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CLECA Comments on DSGS Demand Response Proposal

Additional submitted attachment is included below.

July 29, 2022

CEC Docket: 22-RENEW-01

Dear California Energy Commission:

The California Large Energy Consumers Association[1] (CLECA) supports demand response (DR) programs because they provide system reliability benefits and offers customers a way to reduce their electricity costs. As California's electricity costs are rapidly increasing, it is necessary to have DR programs that allow industrial customers to reduce their energy bills to remain in California. This is also consistent California's climate change goals, including that goods produced in California will use clean power and avoid emissions associated with transportation. CLECA appreciates the effort of the CEC to bring new DR programs such as the Demand Side Grid Support (DSGS) program to customers of municipally-owned utilities (POUs). CLECA herein comments on the CEC's proposed DSGS Program (DSGS Proposal).[2]

Since the DSGS is funded from the state budget, the benefits should occur statewide for all California balancing authorities to avoid outages or reduce rotating outages. The DSGS program is modeled after the Emergency Load Reduction Program (ELRP) which is offered to customers under the jurisdiction of the California Public Utilities Commission (CPUC). The combination of both programs can enhance electric grid reliability statewide.

CLECA has concerns over 1) the consistency of design between DSGS and ELRP and 2) about customer confidentiality regarding publication of usage data.

Program Design Should Be Consistent with the CPUC's Emergency Load Reduction Program

For POUs located in the California Independent System Operator (CAISO) balancing authority, the dispatch of DSGS and ELRP should be consistent. CPUC D.21-06-027 established when ELRP can be dispatched in both the day-ahead and day-of markets

[1] CLECA is an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, medical gas, industrial gas, pipeline, beverage, cold storage, and minerals processing industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation. CLECA has been an active participant in Commission regulatory proceedings since the mid-1980s, and all CLECA members engage in Demand Response (DR) programs to both promote grid reliability and help mitigate the impact of the high cost of electricity in California on the competitiveness of manufacturing. CLECA members have participated in the Base Interruptible Program (BIP) and its predecessor interruptible and non-firm programs since the early 198 California Energy Commission (CEC), Demand Side Grid Support (DSGS) Program, First Edition July 22, 2022.0s.

[2] California Energy Commission (CEC), Demand Side Grid Support (DSGS) Program, First Edition July 22, 2022.

managed by the CAISO. The day-ahead trigger is likely an EEA Watch issued by CAISO.[3] The day-of triggers can be an EEA Watch, or EEA 1-3. Unless the CAISO suddenly goes directly to an EEA 2 or 3, the day-of trigger is likely to be during an EEA Watch or EEA 1 as resource availability becomes depleted during a heatwave event. The CPUC decision gives the IOUs discretion as to when to dispatch ELRP participants and also whether to do so either selectively on a staggered basis or all at the same time.

The DSGS proposal identifies a dispatch period of EEA 2 or EEA 3.[4] This would be more restrictive than the CPUC's ELRP. This proposal would make it difficult to obtain state-wide benefits to the interconnected California electrical grid. It does not make sense for similar programs to have different dispatch triggers for POUs within the CAISO balancing authority compared to the IOUs. It also does not make sense to trigger dispatch of DSGS so late, when the CAISO is protecting operating reserves and has already dispatched reliability DR programs.

For POUs that operate their own balancing authorities[5], or are located in another balancing authority[6], it will be harder to create state-wide benefits from DSGS because the balancing authorities will need to have exchange agreements to recognize the use of the DSGS or ELRP resources. Having similar triggers and program design would likely facilitate any exchange agreements between the balancing authorities.

The DSGS proposal lacks details on how exchange agreements would work or if a POU in a non-CAISO balancing authority will be required to have an exchange agreement with the CAISO. Since all taxpayers are paying for the DSGS program, the benefits of load reduction to maintain grid reliability should be available statewide and not just to POUs in smaller balancing authorities.

Customer Data Confidentiality Must be Maintained

The electrical usage data for commercial and industrial customers is commercially sensitive data and it should be classified as confidential. The DSGS Proposal says that the identity and incentive amount of providers and participants would be disclosed as public information. Customer's usage data could be calculated from the incentives paid. The disclosure of participants and their incentive amounts should not be public information unless the data is aggregated so that the identity of a large customer and its usage could not be identified. Per D. 14-05-016, for commercial, agricultural, and residential customers, data must

[3] The CAISO has switched from the prior Alert, Warning, and Emergency notices to the Energy Emergency Alerts (EEA). CPUC D. D.21-06-027 specified a CAISO Alert which previously would be issued after 3 pm prior to the trading day. The closest equivalent in CAISO's new emergency notifications would be an EAA Watch.

[4] DSGS Proposal at 10.

[5] An example is the Los Angeles Department of Water and Power.

[6] An example is Sacramento Municipal Utility District which is part of the Balancing Authority of Northern California.

be stripped of identifying information and aggregated to a monthly time period and zip code geographic level where a zip code has 15 or more such customers and no single customer constitutes more than 15% of total consumption.[7] For industrial customers, data must be aggregated with data from bordering zip codes until the aggregation includes at least 15 industrial customers and no customers constitute more than 15% of total consumption.[8] Otherwise, the data must be for combined zip codes or are confidential. We propose that the CEC use a similar rule to maintain confidentiality.

Option 3 Requires Additional Clarity and Refinement

Option 3 is a program whereby the customer would receive a monthly capacity payment and be required to bid into the CAISO day-ahead market at a price no higher than $500/MWh; there is no requirement to bid into the day-of market. If a capacity payment is provided, there should also be a requirement to bid into the day-of market. Emergency conditions can arise in real-time that were not anticipated in the day-ahead market. The requirement to bid into the real-time market would also allow for easier integration for POUs participating in the Western Energy Imbalance Market (EIM) because the market model will co-optimize the multiple balancing authorities including CAISO. In addition, the proposal does not specify if the participant must enroll for all the months of June through October, or if they can select certain months. The slides indicate that participation should be for all months, and this is appropriate. The proposal should make this clear.

For POUs not participating in an energy market, there is no equivalent market clearing price to the CAISO's markets. In this situation there is no guidance in the proposal as to what would be considered similar dispatch requirements. The proposal needs further refinement and clarity on dispatch requirements.

Respectfully submitted,

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[7] D. 14-05-016, findings of fact 18-19.

[8] Ibid., finding of fact 20.