

DOCKETED

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Enchanted Rock Comments of Supply Side Demand Response Initiative

Additional submitted attachment is included below.



Enchanted Rock LLC
1113 Vine Street, Suite 101
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August 2, 2021

VIA ELECTRONIC FILING

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 21-DR-01
1516 Ninth Street
Sacramento California 95814-5512

Re: Enchanted Rock Comments on Supply Side Demand Response

Enchanted Rock appreciates the opportunity to submit these initial comments on the Energy Commission's Supply Side Demand Response proceeding under 21-DR-01.

With experience building and operating over 215 installations that operate in grid synchronous and island modes, the technical and market challenges of microgrid development for demand response and resiliency are well understood by Enchanted Rock. Enchanted Rock has collaborated with utilities, regulators, and market operators alike in developing market conditions conducive to microgrid development.

Enchanted Rock supports the Energy Commission's Supply Side Demand Response initiative and looks forward to participation in the working groups. Our participation in this proceeding is focused on utilizing clean, carbon-neutral backup generation to support demand response activities that help meet climate goals and support grid reliability during those times when absolutely needed. Enchanted Rock provides affordable, long duration backup power to commercial, industrial, and institutional customers by delivering a proven, full-service alternative to diesel-fueled generation with the cleanest available technology.

Enchanted Rock has commissioned over 460 MW of dispatchable distributed generation and resiliency microgrids with 150 MW under construction and has covered approximately 460,000 hours of outages. Enchanted Rock manages the design, construction, commissioning, operations, and maintenance of natural gas and renewable natural gas-powered technology so utilities and end-use customers have access to reliable backup power and demand response capability without the expense and challenges that come with maintaining a backup generation system.

Enchanted Rock understands the reasoning behind the prohibition of fossil-fueled backup generation to support demand response. A May 2020 research report by the consulting firm, M. Cubed, reports that there are nearly 8 GWs of diesel backup generation capacity deployed across just five air districts (South Coast, Bay Area, Eastern Kern County, San Joaquin Valley, Ventura County). At the January 21, 2021, CEC

workshop on alternatives to diesel¹, the Bay Area Air Quality Management District reported over 1.5 GW of planned diesel generator capacity in queue in the Bay Area alone. Continued support for using renewable natural gas-fueled backup generation to support demand response provides a path for increasing the amount of backup generation at new and existing customer locations by incenting the switch over to renewable fuel to access revenues for providing valuable grid services when needed.

There are multiple advantages to using renewable-fueled backup generation to support demand response capacity. These include:

- The long-term investment horizon (typically 20 years) for new or replacement back up generation allows for accompanying long term RNG procurement agreements that will result in incremental RNG supply development.
- In high capacity factor applications like data centers, complex Load Impact Protocols would not be needed to determine impact, making Qualifying Capacity determination much easier.
- Potential DR revenue would incentivize replacing diesel with cleaner, less polluting, low carbon alternatives.

To facilitate developing this valuable potential reliability resource, Enchanted Rock strongly supports a sub-working group to focus on developing recommendations for implementing a backup generation DR mechanism that could easily provide a significant amount of incremental demand response capacity. We look forward to participating in such a group.

Sincerely,

/s/

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¹ <https://efiling.energy.ca.gov/getdocument.aspx?tn=236425>