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Comments on DSGS and DEBA Programs Workshop

Additional submitted attachment is included below.

**BEFORE THE STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

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| In the matter of: |) | Docket No. 22-RENEW-01 |
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| <i>Reliability Reserve Incentive</i> |) | LADWP Comments Re: |
| <i>Programs</i> |) | Notice of Lead |
| |) | Commissioner Workshop |
| |) | on the Demand Side Grid |
| |) | Support Program and |
| |) | Distributed Electricity |
| |) | Backup Assets Program |

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE
CALIFORNIA ENERGY COMMISSION ON THE DEMAND SIDE GRID SUPPORT PROGRAM AND
DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM WORKSHOP**

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INTRODUCTION

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments to the California Energy Commission (Commission) regarding the *Demand Side Grid Support Program (DSGS) and Distributed Electricity Backup Assets (DEBA) Program Workshop*.

The City of Los Angeles (City of LA) is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a proprietary department of the City of LA, pursuant to the Los Angeles City Charter, whose governing structure includes a Mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board). LADWP is the third largest electric utility in the state, one of five California Balancing Authorities, and the nation’s largest municipal utility, serving a population of over four million people within a 478 square mile service territory that covers the City of LA and portions of the Owens Valley. LADWP exists to support the growth and vitality of the City of Los Angeles, its residents, businesses and the communities we serve, providing safe, reliable and cost-effective water and power in a customer-focused and environmentally responsible manner.

The City of LA and LADWP are committed to achieving a 100% renewable and clean energy portfolio for the Power System and reducing in-basin pollution by promoting transportation and building electrification. In 2016, at the request of City Council, LADWP partnered with the Department of Energy's National Renewable Energy Laboratory (NREL) to conduct a 100%

Renewable study (LA100) to determine what investments should be made to achieve a 100 percent renewable energy portfolio for LADWP. In 2021, the LA100 Study presented several pathways outlining how LADWP could technically achieve 100 percent clean energy. Following the results of the LA100 Study, the City Council established an accelerated goal for all of the city's electricity to come from zero-carbon energy by 2035.

In 2019, the Mayor of Los Angeles and the Los Angeles City Council, announced L.A.'s Green New Deal which established a goal of attaining 100 percent renewable energy and aggressive deployment of local solar, energy storage, and behind-the-meter resources. As LADWP works toward 100% clean energy for the City of LA, fostering renewable energy projects to benefit residents and businesses continues to have a high priority. LADWP has launched several distributed energy resource (DER) programs to achieve our renewable energy goals.

The following programs are currently operated by LADWP, in addition to net energy metering opportunities offered to customers.

- LADWP's Feed-in Tariff program allows property owners and developers to sell the output of local renewable energy projects directly to LADWP.
- LADWP's Feed-in Tariff Plus program promotes the use of locally generated solar energy deployed with energy storage, which optimizes the deliverability of renewable energy to nearby load centers at hours that are most beneficial to the electric grid.
- LADWP's Virtual Net Energy Metering program allows developers or building owners to install solar arrays on multi-family dwelling unit buildings and split the energy sales proceeds with tenants.
- LADWP's Solar Rooftops program places LADWP-owned solar panels on qualifying residential rooftops in exchange for predefined lease payments to the homeowners.
- LADWP's Shared Solar program enables multifamily residents to manage and fix a portion of their electric bill by purchasing energy from LADWP solar plants.
- Lastly, LADWP is preparing to launch a Commercial Energy Storage to Grid program that would allow customers to deliver energy to the LADWP distribution system through the use of stationary and mobile battery energy storage systems.

Furthermore, LADWP has offered a demand response program to commercial and industrial customers since 2015 which has grown steadily. Additionally, LADWP's Power Savers Program provides an option for residential customers to participate in a bring-your-own-thermostat program.

During the extreme heat events in Summer 2022, LADWP successfully utilized these resources to maintain grid reliability. Along with these existing programs, LADWP is in the process of implementing managed charging programs for electric vehicles and electric vehicle supply equipment. Since smart appliances and Internet-of-Things (IoT) device adoption has been increasing, LADWP is also exploring the potential opportunities to

leverage customer load flexibility in the future.

While LADWP continues to meet and exceed renewable energy requirements and goals, it has also been a reliable partner to the State and neighboring utilities by being in a position to export energy to the grid during critical periods. LADWP remains committed to clean energy while continuing to provide bulk grid support during State emergencies. LADWP does not support a program that undermines its management of its own distribution system and clean energy goals.

SPECIFIC COMMENTS

In August of 2022, the Commission published the DSGS Program funded under Assembly Bill 205 for up to 5 years. Existing Commission guidelines required publicly-owned utilities (POUs) to enroll with the Commission and aggregators of customers must enroll as participants through the POU. LADWP is developing its DSGS program to become a DSGS provider under the Commission program, enabling aggregators in the LADWP territory to participate in the program. In January 2023, the Commission is contemplating potential modifications to its DSGS Program that would allow aggregators and customers to directly enroll into the Commission DSGS Program. Commission proposed these potential modifications in a public workshop and is seeking public comment on these changes.

