

DOCKETED

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Supply-side DR QC Methodology Working Group Pathway Straw Proposal

November 1, 2021

Pre-Deliberative – Do not distribute



DR Problem Statement

Focus of CPUC
Request

1. **Crediting:** IOU resources not shown on supply plans are not subject to must offer obligation and RAAIM
2. **QC Methodology:** Status quo does not accurately or sufficiently value contribution to reliability

Critical
Related Issues

3. **Incentive Mechanisms:** Exposing DR to RAAIM unfairly penalizes DR; Exempting DR provides no performance incentive
4. **Settlements:** Baseline methods do not accurately account for weather-sensitive resources
5. **Process:** Load Impact Protocols and QC assignment process are onerous, expensive, and opaque



Long-term Considerations

- Address **Crediting, QC Methodology, Incentive Mechanisms, Settlements, and Process** holistically and permanently
 - CEC supports fully and accurately valuing DR contribution to reliability in alignment with loading order
 - Must address DR capacity valuation in context of entire RA program and energy market operations
- **Consistency:** Same treatment for IOU and third-party DR
- **Additional Time & Information Needed:**
 - 2023 RA process underway
 - Test and quantitatively compare methodology outcomes
 - Track Slice-of-Day development and attain consistency



Short-term Considerations

- Address **QC Methodology** in support of move away from **Crediting**
 - Show IOU-implemented resources on supply plans
 - Identify interim alternate methodology (IAM) to satisfy RAAIM exemption
- **Optionality:** Allow DRPs to choose between status quo and IAM
- **Interim Solution:** Explicitly recommend IAM be adopted on interim basis for 2023 only



Proposed Phased Approach

	RA Year 2023	RA Year 2024+
Focus	IOU Programs (Optional)	All SSDR
Crediting	End crediting	
QC Methodology	ELCC (LIP-informed)	Explore methods to reflect reliability
Incentive Mechanism	RAAIM exemption	Explore appropriate DR incentive mechanisms
Timeline	By March 2022	Q2–4 2022

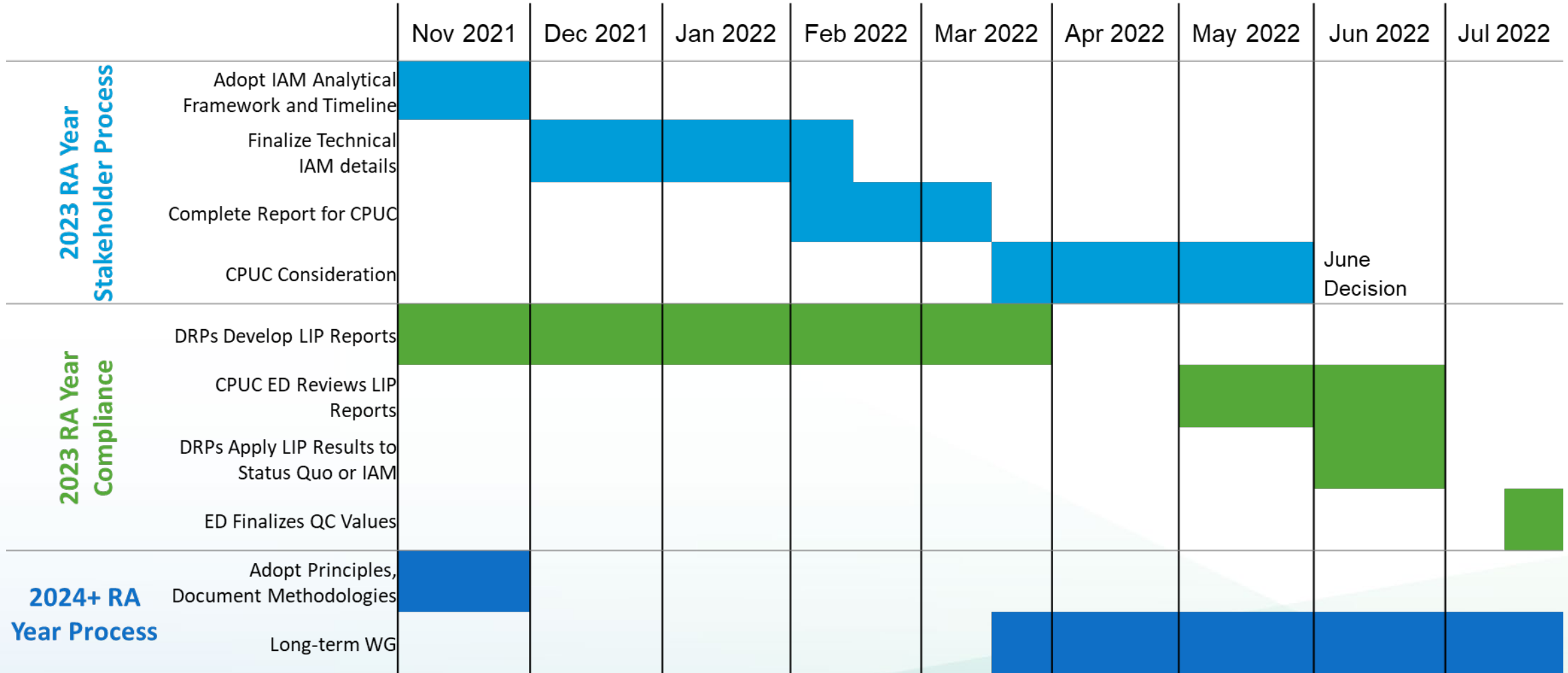


Deliverables

- IAM presentation in IEPR workshop (Dec 3, 2021)
- CEC request for guidance from CPUC (Dec 2021)
- CEC adopt report in business meeting (Mar 9, 2022)
- Deliver report to CPUC (Mar 18, 2022)
 - Recommend IAM with status quo option
 - Recommend all DR moves onto supply plans
 - Recommend WG continues in 2022 with expanded scope
 - Summarize adopted principles, methodologies under consideration
- Long-term deliverables identified in 2022 WG (begin Mar 2022)



Timeline Straw Proposal



IAM = Interim Alternate Methodology
Pre-deliberative – Do Not Distribute



Questions?



Key Dates

- IEPR DR Workshop: December 3, 2021
- CEC Business Meetings: February 9, 2022 & March 9, 2022
- Report due to CPUC: March 18, 2022
- Final LIP Reports Due: April 1, 2022
- CPUC Voting Meetings: June 2 & 23, 2022
- CPUC ED Finalizes QC Values: July 1, 2022