DOCKETED		
Docket Number:	21-OIR-03	
Project Title:	2022 Load Management Rulemaking	
TN #:	244020	
Document Title:	Steve Uhler Comments - OIR-21-03 Does MIDAS support UNIDE	
Description:	N/A	
Filer:	System	
Organization:	Steve Uhler	
Submitter Role:	Public	
Submission Date:	7/11/2022 10:13:53 PM	
Docketed Date:	7/12/2022	

Comment Received From: Steve Uhler Submitted On: 7/11/2022 Docket Number: 21-OIR-03

#### **OIR-21-03 Does MIDAS support UNIDE**

OIR-21-03 Does MIDAS support UNIDE?

There is more work to be done before the Energy Commission Commissioners consider adopting the proposed regulations in docket 21-OIR-03.

Perhaps MIDAS doesn't support CPUC UNIDE hourly tiered energy subscription rate plan proposal?

See attached presentation and search for "Proposed Roadmap: Step 5" or use the below links.

https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energydivision/documents/demand-response/demand-response-workshops/advanced-der--demand-flexibility-management/slides-unide-workshop\_gupta.pdf#page=50

These youtube video links provide Achintya Madduri's, California Public Utilities Commission description of CPUC UNIDE hourly tiered energy subscription rate plan proposal.

https://youtu.be/CrTngYVXUbI?t=2090

https://youtu.be/CrTngYVXUbI?t=2177

https://youtu.be/CrTngYVXUbl?t=2900

Other attendee comments on need to be equitable.

https://youtu.be/CrTngYVXUbI?t=3570

The use of hourly tiered energy rates will be equitable and more likely to comply with California's consumer protections in statute.

Steve Uhler sau@wwmpd.com

Additional submitted attachment is included below.



# Forward Looking Vision: Advanced DERs & Demand Flexibility Management

Aloke Gupta DR Section, Energy Division May 25, 2021





# Agenda

- System Needs
- Opportunity
- Current Approach
- Forward Looking Vision
- Proposed Roadmap
- Discussion





# **Executive Summary**

#### **Policy Objective**

#### Improve demand-side resource management...

- Through more effective demand response (DR) and retail rate structures,
- That leverage opportunities enabled by long term electrification and DER deployment,
- To better address grid issues associated with the growth of renewables, electrification, and DER adoption, and support California's clean energy goals.

#### **Staff Proposal**

Jointly pursue reforms of DR programs and Rate structures to Promote Unified Strategies for Domand (Load) Management and Grid Optimization to achieve widespread demand flexibility.





# **Anticipated Issues over the Next Decade**

# Increasing renewables penetration

- Increased curtailment
- Steeper ramps → reliability challenge
- Increased reliance on intermittent, use-limited supply → reliability challenge

# Increasing electrification of end uses (buildings, transportation)

• Increased cost of service due to higher load, if unmanaged

# Increasing DER deployment

- Grid instability and increased cost of service, if unmanaged
- Fair compensation and cross-subsidy challenges

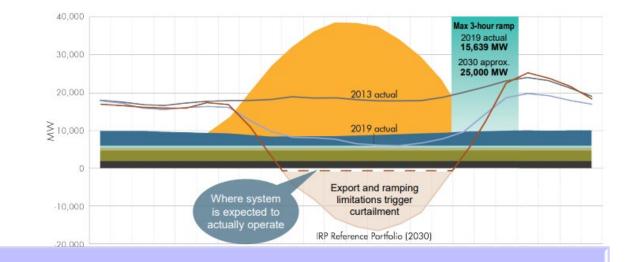




# **2019 IRP\* Reference System Plan Implications**

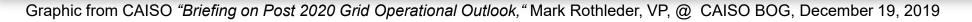
# System trends by 2030:

- 60% increase in evening ramp
- Substantial increase (15x) in renewables curtailment



# **IRP analysis:**

- DR can be a cost-effective alternative for renewables integration resources
- But highly scalable, low-cost deployment strategies are needed to realize that potential







# Agenda

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# **Opportunity: Proliferation of DERs & Electrification Demand Flexibility**

- Doubling of rooftop solar
- 3.5x growth in BTM storage
- Transportation electrification
  - ~ 4.5x utility storage
- Building decarb
  - Smart devices & plugs
  - Smart thermostats/heat pumps,
  - Smart electric (heat pump) water heaters
- Growth of microgrids and other flexible emerging end uses



# STATE OF CALIFORNIT

5.5 GWh storage capacity

20 GW

5M EVs ~ 250 GWh aggregate storage capacity

#### Substantial growth of smart, flexible end uses



# Agenda

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# **Current Approaches to Achieving DR (Demand Flexibility)**

#### Time-Differentiated Rates (Load Modifying DR)

- Increasing number of special purpose IOU rates: TOU, CPP, EV, SGIP GHG signal ...
- Increasing number of CCAs & Rates!
- Lengthy ratemaking process, generally lagging (out of date), sometimes conflicting
- Administratively complex & confusing to customers, industry

#### • Market-Integrated, Incentive-based DR Programs (Supply Side DR)

- Multiple programs focused on load shed as resource adequacy
- Challenges in CAISO market integration, measurement & verification
- Considering new programs for load shift DR
- Administratively & <u>technically complex</u>, inefficient, high transaction costs

Current Procurement Options

- IOU DR programs
- IOU LCR DR contracts
- DRAM
- CCA DR contracts





### Issues with Market Integrated Pathway (Per Joint Solar/Storage Parties in Resource Adequacy Rulemaking\*)

All BTM DERs providing capacity should have the option to forgo market integration, as **the** <u>market-informed</u> <u>pathway</u> is simpler and avoids obstacles impeding DER providers, such as the following:

- 1. Issues surrounding interconnection of exporting resources are eliminated as Rule 21 clearly governs.
- 2. Complexity and cost associated with market integration and dispatch are also eliminated.
- 3. Issues associated with visibility at the T&D interface, necessitating communication and visibility of resource performance by both the distribution operator and the CAISO, are eliminated.
- 4. Concerns associated with double payment for electricity from NEM systems wholesale market revenue for settled resource export vs. retail bill credits for NEM are eliminated.
- 5. Aggregators are better able to dispatch resources to meet specific local needs, rather than rely entirely on system-level CAISO dispatch, which may be inconsistent with local needs.
- 6. Thorny issue of deliverability to the transmission system is avoided entirely.
- 7. The only CAISO tariff for Rule 21 connects DERs is PDR, which does not credit energy exported to the grid.

\*Joint Solar/Storage Parties Track 4 Proposal, January 28, 2021, at 4. RA Proceeding R.19.11.009 (SUNRUN, CESA, CALSSA, TESLA, CEERT, VOTE SOLAR, AND ENELX )



# **Current Approaches to Achieving Demand Flexibility**

- Time-Differentiated Rates (Load Modifying Demand Response [DR])
  - Increasing number of special purpose IOU rates: TOU, CPP, EV, SGIP GHG signal ...
  - Increasing number of CCAs & Rates!
  - Lengthy ratemaking process, generally lagging (out of date), sometimes conflicting
  - Administratively complex & confusing to customers/indus
     Complex, inefficient, expensive, confusing
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  - Multiple programs focused on load shed as resource adeq
  - Challenges in CAISO market integration, measurement & verification
  - Considering new programs for load shift DR
  - Administratively & technically complex, inefficient, high transaction costs

