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STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF: *Reliability Reserve Incentive Programs [22-RENEW-01]*	Docket No. 22-RENEW-01 RE: Demand Side Grid Support Program and Distributed Electricity Backup Assets Program

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE JANUARY 27, 2023 WORKSHOP ON THE DEMAND SIDE GRID SUPPORT PROGRAM AND DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM

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The California Community Choice Association[1] (CalCCA) appreciates the opportunity to provide comments on the *January 27, 2023 Workshop on the Demand Side Grid Support Program and Distributed Electricity Backup Assets Program* (WS).

I. INTRODUCTION

As part of the Strategic Reliability Reserve created through Assembly Bill (AB) 205 (as amended by AB 209), the Demand Side Grid Support (DSGS) and Distributed Electricity Backup Assets (DEBA) programs are intended to incentivize the availability of load reduction and emergency supply during "extreme events."[2] DSGS complements existing demand response (DR) programs, such as the investor-owned utilities' (IOUs') Emergency Load Reduction

[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

[2] Public Resources Code (PRC) § 25792(a) (creating DSGS), §§ 25791-25791.5 (creating DEBA) (both created through AB 205, as amended by AB 209). An "extreme event" is defined in the PRC as either: "(1) [a]n event occurring at a time and place in which weather, climate, or environmental conditions, including temperature, precipitation, drought, fire, or flooding, present a level of risk that would constitute or exceed a one-in-ten event, as referred to by the North American Electric Reliability Corporation, including when forecast in advance by a load-serving entity or local publicly owned electric utility[,] (2) [a]n event where emergency measures are taken by a California balancing authority, including when forecast in advance by the California balancing authority."

Program (ELRP) under the jurisdiction of the California Public Utilities Commission (CPUC).[3] While some community choice aggregator (CCA) customers may get enrolled in ELRP through the IOUs which provide transmission and distribution services to CCA customers, CCAs cannot receive funding to themselves cannot enroll customers in ELRP and administer that program. As a result, significant untapped incremental load and potential emergency supply exists with CCA customers.

AB 209 amended AB 205 to ensure all California energy customers can enroll in DSGS, as long as the customer is not already enrolled in a CPUC jurisdictional DR program.[4] The California Energy Commission (CEC), however, has not yet added CCAs as eligible providers under the DSGS Guidelines, despite recognizing in a DSGS Guideline Advisory that a result of AB 209 was to incorporate CCAs into DSGS.

CCAs serve a substantial portion of California retail load – the Commission reports in its 2022 Update to the California Energy Demand forecast that CCAs will serve 26 percent of the state-wide load in 2023 (CCAs serve 63 terrawatt hours (TWh) of the total 239 TWh California load).[5] CCAs are well connected to their communities, and well suited to locate and enroll CCA customers in DR programs to provide incremental load reduction and emergency supply. Given the opportunity to enroll customers through DSGS, CCAs can bring to the table additional customers to ensure reliability.

As explained more fully below, CalCCA provides the following recommendations for the updated DSGS guidelines to expand and improve the program:

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[3] *See* D.21-03-056, *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022,* R.20-11-003 (Mar. 25, 2021) (creating the ELRP); *see also* D.21-06-027, *Order Modifying Decision 21-03-056 to Clarify Guidance in the Emergency Load Reduction Program Regarding a Day-of Trigger,* R.20-11-003 (June 24, 2021) (modifying the ELRP); *see also* D.21-12-015, *Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023,* R.20-11-003 (Dec. 2, 2021) (modifying the ELRP).

[4] *CEC Guideline Advisory; Demand Side Grid Support Program Provisions During the State of Emergency* (DSGS Guideline Advisory), Docket No. 22-RENEW-01 (Sept. 3, 2022) at 2: located at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-RENEW-01.

[5] 22-IEPR-03, *CEC California Energy Demand Update,* Form 1.1c, located at https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2022-integrated-energy-policy-report-update-2.

- Modify the DSGS program guidelines to include CCAs as eligible DSGS providers as allowed by AB 209, and recognized by the Commission in its DSGS Guideline Advisory; and

- Modify the DSGS program guidelines to ensure effective operations as additional DSGS providers are added, including: (1) establishing systems to allow LSEs to prevent dual enrollment in DR programs; (2) ensuring visibility into load reduction for the California Independent System Operator (CAISO), IOUs, and other LSEs (including CCAs); and (3) compensating behind the meter resources for exporting during emergency events.

In addition, as the Commission develops guidelines for the DEBA program, CalCCA recommends that the Commission consider incorporating incentives for behind-the-meter resources.

