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**Comments on April 26, 2023 Staff Workshop and Proposed DSGS  
Program Guidelines**

*Additional submitted attachment is included below.*

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

In the matter of:	)	Docket No. 22-RENEW-01
	)	
	)	
<i>Reliability Reserve Incentive</i>	)	LADWP Comments Re:
<i>Programs</i>	)	April 26th Staff Workshop
	)	on the Demand Side Grid
	)	Support Program and
	)	Proposed Draft Program
	)	Guidelines

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE  
CALIFORNIA ENERGY COMMISSION ON THE APRIL 26, 2023, STAFF WORKSHOP ON THE  
DEMAND SIDE GRID SUPPORT PROGRAM AND PROPOSED DRAFT PROGRAM GUIDELINES**

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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 April 26, 2023, Staff Workshop on the Demand Side Grid Support Program and proposed draft *Demand Side Grid Support (DSGS) Program Guidelines, Second Edition*, henceforth referred to as “DSGS Program” or “DSGS Guidelines”.

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 LA, 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.

As LADWP works toward 100% clean energy for the City of Los Angeles, LADWP has launched several distributed energy resource and demand response programs to achieve our renewable energy goals. 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.

In August 2022, the Commission published the DSGS Program funded under Assembly Bill 205 for up to 5 years. Those Guidelines required publicly-owned utilities (POUs) to enroll with the Commission, and aggregators of customers must enroll as participants of the Commission's DSGS program through the POU. As such, LADWP has been developing its DSGS program to become a DSGS provider under the Commission program as previously designed, enabling aggregators in the LADWP territory to participate in the program.

In April 2023, the Commission has proposed a draft second edition of the DSGS Program Guidelines that would allow certain POU customers to directly enroll into the Commission DSGS Program under revised Option 1 and require Distributed Energy Resource (DER) aggregators to receive written POU approval before enrolling customers into revised Options 2 or 3 within POU territory. The Commission has presented these modifications in a public workshop and is seeking public comment on the proposed Guideline changes.

### **SPECIFIC COMMENTS**

LADWP would like to share its appreciation of the Commission's efforts in the development of the DSGS program over the last year and the continuation of requiring POU involvement with DER aggregators to participate in DSGS within POU territories. Since this program will materially impact LADWP's Power System and its customers, LADWP would like to offer the following suggestions in response to the Commission's April 26 workshop on the proposed modifications and implementation of the DSGS program, as well as pose certain questions for CEC to address in the DSGS Guidelines. LADWP believes these are some considerations that the CEC should address in the DSGS Program Guidelines and provides the specific comments below.

#### **1) LADWP Recommends that Direct POU Customer Participation in Option 1 Requires Local Balancing Authority Control and Dispatch in Addition to POU Approval**

As one of California's Balancing Authorities (BAs), LADWP is responsible for the safe and reliable operation of the bulk power system. Under Option 1 of the Commission's proposed draft DSGS Guidelines, direct participants may respond to Energy Emergency Alerts (EEAs) issued by any California Balancing Authority. A DSGS Program structure allowing direct participants to respond to any other BA's EEAs undermines LADWP's ability to meet its BA obligations to maintain visibility and reliability of its system. Any dispatch of generation or reduction in load must be anticipated by LADWP since a surplus or a deficiency in energy can cause adverse impacts to the reliability of the bulk power system.

In addition, the direct participation structure conflicts with federally-mandated North American Electric Reliability Corporation (NERC) Reliability Standards. Direct participant responses to other BA's EEAs would bypass LADWP's role as a BA which requires LADWP to

be the sole authority in control of dispatching all resources within LADWP's BA area (BAA). The direct response to EEAs from external BAs conflicts with NERC Reliability Standards<sup>1</sup> requiring each BA to maintain the reliability of its own BAA via its own actions or by issuing Operating Instructions. The proposed direct participation structure also conflicts with NERC Reliability Standards that specify the coordination required during EEAs to ensure the reliability of the bulk power system.

Furthermore, direct participation responses to another BA's EEAs may result in unintended financial impacts. In LADWP's case, the lack of oversight of the participation of resources will jeopardize the accuracy of LADWP's Energy Imbalance Market (EIM) load forecast and base schedule. LADWP may be subject to adverse financial impacts in the EIM as a result of this inaccuracy.

Direct participation responses to EEAs issued by any BA other than the local BA may not provide immediate direct relief to the BA that is experiencing an EEA. An energy transaction would still have to be processed by the corresponding BAs, which requires ensuring available transmission capacity and must also comply with applicable federal<sup>2</sup> or other jurisdictional transmission tariff requirements and NAESB standards. If these requirements are not met, the transaction would not be able to be fulfilled.

For these reasons, LADWP recommends that direct participants must obtain written POU approval to be enrolled even if the POU is not enrolled as a DSGS provider or is not offering DSGS program participation for that type of customer or load reduction resource. Even with direct participation, the DSGS resource must successfully complete the New Resource Implementation (NRI) process as a demand response resource with the affected BA. LADWP also suggests that the Commission modify the Guidelines such that POU-approved direct participants under Option 1 may only dispatch in response to local BA dispatch operations, including EEAs. To the extent CEC seeks to effectuate DSGS in response to an external BAA's EEA, the response would have to be communicated from the Reliability Coordinator to the local BA, and not directly communicate to the participant. Finally, under all scenarios, direct participation responses to other BA EEAs cannot be permitted.

