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Leap Comments on Draft DEBA Guidelines

Additional submitted attachment is included below.

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Leapfrog Power (“Leap”) appreciates the California Energy Commission (“Commission”) advancing its efforts to fund new reliability resources in California via the Distributed Electricity Backup Assets (“DEBA”) Program. The “Proposed Draft Guidelines for the Distributed Electricity BackupAssets Program” (“Draft Guidelines”), released on August 15, provide a great foundation with which to stand up this program, and Leap particularly applauds the dedication to enabling new distributed resource deployments through the dedicated funding provided to these resources. However, some parts of the Draft Guidelines could be bolstered with additional detail to clarify how the program would work in practice. Although Leap does not have direct feedback on the questions identified in CEC’s August 15 Presentation at this time, it has called out a number of areas below where further clarification would be beneficial, as well as suggestions as to the appropriate resolution.

1. Definition of “distributed resource” (Draft Guidelines, p. 2)

- a. Concern: The term “distributed resource” is not directly defined in the Draft Guidelines, although it does provide a long (and, as emphasized, non-exhaustive) list of technologies that would qualify. To avoid confusion, future Guideline drafts should provide a clear working definition of what qualifies as a “distributed resource.”
- b. Leap Recommendation: To provide as broad a definition as possible, Leap believes “distributed resource” should be broadly defined as an electricity backup asset that is connected to the distribution grid. In addition, in the sentence “New zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities,” it should be clarified that the Draft Guidelines are referring to new *installations* of zero- or low-emitting technologies, and not novel technologies (i.e. proven, commercial technologies are included, but existing assets are excluded).

2. “Eligible Applicant” qualifications (Draft Guidelines, p. 2)

- a. Concern: At the top of p. 2, the “Eligibility Requirements” section states that Eligible Applicants for DEBA must “intend to own or operate the eligible project.” However, in “Table 3: Screening Criteria” (p. 5), the Draft Guidelines state that

the applicant can be a third-party submitting the application on behalf of the intended owner/operator of the resource.

- b. Leap Recommendation: The definition of an Eligible Applicant under “Eligibility Requirements” should be updated to include third-party applicants submitting on behalf of the intended owner/operator.

3. Dual Participation in DEBA and other DR programs

- a. Concern: Outside of RA contracts, the current Draft Guidelines do not provide details on if/how resources funded through DEBA can participate in other DR programs in California (e.g. DSGS)
- b. Leap Recommendation: The Draft Guidelines should add a “Dual Participation” section explicitly confirming and describing that assets funded through DEBA can participate in RA and other DR programs as long as the requirements for DEBA are met.

In addition, Leap would encourage the CEC to consider allowing distributed resources funded through DEBA to participate in RA as an alternative to being available for “emergency events,” as defined in Public Resources Code Section 25790.5(b). This is because RA contracts are already designed to ensure that resources are available for grid emergencies - indeed, it is California’s primary mechanism by which capacity is contracted to meet peak load per the California Energy Demand Planning Forecast. By contrast, the term “emergency event” in the current Draft Guidelines is more ambiguous, and the process by which resources will be dispatched during these events is largely undefined. Allowing DEBA resources to participate in RA year-round (rather than just in the non-summer months) will ensure that they’re taking advantage of established market mechanisms and dispatch protocols to provide load reductions to the grid when they are most needed.

Finally, Leap is concerned that, as currently written, the Draft Guidelines may result in Measurement & Verification (M&V) approaches that encourage resources to “sit on the sidelines” waiting for emergencies to occur, which would waste the significant potential for these resources to provide additional services to the grid outside of major events. Although the Draft Guidelines may not be the appropriate area to address this concern, Leap recommends that future GFOs address this by establishing M&V methodologies that do not penalize resources for contributing to reliability on non-“emergency” days by allowing those days to be removed from any X-in-10 baseline calculations that are required, or by utilizing an alternative baseline methodology to avoid disincentivizing frequent participation.

About Leapfrog Power:

Leap is a Demand Response Provider (DRP) founded in 2017 and headquartered in San Francisco, California. The company provides Demand Response (DR) services to residential, commercial, industrial, and agricultural customers throughout the state of California. Through its technology platform, Leap enables distributed energy resource (DER) providers in California to provide grid flexibility, delivering revenue for their customers and integrating additional demand-side resources into the California electricity system. Leap believes that demand-side resources integrated into California's wholesale electricity market will play an increasingly important role in helping California achieve a resilient and zero carbon future. Leap is a registered DRP, as well as a registered Scheduling Coordinator, with the California Independent System Operator Corporation (CAISO). Leap has been a participant in the recent Demand Response Auction Mechanism (DRAM) procurements and has entered into contracts with Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to deliver DRAM capacity. Leap has received net qualifying capacity (NQC) via the Load Impact Protocol (LIP) process and has contracted with over a dozen Community Choice Aggregators (CCAs) to deliver DR-based Resource Adequacy (RA).