DOCKETED	
Docket Number:	22-RENEW-01
Project Title:	Reliability Reserve Incentive Programs
TN #:	248869
Document Title:	SCE Comments on Jan 27 DSGS DEBA Workshop
Description:	SCE Comments on Jan 27 DSGS DEBA Workshop
Filer:	Southern California Edison Company
Organization:	Southern California Edison
Submitter Role:	Applicant
Submission Date:	2/17/2023 3:44:33 PM
Docketed Date:	2/17/2023

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL Company

Dawn Anaiscourt
Director, Regulatory Affairs

1201 K Street, Suite 1810
Sacramento, CA 95814
T. 626-302-0905

February 17, 2023

California Energy Commission
Docket Office, MS-4
Re: Docket 22-RENEW-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission's Workshop on the Demand Side Grid Support and Distributed Electricity Backup Assets Programs, Docket No. 22-RENEW-01

Dear Commissioners:

Southern California Edison Company (SCE) is providing these comments in response to the January 13 notice soliciting feedback on the California Energy Commission's (CEC) Staff Presentation on the Demand Side Grid Support (DSGS) Program and the Distributed Electricity Backup Assets (DEBA) Program (Staff Presentation), which took place on January 27th.[1] SCE supports the state's efforts to expand the reliability resources available to reinforce the grid in emergency situations while ensuring that the state remains on course to meet its ambitious clean energy goals. The CEC Strategic Reliability Reserve can reduce the stress placed on investor-owned utility (IOU)-run demand response (DR) programs during grid emergencies. During the 2022 heat wave, SCE dispatched its Emergency Load Reduction Pilot (ELRP) program 10 days in a row, and on September 6, the state issued an emergency notice—calling customers to reduce load beyond what was dispatched and paid for through DR programs—as all available resources had already been called upon. While Resource Adequacy (RA) planning will seek to improve system capacity during these extreme events in the future, emergency DR programs will continue play a critical role in supporting grid reliability.

SCE focuses its comments here on the coordination between IOU-run and CEC-run emergency DR programs to help ensure that the programs are complementary and additive. As both the DSGS and DEBA programs will engage certain non-public-owned utility (POU) customers, including IOU customers, more detailed work will be needed to plan and coordinate between utilities and the CEC. While SCE understands that many of these program designs are still being conceived at a high level, as the program details and guidelines are developed, roles, responsibilities, and interactions between the CEC, its potential program administrators, IOUs, aggregators, and customers should be mapped out in greater detail. In the event the CEC envisions aspects of DSGS

[1] See Demand Side Grid Support Program and Distributed Electricity Backup Assets Program, Lead Commissioner Workshop, January 27, 2023 – Session 1 ("Staff Presentation"), available at https://www.energy.ca.gov/event/workshop/2023-01/session-2-lead-commissioner-workshop-demand-side-grid-support-program-and.

and DEBA that will require support from the IOUs in the form of data, reports, or other transactions, we recommend that the CEC's plans include proposals as to how the IOUs will recover expenditures made to support the CEC's programs. SCE's preference is to invoice the CEC or its program administrator for the costs SCE incurs to support DSGS and DEBA rather than see its customers bear these costs.

I. Potential Issues Regarding DSGS And Existing IOU Programs

The Staff Presentation discussed the potential expansion of DSGS eligibility to IOU customers with backup generators and customers who are water agencies.[2] As SCE-run programs currently include these types of customers as participants, SCE would need to coordinate with the CEC to ensure that customers do not dual participate in programs that are expected to provide the same or similar services. This would require the CEC and SCE to compare participation lists as part of the registration process for new participants.[3] In the event that a customer is participating in more than one program, a process would be needed to disenroll the customer from one of the competing programs and/or ensure the DR load reduction provided is incremental.

CEC program guidelines should also be clear as to which party is responsible for providing data and information to the CEC. For instance, if an IOU customer is participating in the DSGS program, program rules and guidelines should state that the participating customer or their aggregator is responsible for obtaining the customer's relevant meter data to calculate program performance. Unless the CEC has a Customer Information Standardized Request (CISR) form from the customer authorizing the release of their meter data, SCE cannot provide the customer's meter data to the CEC. Nor does SCE have funding approved by the California Public Utilities Commission (CPUC) available to perform the work of calculating or independently verifying customers' DSGS performance.