LADWP would like to share its appreciation of the Commission's efforts in the development of the DSGS and DEBA programs over the last year and reiterate its commitment to achieving 100% renewable goals. Since these programs will materially impact LADWP's Power System and its customers, LADWP is highlighting concerns from the Commission's January 27 workshop on the proposed modifications and implementation of the DSGS and DEBA programs. LADWP believes these are key considerations that the Commission should use as guidelines for any future changes and development of the DSGS and DEBA programs as they relate to LADWP.

1) LADWP Requests that it Remains the Sole Dispatcher of DSGS/DEBA Resources

- a. The LADWP must be the sole dispatcher of all DSGS and/or DEBA resources because the LADWP Energy Control Center (ECC) is responsible for the acquisition and dispatch of energy to meet the daily needs of the LADWP Balancing Authority in accordance with federal reliability obligations. Independent actions by aggregators or customers, even with host utility visibility, can be disruptive to the planning and operations of the LADWP ECC. LADWP has no objection to direct aggregator or customer participation within the CAISO Balancing Authority. LADWP ECC is responsible for providing an accurate energy forecast for the day-ahead schedule for the Energy Imbalance Market, which requires LADWP to plan in accordance with resources available at the time and with sufficient advanced planning to meet day-ahead energy needs. Additionally, POU dispatch provides an additional safety check for utility planning and field crew operations.

- b. Responses to CAISO Energy Emergency Alerts from aggregators and customers that are directly enrolled may not provide a benefit to either CAISO or LADWP and all energy and capacity will be reflected onto LADWP's distribution grid as opposed to being sent to CAISO. For CAISO or another utility to fully benefit from the DSGS, dispatch must be directed by LADWP ECC in response to LADWP grid conditions and planning for the use of such resources. Because LADWP traditionally has rarely experienced an EEA event, management of the DSGS/DEBA resources will primarily benefit the rest of the statewide grid. However, this is only possible if the management of DSGS/DEBA resources is well-planned by LADWP ECC so that additional energy may be provided to CAISO and any distressed utilities it serves.

2) LADWP Requests that the Commission Continue to Allow POU's to Customize the DSGS Program for their Respective Service Areas

- a. Each POU in California may have different renewable procurement goals. LADWP appreciates that the Commission provides three incentive structure options within its *Demand Side Grid Support (DSGS) Program Guidelines, First Edition*. Although Options 1 and 2 enables the use of back-up generation and combustion resources, the use of these polluting resource types runs counter to LADWP's goals of reducing GHG emissions and promoting the use of cleaner renewable resources. The Commission should continue to allow respective POU's to choose between the DSGS incentive options in order to facilitate the renewable goals of each POU.
- b. Each POU's may have existing DER or Resource Adequacy (RA) procurement programs. Each of these DER programs may already have existing contracts targeting specific customer segments. Allowing aggregators free reign to offer these DSGS/DEBA funds in a manner not coordinated by the POU creates additional risk for existing utility DER and RA procurement activities and programs. Multiple similar program offerings by both aggregators and utilities will also create customer confusion and hinder POU efforts to provide effective customer DER programs.
- c. POU's may also have existing and/or future DER program plans related to utility distribution investment in alleviating overloaded circuits and improving power quality. Independent aggregator implementation of DSGS/DEBA funds in an uncoordinated manner may negate these distribution enhancement efforts. The Commission should allow POU's to continue customizing the DSGS program in order to preserve existing and future POU DER initiatives and to ensure the broadest and most efficient adoption of all DER programs.

3) LADWP Requests that the Commission Continue to Require POU Approval of DSGS Aggregations

- a. The Commission should require DER aggregators (as participants) to receive POU (as DSGS provider) approval of facilities participating in the aggregation in order to preserve distribution system reliability. Given the rate at which residential rooftop solar, battery energy storage, and electric vehicles are being adopted, LADWP is anticipating that much of the DER growth stemming from the DSGS and DEBA programs will occur in service areas that have a high average median household income, concentrating these resources on specific electric circuits. LADWP has not thoroughly studied the reliability effects of coordinated DER dispatch on high DER penetration distribution circuits. With this potential future risk, LADWP urges the Commission to continue requiring POU approval of DER aggregations before they can be dispatched.
- b. POU approval of customer participation lists should be required to guard against dual participation in both POU and aggregators' programs to avoid double counting of resources. Allowing the utility to track and approve customer participation amongst multiple DER aggregators helps ensure that DSGS/DEBA funds are spent only on new incremental resources.

CONCLUSION

LADWP is grateful for the opportunity to participate in the rulemaking process and looks forward to continue working with the Commission to help shape appropriate and effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact me at (213) 367-2525, or Mr. Scott Hirashima at (213) 367-0852.

Dated: 02/17/2023

Respectfully Submitted,

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