II. COMMUNITY CHOICE AGGREGATORS SHOULD BE ADDED AS ELIGIBLE DSGS PROVIDERS

The Commission should modify the DSGS guidelines to add CCAs as eligible DSGS providers. As recognized by the Commission in its DSGS Guideline Advisory, AB 209 opened the DSGS program to CCAs:

If AB 209 (Ting, Statutes of 2022) is enacted into law [which it was days after the DSGS Guideline Advisory was issued], the DSGS Program will immediately be opened to [CCAs] and specific customers in [IOU] territories, except those that are enrolled in [DR or ELRP] offered by entities under the jurisdiction of the [CPUC].[6]

As set forth more fully below, CCAs are uniquely suited to locate and enroll customers in its service territory to provide incremental load reduction and emergency supply over and above what IOUs can provide by their enrollment of customers in ELRP. Given that CCAs cannot themselves enroll customers in and administer the ELRP program, and that CCA programs in existence and in development demonstrate the unique ability of CCAs to connect with and enroll customers in DR programs, adding CCAs as DSGS providers will provide incremental reliability benefits not otherwise available.

[6] DSGS Guideline Advisory at 2 (emphasis added).

A. AB 209 Clarifies That Eligible DSGS Recipients Include CCA Customers Not Enrolled in CPUC Jurisdictional Demand Response or Emergency Load Reduction Programs

AB 209, signed by the Governor on September 6, 2022, amended Public Resources Code section 25792(b) (enacted by AB 205) to ensure that eligible DSGS recipients include all energy customers (including CCA customers), except those enrolled in CPUC jurisdictional DR or ELRP programs.[7] AB 209 therefore remedied an ambiguity in AB 205 allowing all energy customers to be DSGS eligible except those eligible for CPUC-jurisdictional DR or ELRP programs.[8] CalCCA noted in its Comments on the first draft of the DSGS guidelines the nonsensical exclusion by AB 205 of customers from DSGS who were simply eligible for DR or ELRP programs.[9] Instead, CalCCA pointed out that the more logical statutory intent of the eligibility criteria is to limit actual dual enrollment in DR or ELRP programs.[10]

AB 209 in fact modified section 25792(b) to remove AB 205's prohibition of participation in DSGS by customers who were simply eligible for other DR or ELRP programs. As noted above, the CEC recognized the impact of AB 209 in its DSGS Guideline Advisory in which it recognized that the passage of AB 209 will immediately open DSGS to CCAs. By revising the Guidelines to include CCAs as DSGS providers, the Commission can follow through on its Advisory to incorporate CCAs into the program.

B. Allowing CCAs to be DSGS Providers Will Allow Them to Recover Costs for Programs Providing Incremental Load Reduction and Emergency Supply During Extreme Events

Adding CCAs as DSGS providers will allow them to recover costs for programs capitalizing on the CCAs' ability to bring additional customers under the umbrella of DR to provide incremental load reduction and emergency supply during extreme events. While the IOUs may enroll some CCA customers in ELRP, CCAs themselves are not themselves able to enroll customers in or administer (and therefore recover costs through) the ELRP. Providing CCAs with cost recovery through DSGS for programs for load shifting and reduction during

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7 Public Utilities Code § 25792(b) (as amended by AB 209).

8 *California Community Choice Association's Comments on the Proposed Draft Program Guidelines – Demand Side Grid Support (DSGS) Program, First Edition,* Docket No. 22-RENEW-01 (July 29, 2022), at 2.

9 *Id.* at 3.

10 *Id.*

extreme events will capitalize on the unique ability of CCAs to locate potential incremental reductions and emergency supply within their communities.

1. CCAs as DSGS Providers Can Supplement Customers Enrolled in ELRP

ELRP compensates customers for load reductions during extreme events. However, enrollment of customers in and administration of the ELRP can only be conducted by the IOUs, who are provided the authority and funding to conduct the ELRP program. The IOUs enroll customers either through auto-enrollment (for certain customers such as those in the CARE program), or through IOU marketing and enrollment of customers (such as through the IOUs' websites). Customers enrolled in ELRP may include CCA customers enrolled by an IOU as a CCA customer's provider of transmission and distribution services.[11] However, CCAs have widely found that many of their customers are either unaware that they are enrolled in ELRP, or simply haven't enrolled and cannot participate in load reduction or shifting. Given the opportunity and funding to create more effective programs to incentivize customers to reduce or shift their load during emergencies, CCAs can provide incremental reliability benefits during extreme events.

2. CCA Demand Response Programs Demonstrate the Untapped Potential for Emergency Reliability Benefits

CCAs, created by their local communities, are uniquely positioned to connect with, market to, and enroll their customers in DR programs. Given the funding to locate customers in their territories not already enrolled in CPUC jurisdictional DR programs, CCAs can bring additional customers who can provide incremental load reduction and supply in extreme events.