#### • Distribution level DR

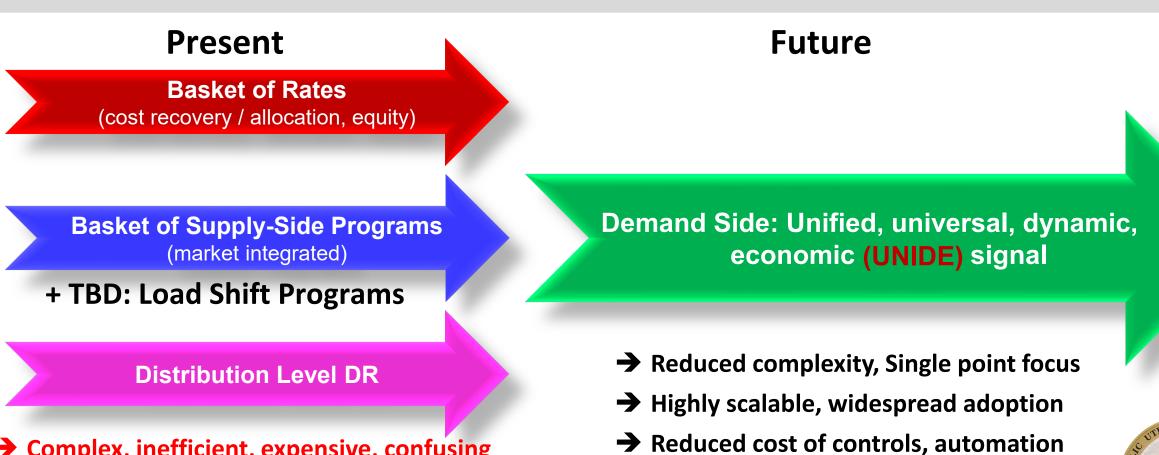
- Additional localized, temporary rate/incentive tariffs or
- Incremental DER procurement contracts



- Limited adoption, Difficult to scale
- High cost of controls, automation
  - IOU DR programs
  - IOU LCR DR contracts
  - DRAM
  - CCA DR contracts



# **Path Forward: Consolidation**



- → Complex, inefficient, expensive, confusing
- Difficult to scale, Limited adoption
- → High cost of controls, automation

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# **Three Part Vision → UNIDE**



Rate Reforms

Customer Options: Optimize Energy Demand-side: unified, universal, dynamic, economic (UNIDE) signal





# **Goal: Achieve Widespread Demand Flexibility**

Leverage significant opportunity resulting from electrification, DER adoption

#### Challenges

# Opportunities

#### Increasing renewables penetration

- Increased curtailment
- Steeper ramps → reliability challenge
- Increased reliance on intermittent, use-limited supply → reliability challenge

# Increasing electrification of end uses (buildings, transportation)

• Increased cost of service due to higher load, if unmanaged

#### Increasing DER deployment

- Grid instability and increased cost of service, if unmanaged
- Fair compensation and cross-subsidy challenges

#### → Enhance renewables integration & reduce emissions

Reduce curtailment

#### →Enhance reliability

- Reduce system ramp
- Intermittent supply balanced by dispatchable demand
- Managed coordination of DER operations

#### → Minimize cost of service

- Managed load growth and DER operations
- $\rightarrow$  Provide fair compensation of DER services stack





# Agenda

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# **Three Part Vision → UNIDE**



Rate Reforms

Customer Options: Optimize Energy Demand-side: unified, universal, dynamic, economic (UNIDE) signal





# **Proposed Roadmap**

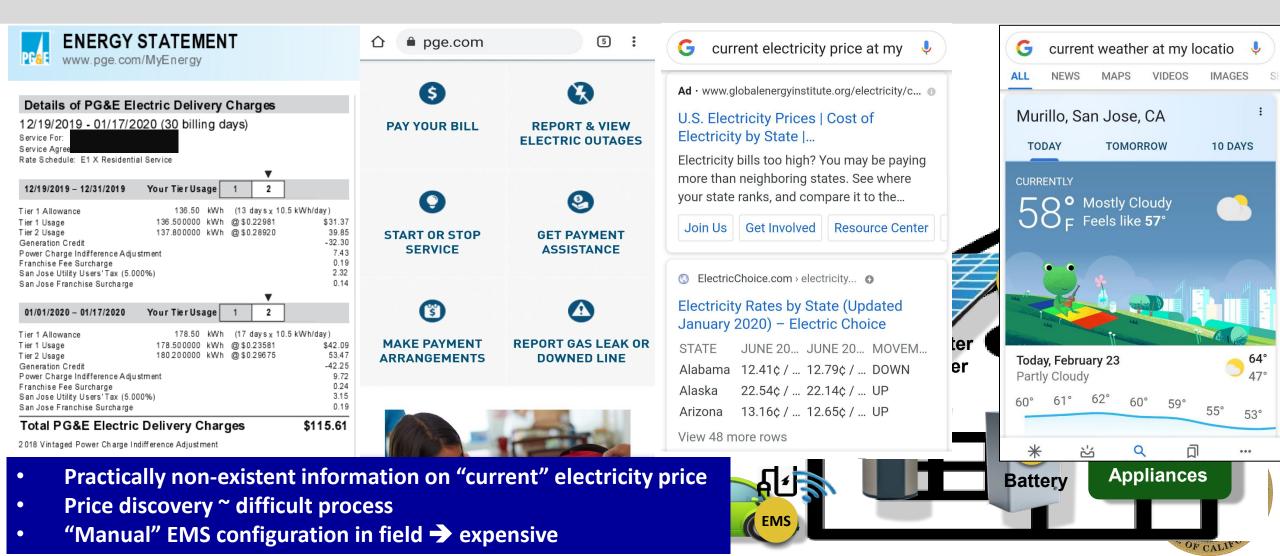
Step 1:
Step 2:
Step 3:
Step 4:
Step 5
Step 6

Demand Side: unified, universal, dynamic, economic (UNIDE) signal



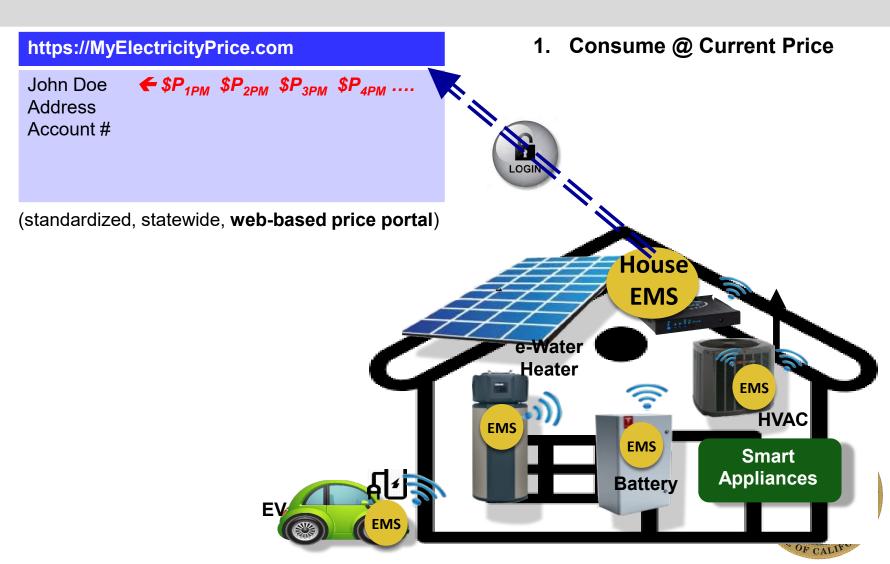
# **Electricity Price Presentation to Customers (Today)**

