORDER INSTITUTING RULEMAKING TO OVERSEE THE RESOURCE
ADEQUACY PROGRAM, CONSIDER PROGRAM REFORMS AND REFINEMENTS,
AND ESTABLISH FORWARD RESOURCE ADEQUACY PROCUREMENT
OBLIGATIONS**

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V. JOHN WHITE
Executive Director
Center for Energy Efficiency and
Renewable Technologies
1100 11th Street, Suite 311
Sacramento, CA 95814
Telephone: (916) 442-7785
E-mail: vjw@ceert.org

MEGAN M. MYERS
Attorney at Law
110 Oxford Street
San Francisco, CA 94134
Telephone: (415) 994-1616
E-mail: meganmmyers@yahoo.com

For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

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 23-10-011
(Filed October 12, 2023)

**REPLY COMMENTS OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE ORDER INSTITUTING RULEMAKING TO OVERSEE THE RESOURCE
ADEQUACY PROGRAM, CONSIDER PROGRAM REFORMS AND REFINEMENTS,
AND ESTABLISH FORWARD RESOURCE ADEQUACY PROCUREMENT
OBLIGATIONS**

Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates this opportunity to submit its Reply Comments on the Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations (OIR), pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission) and the instructions accompanying the OIR issued October 19, 2023.

**I.
CEERT AGREES WITH PARTIES WHO URGE THAT THE SCOPE OF THE
PROCEEDING ADDRESS THE ISSUES CONTAINED IN DECISION 23-06-029**

As discussed in Opening Comments, CEERT discussed the Joint Application for Rehearing (AFR) of Decision (D.) 23-06-029¹ and the Joint Motion for Partial Stay of D.23-06-029 submitted by CEERT, the California Efficiency + Demand Management Council, Leapfrog Power, Inc., OhmConnect, Inc., CPower, and Enel X North America, Inc. (the Joint Parties).² In Opening Comments, CEERT urged the Commission to grant both the Joint AFR and Joint

¹ D. 23-06-029 is the Decision Adopting Local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements, issued in R.21-10-002 (RA) on July 5, 2023.

² CEERT Opening Comments on OIR, at pp. 2-3.

Motion to correct the numerous errors regarding demand response (DR) and DR providers contained in D.23-06-029.³ CEERT reiterates its recommendation that if the Commission does not grant the AFR and Motion, “this proceeding must prioritize rectifying those errors and take immediate steps to reverse these provisions in order to further advance the use of DR which will be necessary in order to meet California’s clean energy goals.”⁴

This view is shared by the California Efficiency + Demand Management Council (“the Council”) and OhmConnect, Inc. (“OhmConnect”) who state that “[i]n the event of a Commission refusal to rule on the AfR or an outright Commission rejection of the AfR, the scope of this proceeding should include the issues addressed in the AfR.”⁵ They also highlight that the provisions in D.23-06-029 will inflict damage on DR, most severely on third-party DR providers and their customers.⁶ Leapfrog Power, Inc. (Leap) also recommends that the issues addressed in the AFR and Motion should be added to the scope of this proceeding as well.⁷ As detailed by the Council and OhmConnect, those issues include: (1) activation criteria for Reliability DR Resources (RDRR), (2) costs and benefits of the Transmission Loss Factor (TLF) Adder, (3) treatment of the Planning Reserve Margin (PRM) Adder for Load Modifying and Supply-Side DR, (4) clarification of Proxy DR (PDR) availability requirements, and derating DR qualifying capacity (QC) values of third-party DR based on a single test result.⁸

Furthermore, Southern California Edison Company (SCE) states that “given the number of changes to DR RA rules adopted in recent Commission Decision(s), and the subsequent and currently pending applications for rehearing and petition for modification, the Commission

³ CEERT Opening Comments on OIR, at p. 3.

⁴ *Id.*

⁵ Council and OhmConnect Opening Comments on OIR, at p. 3.

⁶ *Id.*

⁷ Leap Opening Comments on OIR, at p. 2.

⁸ Council and OhmConnect Opening Comments on OIR, at pp. 6-7.

should include in the scope potential modifications to RA DR rules.”⁹ As such, CEERT again urges the Commission to address these issues in this proceeding if they are not rectified by the Commission granting the Joint AFR and Joint Motion.

II. CEERT SUPPORTS PARTIES WHO RECOMMEND CONSIDERATION OF ADDITIONAL DR REQUIREMENTS IN THIS RULEMAKING

The Council, OhmConnect, Leap and SCE all support the consideration of additional DR requirements in this proceeding, including those discussed above which are the subject of the AFR of D.23-06-029.¹⁰ CEERT agrees that the issues outlined by these parties should be included in the scope of this proceeding. To begin with, CEERT supports the Council and OhmConnect’s recommendations that: (1) DR testing requirements be considered in this rulemaking, (2) any changes to the Commission’s bifurcation policy should be applied equally to third-party DR providers, and (3) the Commission should ensure equitable treatment of investor-owned utility (IOU) and third-party DR with regard to the DR Maximum Cumulative Capacity (MCC) Bucket.¹¹

Similarly, CEERT supports inclusion of the issues outlined by Leap which are: (1) eligibility for customers to fulfill Automated DR requirements through bilateral RA contracts, (2) interaction between QC counting conventions with potential QC derates from test performance, (3) greater clarity on requirements to move to a tiered testing structure, and (4) adjustments to the MCC Buckets for DR.¹²

⁹ SCE Opening Comments on OIR, at p. 4.

¹⁰ *See, e.g.*, Council and OhmConnect Opening Comments on OIR, at pp. 3-4; Leap Opening Comments on OIR, at pp. 2-5; and SCE Opening Comments on OIR, at p. 4.

¹⁰ CAISO Opening Comments, at p. 2.

¹¹ Council and OhmConnect Opening Comments on OIR, at pp. 3-6.

¹² Leap Opening Comments on OIR, at pp. 2-5.

Lastly, CEERT agrees with SCE that “the Commission should include Qualifying Capacity conventions for DR resources, including load impact protocol simplification process and the Energy Division’s working group on supply side demand response qualifying capacity scope.”¹³ Advancement of DR will be critical in order for California to meet its clean energy goals.

III. MULTIPLE PARTIES SUPPORT COORDINATION WITH THE INTEGRATED RESOURCE PLANNING PROCEEDING

CEERT was one of many parties, including but not limited to the Alliance for Retail Energy Markets (AReM), the California Independent System Operator (CAISO), Independent Energy Producers Association (IEP), and Microsoft Corporation (Microsoft) who support coordination between the new RA OIR and the IRP proceeding (R.20-05-003).¹⁴ CEERT agrees with the CAISO that this coordination should be priority in this proceeding.¹⁵ CEERT also agrees with Microsoft that there must be consistency between the counting methodologies.¹⁶ CEERT also reiterates its recommendation that the reliability framework identified in the IRP ALJ Ruling be addressed in this proceeding.

IV. CONCLUSION

CEERT appreciates the Commission’s consideration and the opportunity to provide Reply Comments on the OIR. CEERT urges the Commission to amend the preliminary scope for this OIR as recommended herein.

¹³ SCE Opening Comments on OIR, at p. 4.

¹⁴ See, e.g., CEERT Opening Comments on OIR, at p. 4; AReM Opening Comments on OIR, at p. 3; CAISO Opening Comments on OIR, at p. 2; IEP Opening Comments on OIR, at p. 3; and Microsoft Opening Comments on OIR, at pp. 7-8

¹⁵ CAISO Opening Comments on OIR, at p. 2.

¹⁶ *Id.*, at p. 7.

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Respectfully submitted,

/s/ MEGAN M. MYERS

Megan M. Myers

110 Oxford Street

San Francisco, CA 94134

Telephone: 415-994-1616

E-mail: meganmmyers@yahoo.com

FOR: CENTER FOR ENERGY EFFICIENCY
AND RENEWABLE TECHNOLOGIES