Several CCA programs demonstrate the ability of CCAs to design simple and effective programs to shift load and provide emergency supply. First, Marin Clean Energy's (MCE's) existing Peak FLEXmarket program (PeakFLEX) shifts customer energy usage away from peak hours in the summer and during extreme events. The PeakFLEX program not only compensates residential and commercial customer energy load shedding or shifting during extreme events (at $2.00 per kilowatt-hour), but also provides payments for daily energy load shedding or shifting during peak hours (4-9 p.m. from June 1 through October 31). The PeakFLEX program is

[11] A CCA can annually opt-out all of its residential customers from ELRP. *See* D.21-12-015 at 57. Such an opt-out may be done, for example, if a CCA has its own DR program providing alternative benefits to ELRP.

particularly innovative as it is based on a technology agnostic, market- and performance-based approach. Any type of resource or intervention strategy (e.g., energy storage, electric vehicles, or behavioral DR) can enroll under the program as long as it can achieve measurable savings at the meter during peak hours. MCE, whose customers are able to also enroll in ELRP, was able to originally enroll 700 customer accounts, and added 2000 residential and 53 non-residential additional customers during the September 2022 heat wave. The PeakFLEX program has been funded in 2022 and 2023 through the CPUC's energy efficiency proceeding, but may need additional funding when the funding terminates at the end of 2023.

Through the Resilient Home program, East Bay Community Energy (EBCE) partners with solar company SunRun, Inc. (SunRun) to assist residential customers with installing behind-the-meter solar and battery systems, as well as providing financing options. In exchange for a flat incentive, Resilient Home customers allow EBCE to coordinate the dispatch of their batteries. These batteries are optimized to charge midday during times of high solar generation, and to dispatch during weekday evening hours. With over 1,100 residential solar and storage systems under management, EBCE delivers real, ongoing peak load management on a daily basis, including during CAISO peak days. If Resilient Home customers are eligible for DSGS incentives, EBCE can adjust system dispatch behavior to prioritize incremental load shifting during grid emergency events. Increased price signals for dispatch during stress events can also incentivize an increased uptake of managed systems, as EBCE can use this funding stream to advance efforts to expand beyond the current program. As a DSGS provider, EBCE will seek to enroll existing solar and storage systems operating "in the wild," or in an unmanaged state, retrofitting existing standalone solar systems with batteries, and increasing the sale of new systems to procure incremental demand response capabilities.

Another approach to enrolling customers to provide incremental load shifting is through a program being developed by Clean Power Alliance of Southern California (CPA) to incentivize the building of new solar and storage projects that could potentially dispatch during extreme events. CPA's Power Ready program is a community benefit offered to CPA's member agencies to make public buildings that serve critical community purposes energy-resilient by installing solar and storage systems to provide backup energy during an outage. CPA is seeking competitive proposals from developers/financiers to build, own, and operate the systems for 20 years. The project portfolio for all sites is expected to be approximately 1.7 megawatts (MW) of

solar and 3.6 MW of energy storage. CPA could potentially enroll these projects as dispatchable resources under the DSGS program if behind the meter resources are able to export under the DSGS program, as recommended below.

Given the funding and opportunity to design programs and enroll CCA customers in DR programs under DSGS, CCAs can capitalize on their unique community connections to locate untapped incremental load reduction and emergency supply opportunities. As a result, the Commission should revise the Guidelines to immediately include CCAs as eligible DSGS providers.

III. THE DSGS GUIDELINES SHOULD BE MODIFIED TO INCREASE THE EFFECTIVENESS OF THE DSGS PROGRAM

CalCCA appreciates the approach of the Commission to incorporate revisions based on "lessons learned" from the first summer implementing the DSGS program. As additional categories of DSGS providers (such as CCAs) are added, the Commission should also consider the following recommendations to increase the effectiveness of the program.

First, systems must be established to prevent dual participation in load-modifying demand response programs. Dual participation (and compensation) is prohibited by Public Utilities Code section 25792. Therefore, adequate systems must be in place to check both eligibility and enrollment of customers in the available DR programs. Currently, CAISO market integrated DR programs are included with the Demand Response Registration System (DRRS) and enrollment of customers can be checked within that system. However, such a system does not exist for load modifying DR programs. As proposed by Sunrun and Leap in their January 26, 2023 DSGS recommendations, to prevent "double counting" of participants, a verification of enrollment could be established through an eligibility check between LSEs.[12] Such a check could be maintained, as Sunrun suggests, through a live spreadsheet and cooperation between LSEs.[13]

Second, the Commission must ensure visibility into DR programs not only to CAISO and the IOUs, but also to LSEs. Without such visibility especially into which customers are enrolled in other DR programs, LSEs cannot effectively determine which customers can be enrolled in alternative programs.

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[12] Dockets 22-RENEW-01 and 21-ESR-01, *Sunrun, Inc. and LEAP Distributed Energy Resource Program Recommendations* (Jan. 26, 2023), at 3-4.

[13] *Id.*

Third, exports of behind the meter resources during emergency events should be eligible for DSGS compensation. While compensation for such exports may be limited during normal circumstances, CalCCA's understanding is that during extreme events behind the meter exports have been compensated through other DR programs.

IV. THE DEBA PROGRAM SHOULD INCORPORATE INCENTIVES FOR BEHIND THE METER RESOURCES

As the Commission develops the DEBA program, CalCCA encourages the incorporation of incentives for behind the meter resources. Such incentives can be coupled with direct funding for front of the meter resources to serve as on-call emergency supply or load reduction during extreme events.

V. CONCLUSION

CalCCA looks forward to further collaboration on these topics.

Respectfully submitted,

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