IX



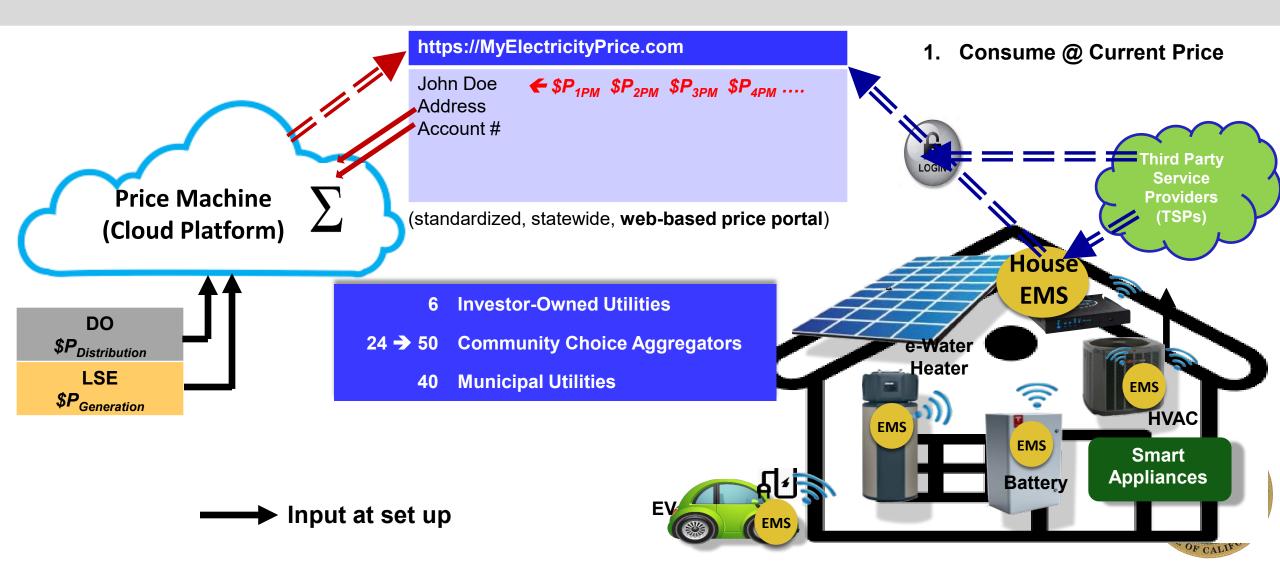


# **Step 1: Standardized, Universal Access to Electricity Price**





# **Step 1: Standardized, Universal Access to Electricity Price**





# **Auto-Configuration of Smart Devices**

- Buy and install smart device
- Embedded EMS automatically connects (via internet) to...

https://www.MyElectricityPrice.com

- Access real-time price time series (hourly, sub-hourly)
- Day-ahead forecast, hour-ahead forecast
- Remote upgrade of EMS as needed for changes, new features





Enable Scalability, Wide-scale Adoption



#### Step 1: Standardized, Universal Access to Current Electricity Prices

1. Provides current, localized, composite electricity price specific to a service territory and customer

2. Accommodates pricing inputs from regulatory entities (DO, LSE)

3. Leverages large "ecosystem" to educate and help customers manage energy and DERs

4. Facilitates widespread adoption ← → cost reduction of demand (load) management automation





# **Proposed Roadmap: Step 1**

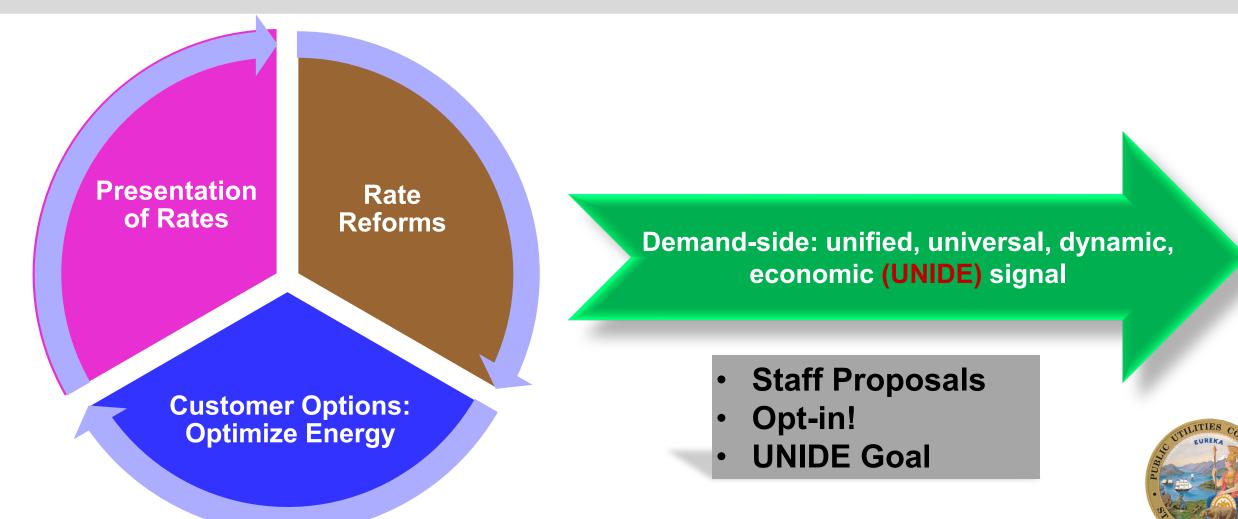
Step 1: Develop standardized, universal access to current electricity price

Demand Side: unified, universal, dynamic, economic (UNIDE) signal





# **Three Part Vision → UNIDE**





# **Proposed Roadmap: Step 2**

Step 1: Develop standardized, universal access to current electricity price

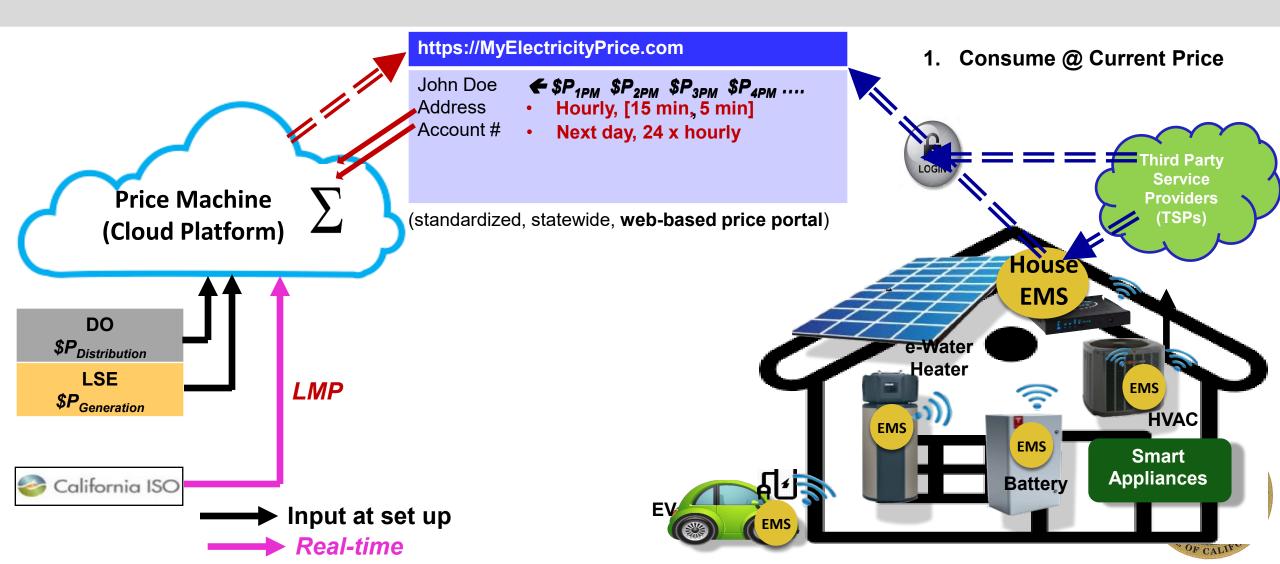
Step 2: Introduce dynamic prices based on real-time, wholesale energy cost (opt-in)