The Staff Presentation also discussed whether the DSGS could provide compensation for demand reductions that are incremental to those compensated through IOU-run programs.[4] In addition to the dual participation and meter data issues discussed above, such a program design would require reconciling SCE and CEC performance calculations to determine what performance is incremental to SCE's programs. In this case, SCE would need to run calculations for its own program and provide those calculations to the CEC so that it in turn could determine what performance is incremental to SCE's program using interval data provided by the customer. The benefits of this potential expansion of DSGS are unclear as the ELRP already provides compensation for demand reductions beyond what is covered in standard IOU programs during emergency events. For instance, the ELRP provides Base Interruptible Program (BIP) participants with additional compensation for load reductions below the customer's firm service level during

[2] Staff Presentation at 23.

[3] SCE does not have access to customer participation information of other load-serving entities (LSEs) such as Community Choice Aggregators (CCAs). Therefore, the CEC or its program administrator would need to coordinate separately with those entities.

[4] Staff Presentation at 24.

overlapping BIP-ELRP events. The additional complexity and administrative costs would likely outweigh the benefit of providing DSGS compensation for incremental performance beyond standard IOU DR programs, considering that the ELRP already provides the same or similar function and avoids the need for two program administrators to coordinate in order to determine incremental performance.

As noted, SCE has no CPUC-approved funding available to perform the reporting, data collection, and administration work that would be needed for SCE to support the DSGS program (other than the cost of providing interval data directly to customers, which is currently recovered in rates). Accordingly, such costs would need to be reimbursed by the DSGS program. As noted above, SCE has a preference for invoicing the CEC to recover those costs.

II. Potential Issues Regarding DEBA And Existing IOU Programs

As proposed by staff, eligibility for DEBA would require a customer to provide incremental load reduction or supply during an emergency event through any emergency load reduction program, such as ELRP or DSGS.[5] This provision would require the CEC and applicable load serving entities (LSEs) to establish a method to track and verify that customers who receive a DEBA incentive meet DR enrollment and on-going participation requirements. Here again, SCE has no CPUC-approved funding available to perform such additional coordination and reporting work. If such costs are incurred, a mechanism for SCE to recover those costs should be established as noted above.

III. SCE Recommends Evaluating Incentive Levels Based on All Available Incentive Sources and Comparable Program Alternatives

The CEC Staff Presentation notes that incentive levels for the program are currently \$250/MWh for committed capacity and \$2,250/MWh for energy payments. While capacity payments are reasonable for a program that also has a penalty for resources that fail to respond when called upon, the CEC should consider whether it is reasonable to provide the same capacity payments to DEBA incentive recipients and non-recipients. Capacity payments generally cover the costs of making resources available while energy payments pay for their operation during an event. If DEBA covers much of the cost of the initial investment for resources for some customers, they may need less capacity revenue than those customers who did not receive DEBA incentives and who covered the full upfront cost of their resource.

SCE notes that its ELRP program currently pays \$2,000/MWh as an energy payment for response during an ELRP event and does not provide a capacity payment as the program is a voluntary, non-penalty program. While DSGS is likely intended to provide incremental resources, those customers that are currently enrolled in ELRP but eligible for DSGS may be enticed to switch due to the higher incentive levels, thus potentially cannibalizing the ELRP. This likely would not

[5] Staff Presentation at 51.

result in incremental emergency capacity available in the state overall, but rather a shift in program participation with incremental costs. SCE recommends that the CEC consider whether compensation rates that are higher than what is provided through other programs, such as ELRP, are necessary and advisable.

IV. Conclusion

SCE appreciates the opportunity to comment on the January 27th workshop. SCE looks forward to working with the CEC and other stakeholders to help make the DSGS and DEBA programs a success and encourages the CEC to consider the roles, responsibilities, and costs of all potential stakeholders that may be involved in supporting these programs. Please do not hesitate to contact me at (626) 302-0905 or Dawn.Anaiscourt@sce.com with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt