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Olivine Comments on Docket Number 19-OIR-01, Load Management Rulemaking

Additional submitted attachment is included below.

January 24, 2020

Commissioner J. Andrew McAllister
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: Docket Number 19-OIR-01, Load Management Rulemaking

Dear Commissioner McAllister:

Olivine, Inc. (Olivine) greatly appreciates the opportunity to comment on the California Energy Commission's (CEC) draft scoping memo and initial scoping workshop for the 2020 Load Management Rulemaking. As noted in the Order Instituting Rulemaking Proceeding, the CEC has broad authority to update its existing Load Management standards "to increase flexible demand resources, through rates, storage, automation, and other cost-effective measures."[1] Working with load serving entities, independent system operators (ISOs), aggregators and other resource owners, Olivine provides program management, real-time bidding and award monitoring, telemetry and coordinating scheduling coordinator services. Our infrastructure and services enable distributed and aggregated resources—such as solar, demand response, electric vehicles and battery storage—to effectively and efficiently offer grid services. Our unique approaches, especially relating to behind-the-meter challenges, enabled us to be the first third-party to integrate battery storage and other demand-side technologies into California's wholesale markets. Our deep expertise in demand response and distributed energy resource underpins our belief in these resources and their ability to provide grid services. Accordingly, Olivine strongly supports this examination of the potential for flexible demand[2] to help control daily and seasonal peak loads and possible amendments to the load management standards. We agree that more can and should be done with "demand flexibility."

Specifically, Olivine supports an update to Load Management standards to include Community Choice Aggregators (CCAs) and Publicly Owned Utilities (POUs) in the scope of "utility" service areas, as suggested as a possibility in the workshop's introductory comments; these standards

[1] Order Instituting Rulemaking Proceeding, Docket No. 19-OIR-01, adopted Nov. 13, 2019, at 3.
[2] The Public Resources Code defines "flexible demand" as "the capability to schedule, shift, or curtail the electrical demand of a load-serving entity's customer through direct action by the customer or through action by a third party, the load-serving entity, or a grid balancing authority, with the customer's consent." Pub.Res. Code § 25402(f)(7)(A).

should not be limited to the Investor Owned Utility (IOUs). When a bundled customer departs IOU service for a CCA, they continue to pay the IOU's transmission and distribution rates, but they stop paying the IOU's generation rate and start paying the CCA's generation rate. Under current rate structures, time-based pricing is largely concentrated under generation rates. CCAs are poised to represent up to 80% of retail energy provision in current IOU territories. As CCAs continue to expand, more customers will be exposed to CCA generation rates as opposed to IOU generation rates. Given the load migration to CCAs, not to mention the existence of numerous POUs, the CEC should not focus solely on the IOUs. Inclusion of CCAs and POUs (in addition to the IOUs) in Load Management standards would enable the new and innovative rates and programs to be developed under the updated load management standards to reach the most customers – and their loads.

Olivine also recommends explicit consideration of the impacts of load management on Disadvantaged Communities (DACs), which face a higher pollution burden than other areas.[3] Many California residents living in DACs are subject to some of the worst pollution impacts in the country, even though California's power grid is relatively clean. As California transitions to a higher penetration of renewables on the grid, the short to medium term impacts may include increased concentration of NOx emissions in certain areas due to increased cycling of existing fossil-fueled peaking power plants.[4] Olivine accordingly encourages inclusion in the scope an examination of programs and tools that can incent or automate demand flexibility in DACs; the scope should also include an examination of strategies that enhance the use of programs or tools to mitigate emissions impacts on DACs and provide beneficial economic impacts for the residents of DACs.[5]

Olivine appreciates the opportunity to offer these comments and looks forward to further engagement in this important rulemaking.

/s/
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[3] Disadvantaged Community impact analysis from California climate policies: https://ww2.energy.ca.gov/2018publications/CEC-500-2018-013/CEC-500-2018-013.pdf
[4] UCS Report: https://blog.ucsusa.org/mark-specht/natural-gas-power-plants-are-not-clean
[5] *See, e.g.*, https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5477-E-A.pdf