Demand Side: unified, universal, dynamic, economic (UNIDE) signal



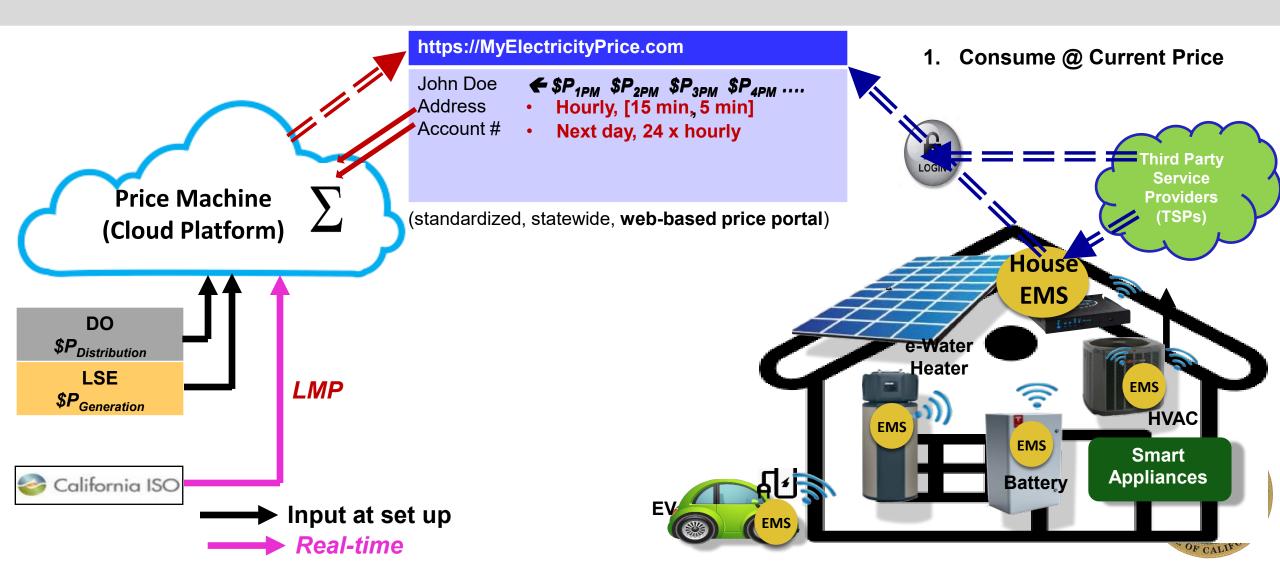


# **Step 1: Standardized, Universal Access to Electricity Price**





# **Step 2: Introduce Dynamic Price per CAISO Wholesale Energy Cost**





# **CAISO Energy Day-Ahead Market (DAM): Price Statistics\***

	Units	2018	2020
Weighted average DAM price (WADP)		4.4	3.9
% annual hours below WADP		71.8%	76.4%
% annual hours below 2 x WADP		96.4%	97.5%
# annual hours above 2 x WADP	Hours	315	222
Lowest DAM Price	¢/kWh	-1.6	-1.0
# hours below \$0	Hours	75	41
Highest DAM Price	¢/kWh	93.5	101.9
Highest DAM price to WADP ratio		21.2x	26.2x
Price Range in Top 10% of Net Load		11.8 – 93.5	8.8 – 101.9
# hours responsible for Top 10% of net load	Hours	30	29

\*Preliminary estimates - not peer reviewed



# **Step 2: Real-Time Locational Price Linked to CAISO Markets**

- 1. Reflects CAISO market conditions, encourages load shift or increase
- 2. Helps reduce curtailment, evening ramp, emissions
- 3. Helps enhance reliability
- 4. Helps reduce energy procurement costs (reduces hedging cost)
- 5. Complements anticipated updates to CEC's Title 20 (Load Management Standards)





# **Electricity Price Dissected - Energy**

Generation	Fixed - generation capacity         Variable - energy	>
Distribution	Fixed - distribution grid capacity	
Misc	Metering, Billing, Legal, G&A	
Transmission	Fixed - transmission grid capacity	





# **Electricity Price Dissected - Capacity**

Generation	Fixed - generation capacity	Variable - ene	ergy
Distribution	Fixed - distribution grid capacity		
Misc	Metering, Billing, Legal, G&A		
Transmission	Fixed - transmission grid capacity		





# **Proposed Roadmap: Step 3**

Step 1: Develop standardized, universal access to current electricity price

Step 2: Introduce dynamic prices based on real-time, wholesale energy cost (opt-in)

Step 3: Modify prices per real-time, localized grid conditions (opt-in)

Demand Side: unified, universal, dynamic, economic (UNIDE) signal





# **Electricity Price Dissected - Capacity**

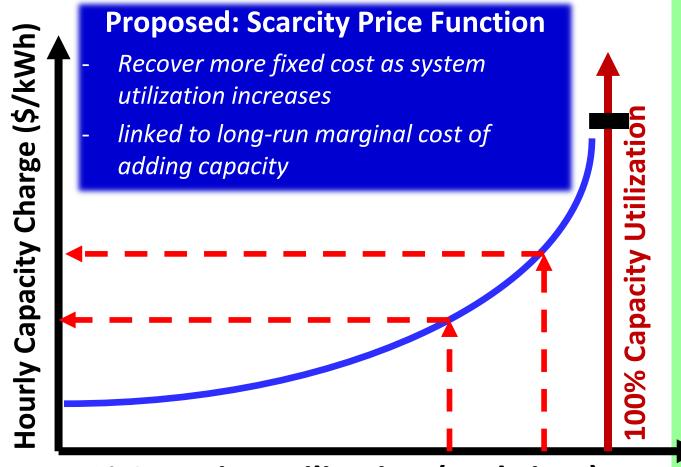
Generation	Fixed - generation capacity	Variable - energy
Distribution	Fixed - distribution grid capacity	
Misc	Metering, Billing, Legal, G&A	
Transmission	Fixed - transmission grid capacity	

#### 1. Composite and component prices must be time-dependent, volumetric: \$/kWh

- Not based on capacity: \$/kW (such as, monthly demand charges)
- Not based on historical consumption (such as, stepped tiers)
- 2. Recover more fixed cost when system utilization is higher
  - aka "scarcity price function"



### **Step 3: Fixed Cost Recovery - Options**



% Capacity Utilization (real-time)

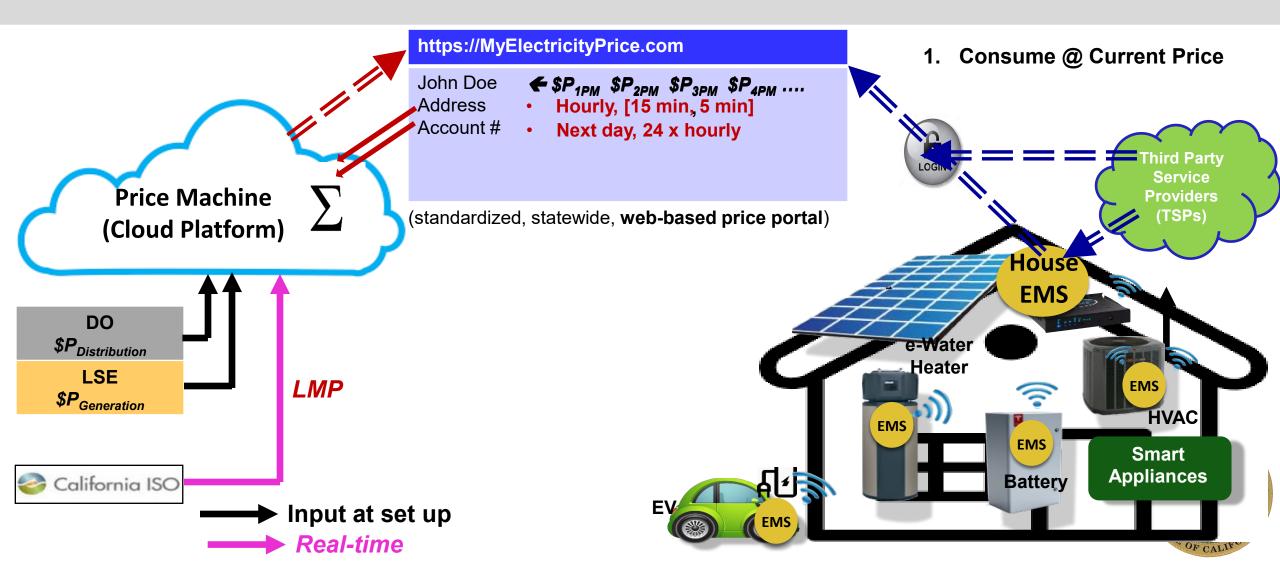
• Current approaches

- Non-Residential: Non-coincident demand charge based on *customer's* peak load
- **Residential**: Constant volumetric charge
- Issues with current design
  - Encourages non-economic behavior
  - No signal to reduce high coincident peaks
  - Increase in cost of service with higher load
- Fixed Capacity Constraints
  - Distribution capacity
  - Generation capacity (Resource Adequacy)
  - Ramping capacity (Flex Resource Adequacy)



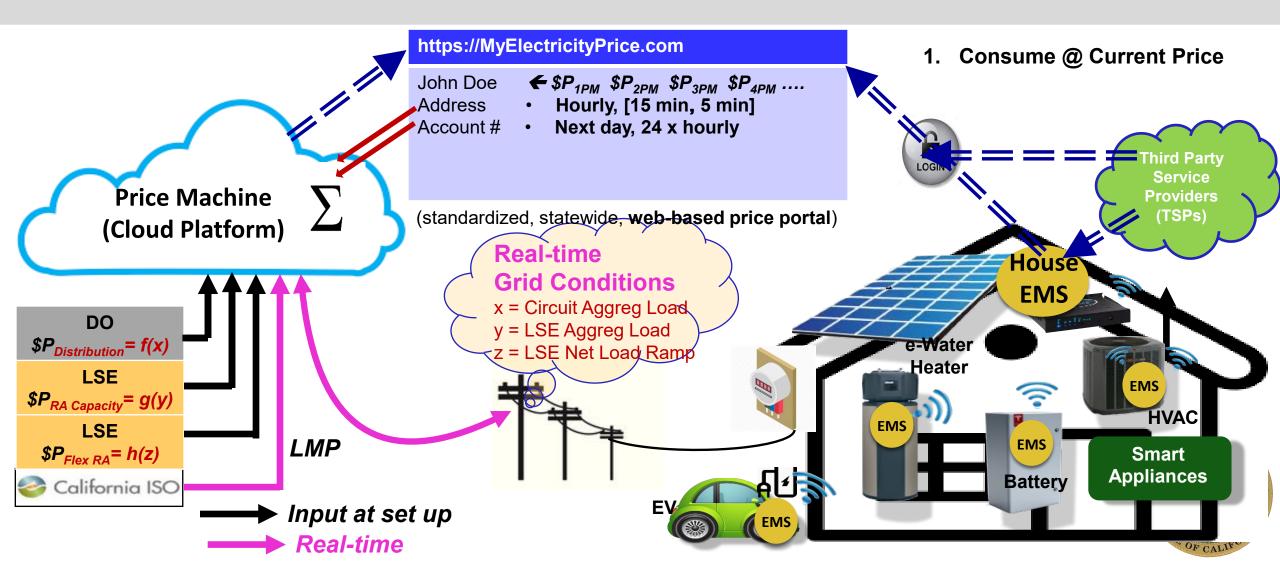


#### **Step 2: Introduce Dynamic Price per CAISO Wholesale Energy Cost**





# **Step 3: Modulate Electricity Price Per Local Grid Conditions**

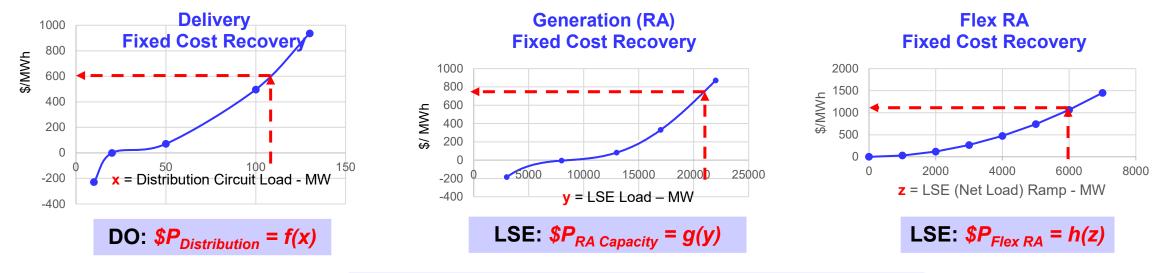


### **Developing a Composite Economic Signal based on Grid Utilization\***

#### • Scarcity pricing functions & grid conditions determine Delivery, Generation and Flex prices:

- Based on long-run marginal cost of adding new capacity
- Designed to recover the required annual revenue in the target year

IX



CAISO: Real-time Locational Marginal Price (\$LMP)

- Price Machine computes composite spot price = \$P<sub>Distribution</sub> + \$P<sub>RA Capacity</sub> + \$P<sub>Flex RA</sub> + \$LMP
- Other fixed costs (metering, billing, etc.) included in "base" price

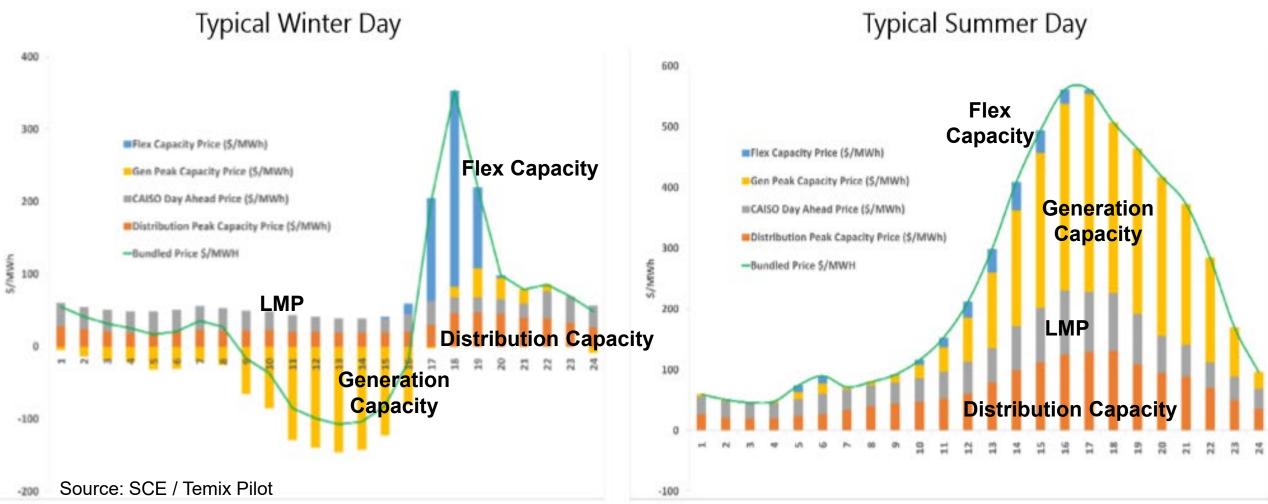
\*Based on design used in SCE/TEMIX EPIC Pilot (2016-2019)