## **2) LADWP Recommends that the DSGS Program Allow Dual Enrollment with Existing POU Demand Response (DR) Programs that Do Not Fully Overlap**

Many POU's already offer existing utility demand response programs for their respective service territories which include specific dispatch criteria. These legacy utility DR programs

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<sup>1</sup>Examples of applicable NERC Reliability Standards: PER-003-2 requires applicable entities to certify its personnel to perform all reliability-related tasks. PER-005-2 requires each BA to develop their own reliability-related tasks and provide corresponding training. EOP-011-2 requires that in emergencies, the certified and trained personnel need to follow the BA's emergency plans, including protocols for EEAs. TOP-001-5 requires that those trained and certified to be the ones to maintain system reliability through their own actions or instructions.

<sup>2</sup><https://ferc.gov/industries-data/electric/industry-activities/open-access-transmission-tariff-oatt-reform/history-of-oatt-reform/order-no-889-1>

may be dispatched by their local BA during EEAs or they may be dispatched under different circumstances. In the case of LADWP, our Commercial and Industrial DR program may call for load reduction between June 15 through October 15, and between 1pm through 6pm. Since this timing only partially overlaps with DSGS Option 2, LADWP is proposing to allow dual enrollment under these circumstances.

Under this proposed dual enrollment scenario, LADWP's legacy DR program would continue to operate business-as-usual, while LADWP could also enroll to become a DR provider under Option 2 with custom dispatch criteria to cover the additional periods of between May 1 through June 14, October 16 through October 31, and between the hours of 6pm through 10pm for the entire season. This would allow the more capable and flexible DR customers to provide incremental load reductions into both programs. LADWP proposes to continue funding all of the existing hours and months of the legacy DR program and only submit claims for load reduction for the incremental days and hours of DSGS Option 2.

**3) LADWP Recommends that the DSGS Options 2 and 3 Allow Custom Performance Measurement Proposals Similar to the Custom Dispatch Criteria for POUs outside the CAISO BA.**

LADWP appreciates that POUs outside of the CAISO BA can propose custom dispatch criteria under Options 2, based on the unique needs of their customer base, and supports extending custom dispatch criteria to Option 3. However, the performance measurement criteria seem to only specify how CAISO utilities would measure performance. LADWP suggests allowing non-CAISO POUs to propose custom performance measurement methods for Option 2. Furthermore, LADWP believes that non-CAISO POUs should be allowed to propose custom performance measurement methods for Option 3.

**4) LADWP Recommends Modifying the DSGS Guidelines to Mitigate Risk of Aggregator Accidental Cross Enrollments between POU & IOU Customers and Dual Enrollment Checks with Other Utility DR Programs**

There is a risk that DER aggregators can accidentally enroll POU customers into an IOU DSGS program and vice versa. LADWP recommends requiring DER aggregators to provide proof and/or attestation that enrolled individual customers are served by the correct IOU or POU. DER aggregators should provide unique individual utility customer account ID numbers that must be verified and approved by the respective utility prior to DSGS enrollment.

This same utility customer account ID number can be used by the POU, along with the customer name and address, to check for dual enrollment in existing utility DR programs. Furthermore, LADWP recommends requiring at least monthly updates for any aggregator customer participation lists to be sent to the POU. LADWP agrees that customer participation lists provided by aggregators should include name, email address, and phone

number of participant contact; information on the resources (address, type(s) and applicable loading order, expected minimum and maximum capacity for each resource, information to verify eligibility); and attestations of eligibility.

#### **5) LADWP Recommends that the DSGS Guidelines Refer to POU Interconnection Agreements and Requirements in Addition to the CPUC and IOU's Electric Rule 21 Tariff**

POU interconnection requirements may vary slightly from those seen in the CPUC and IOU's Electric Rule 21 Tariff<sup>3</sup>. To address any potential variation, LADWP recommends that the Commission's DSGS Guidelines refer to POU interconnection agreements and requirements and clarify that they are separate and distinct from Rule 21 Interconnection requirements.

#### **6) Other Questions and Suggestions**

- Option 2 states DR providers can request an interim calculation of the incentive. Does that calculation come from the Commission? LADWP requests further clarification from the Commission on the timing of this calculation process.
- Please provide examples of the incentive calculations for Options 2 and 3 as they should pertain to non-CAISO utilities.
- Is there a minimum kW size for direct participants in Option 1?
- For the CEC DSGS Program, does a "program year" end on October 31 or December 31?
- In regards to Option 3 "test events" for a POU DSGS provider, LADWP recommends that the POU shall determine the timing of the test event and not the DER aggregator.
- LADWP suggests that the Commission make clear in the DSGS Guidelines that once a POU becomes a provider under Options 2 and/or 3, then aggregators must only be participants under the POU DSGS programs.

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<sup>3</sup> <https://www.cpuc.ca.gov/rule21/>



## **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) 367-1750, or Mr. Scott Hirashima at (213) 367-0852.

Dated: 05/11/2023

Respectfully Submitted,

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