# **EPIC Pilot: Composite Hourly Prices**

#### (based on Hourly Capacity Utilization & CAISO LMP)







## **Alternate Example: SDG&E "Power Your Drive" Rate**

	Illustrative Hourly Dynamic Rate	riours for the recovery of	<b>System-level CPP</b> - an energy rate option that provides a "capacity" price signal
	Circuit-CPP Adder applied to the <b>top</b> <b>200 Circuit Load Hours</b> for the recovery of <b>distribution circuit</b> <b>peak capacity costs</b>	generation capacity costs to serve system peak load	
	CAISO Day-Ahead Hourly LMP to approximate real-time cost of electricity		Circuit-level CPP
Flat base energy rate for the recovery of all other utility costs			provides a locational price signal while preserving customer equity by still charging all
			customers the same price
1 2 3 4 5 6 7 Base Energy Rate	8 9 10 11 12 13 14 15 16 17 CAISO Day-ahead Energy Circuit Adder	7 18 19 20 21 22 23 24 System Adder	EUREKA B D D



#### **Step 3: Rate Reform Objectives via Hourly Capacity Charge**

- 1. Encourage load shift / increase complementary to grid-based economics avoid uneconomical arbitrage
- 2. Shift fixed cost recovery burden onto load driving high system utilization and capacity upgrades
- **3.** Ensure full recovery of revenue requirements
- 4. Minimize long-term infrastructure upgrades & investment with electrification and related cost of service
- 5. Allow flexible rate design options to reflect policy choices and accommodate:
  - Different decisions by different regulatory entities
  - Different cost allocations and recovery by customer class
  - More frequent and granular updates to maintain revenue collection on target





#### Issues with Market Integrated Pathway (Per Joint Solar/Storage Parties in Resource Adequacy Rulemaking\*)

All BTM DERs providing capacity should have the option to forgo market integration, as **the** <u>market-informed</u> <u>pathway</u> is simpler and avoids obstacles impeding DER providers, such as the following:

- 1. Issues surrounding interconnection of exporting resources are eliminated as Rule 21 clearly governs.
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\*Joint Solar/Storage Parties Track 4 Proposal, January 28, 2021, at 4. RA Proceeding R.19.11.009 (SUNRUN, CESA, CALSSA, TESLA, CEERT, VOTE SOLAR, AND ENELX )





# **Proposed Roadmap: Step 4**

Step 1: Develop standardized, universal access to current electricity price

Step 2: Introduce dynamic prices based on real-time, wholesale energy cost (opt-in)

Step 3: Modify prices per real-time, localized grid conditions (opt-in)

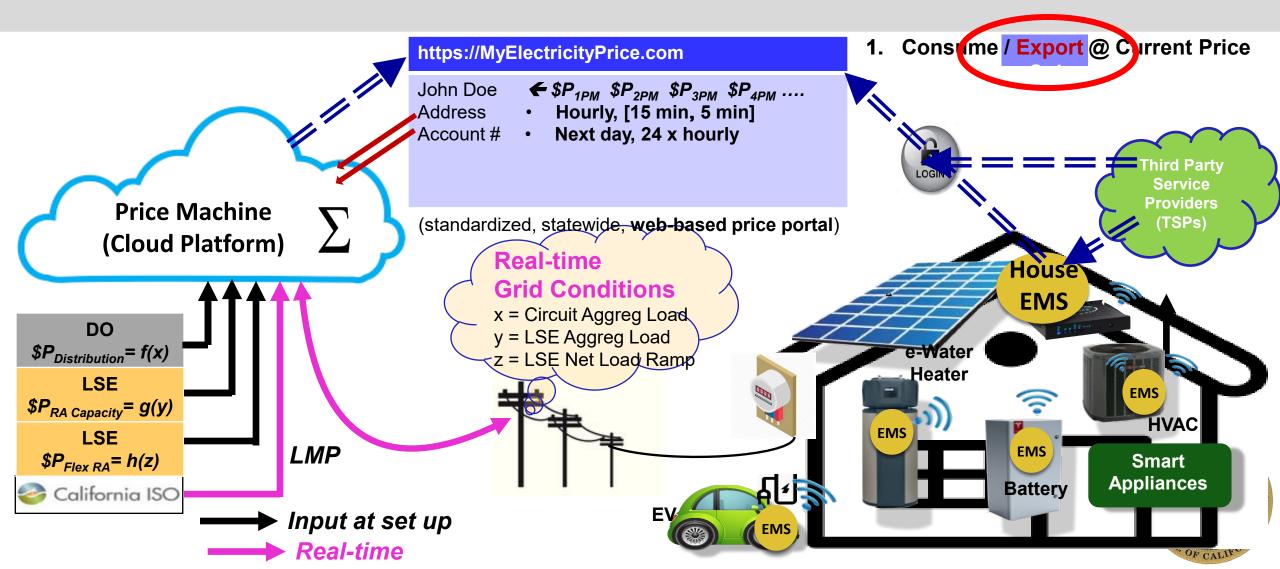
**Step 4: Transition to bi-directional prices** 

Demand Side: unified, universal, dynamic, economic (UNIDE) signal





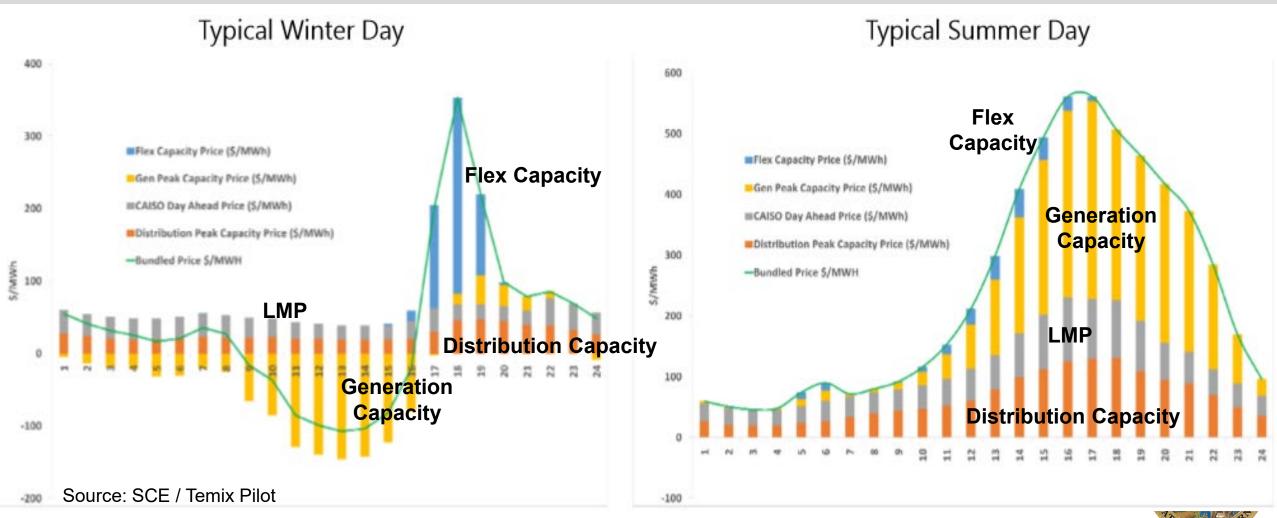
## **Step 4: Transition to Bi-directional Prices**





# **EPIC Pilot: Composite Hourly Prices**

#### (based on Hourly Capacity Utilization & CAISO LMP)





#### **Step 4: Simplified Framework for DER Valuation & Operations**

1. Easily discoverable, rational, fair, transparent, and predictable economic value





# **Step 4: Simplified DER Valuation & Operations**

1. Easily discoverable, rational, fair, transparent, and predictable economic value

2. Full monetization of DER services to the grid (locational, temporal), including exports to the distribution grid (embedded capacity value)

3. Distributed, economically driven, coordinated, self-dispatch of DERs

4. Enables contracts between DER service providers and LSE or Distribution Operator (based on the embedded capacity value), with dispatch driven by UNIDE





# **Step 4: Avoided Complexities**

- 1. Avoids complexity and constraints of CAISO market integration
- 2. Avoids distribution level "command & control" of DER operations
- 3. Avoids one-off, DER-specific point solutions
- 4. Avoids counterfactual Measurement requirements (direct metering data)
- 5. Avoids reliance on Avoided Cost framework for valuation
- 6. Straightforward integration into the planning & forecast framework
- To do: Streamline, standardize, simplify the Rule 21 export permit process





### **Three Part Vision → UNIDE**



Rate Reforms

Customer Options: Optimize Energy Demand-side: unified, universal, dynamic, economic (UNIDE) signal





# **Proposed Roadmap: Step 5**

Step 1: Develop standardized, universal access to current electricity price

Step 2: Introduce dynamic prices based on real-time, wholesale energy cost (opt-in)

Step 3: Modify prices per real-time, localized grid conditions (opt-in)

Step 4: Transition to bi-directional prices (buy & sell)

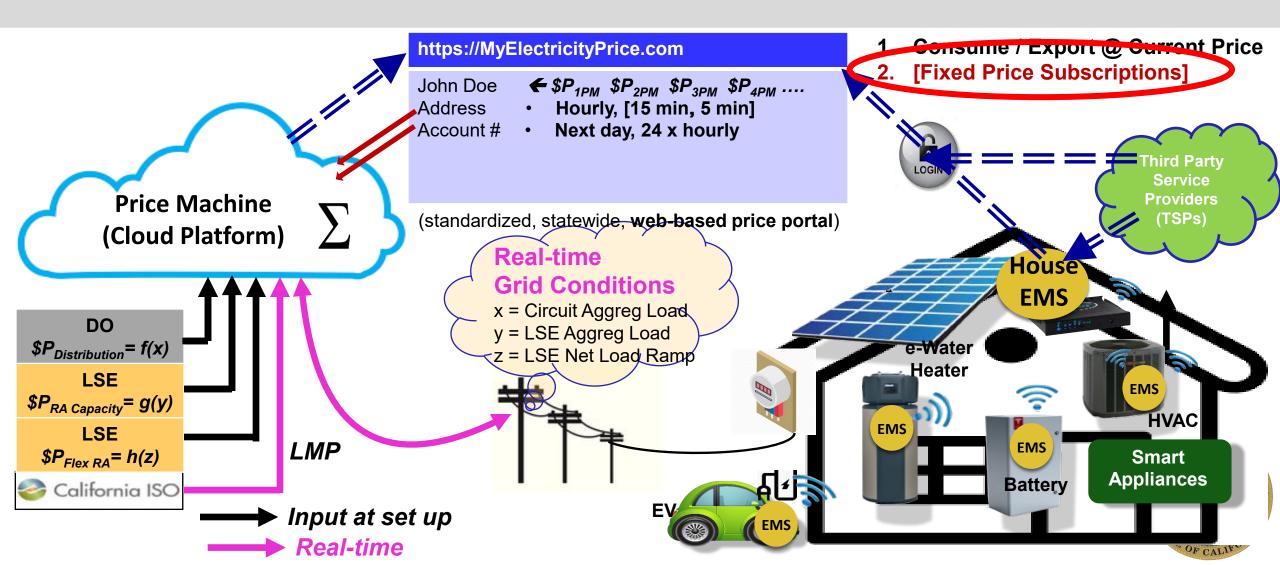
**Step 5: Offer subscription option** 

Demand Side: unified, universal, dynamic, economic (UNIDE) signal



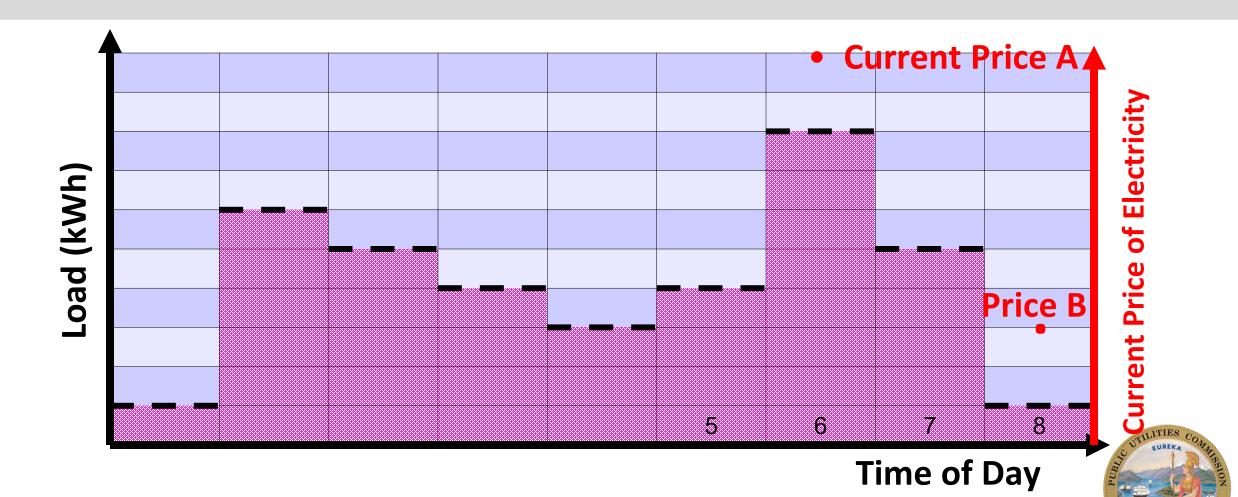


## **Step 5: Offer Subscription Option**





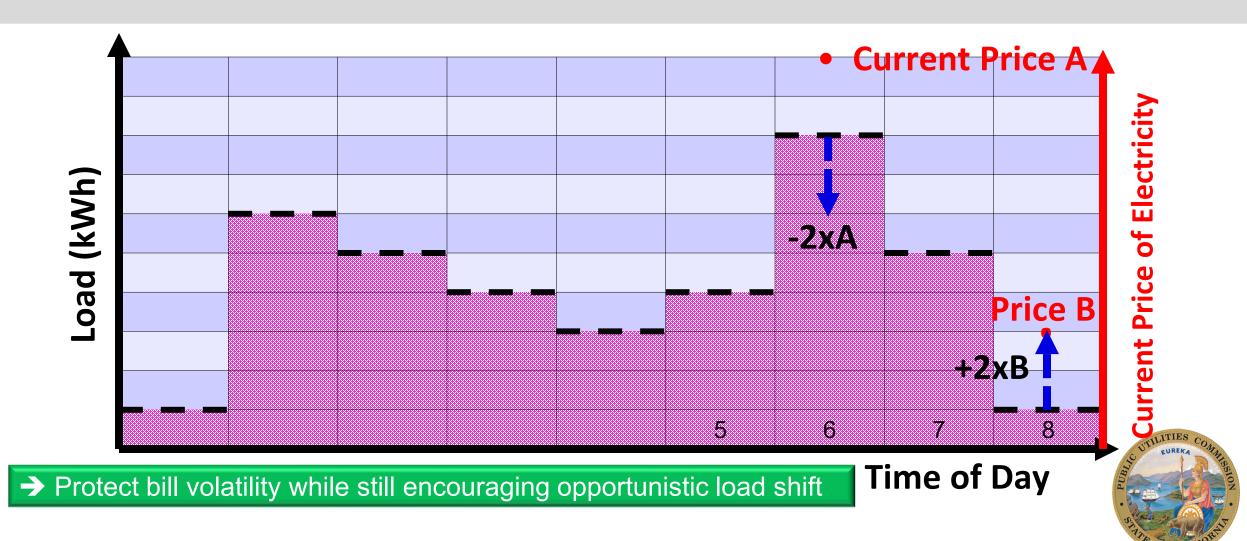
**Step 5: Purchase Average Load Shape & Energy Quantity @ Fixed Monthly Price** 



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**Step 5: Purchase Average Load Shape & Energy Quantity @ Fixed Monthly Price** 





# **Benefits of "Shaped Subscription"**

#### **Protection**

- Protect customers against bill volatility
- Ease customers transition

#### **Flexibility**

- Accommodate changed home conditions
- Encourage opportunistic load shift

#### **Predictability**

 Stabilize revenue recovery for distribution operators, LSEs





# **Proposed Roadmap: Step 6**

Step 1: Develop standardized, universal access to current electricity price

Step 2: Introduce dynamic prices based on real-time, wholesale energy cost (opt-in)

Step 3: Modify prices per real-time, localized grid conditions (opt-in)

Step 4: Transition to bi-directional prices (buy & sell)

Step 5: Offer subscription option (average load shape & energy quantity)

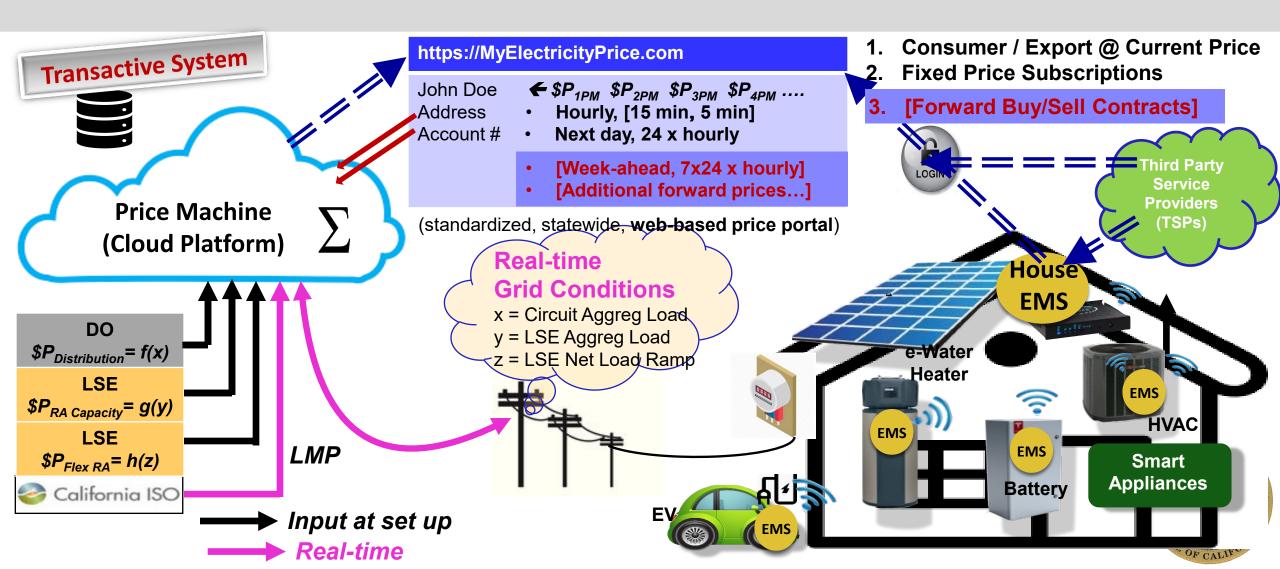
Step 6: Introduce transactive features (ability to lock in price in advance)

Demand Side: unified, universal, dynamic, economic (UNIDE) signal





## **Step 6: Introduce Transactive Features**





# **Transactive Features are NOT About...**

- Peer to pear trading
- DSO market
- Forcing customers to become market traders
- Forcing customers to deal with price variability
- Blockchain
- Eliminating RA capacity markets
- Obsoleting IOUs or LSEs





## **Benefits of Transactive System**

# LSEs &<br/>Distribution<br/>OperatorsCAISOCustomers• Improves visibility,<br/>planning, operations• More visibility, reduce<br/>load forecast error• Advanced energy<br/>management tools,<br/>optimize cost...





# **Proposed Roadmap - UNIDE**

Step 1: Develop standardized, universal access to current electricity price

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Step 3: Modify prices per real-time, localized grid conditions (opt-in)

Step 4: Transition to bi-directional prices (buy & sell)

Step 5: Offer subscription option (average load shape & energy quantity)

Step 6: Introduce transactive features (ability to lock in price in advance)

Demand Side: unified, universal, dynamic, economic (UNIDE) signal





# **Goal: Achieve Widespread Demand Flexibility**

Leverage significant opportunity resulting from electrification, DER adoption

#### Challenges

#### Increasing renewables penetration

- Increased curtailment
- Steeper ramps → reliability challenge
- Increased reliance on intermittent, use-limited supply → reliability challenge

# Increasing electrification of end uses (buildings, transportation)

• Increased cost of service due to higher load, if unmanaged

#### Increasing DER deployment and adoption

- Grid instability and increased cost of service, if unmanaged
- Fair compensation and cross-subsidy challenges

#### $\rightarrow$ Enhance renewables integration & reduce emissions

**Opportunities** 

Reduce curtailment

#### →Enhance reliability

- Reduce system ramp
- Intermittent supply balanced by dispatchable demand
- Managed coordination of DER operations

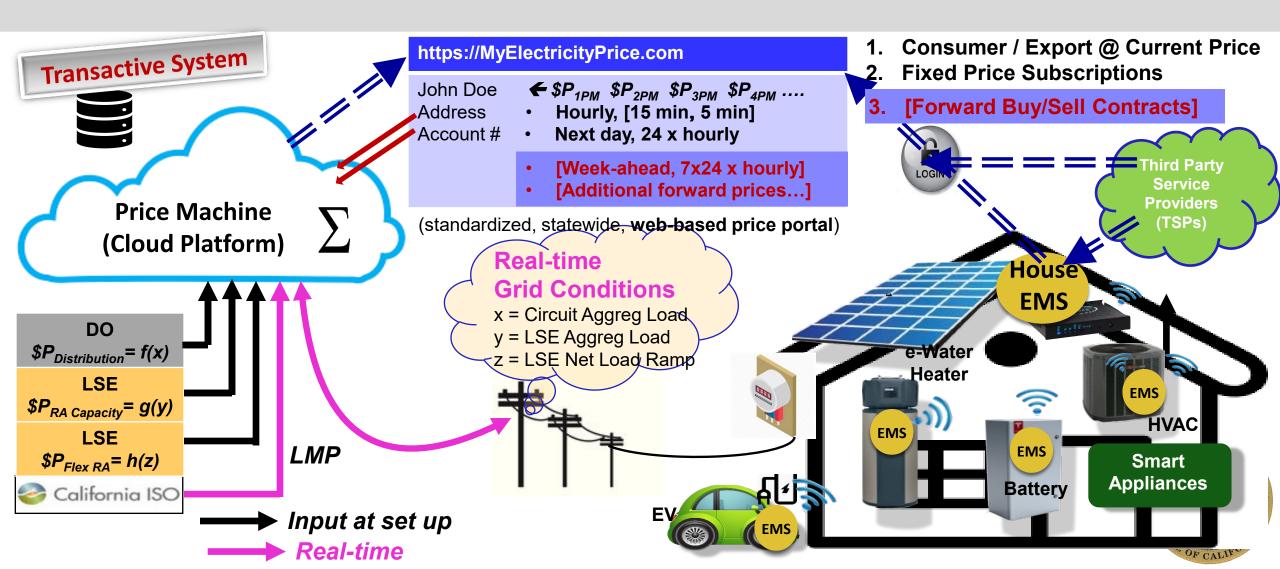
#### → Minimize cost of service

- Managed load growth and DER operations
- →Provide fair compensation of DER services stack





#### **Q & A**





# **Discussion / Feedback**

- 1. Consumer Advocates: CalPA, TURN, CLECA...
- 2. CCAs, NGOs
- 3. Utilities

#### 4. DER Industry

- a. CESA, CALSSA, CEDMC, CalSEIA
- b. DR/DER Service Providers
- c. Transportation
- d. Building Decarb
- 5. Consultants / Independents
- 6. Government, Research





#### Contacts

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