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## Stakeholder Comments Template - Proposed Consolidation of Principles

**Submit comments to:** [Tom.Flynn@energy.ca.gov](mailto:Tom.Flynn@energy.ca.gov)

**Comments are due October 1 by 5:00 p.m.**

All comments received will be posted to CEC Docket 21-DR-01

Instructions: CEC staff is requesting stakeholder comments on the set of nine principles retained, combined, and/or reworded based on stakeholder discussion during the Principles WG meetings held on September 13 and 27. This discussion also resulted in some principles being dropped.<sup>1</sup> Each proposed principle is followed by three questions; please provide a response to each question, as applicable, in the space provided. Toward the end of this comments template, CEC staff is requesting comments, as applicable, in two other areas.

### **Comments on the refined set of principles**

- I. Principles #1, #5, #11 combined – **“The QC methodology, including ex-post performance measurement, should be transparent, replicable, and understandable.”**
  - a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support this principle as worded.*
  - b. If your organization would require changes to support, what changes would your organization suggest? *Response: N/A*
  - c. Explain your organization’s support or opposition of this principle. *Response: This principle is essential to bringing more clarity and simplicity to the QC process. A majority of the current Load Impact Protocols (LIPs)-based process occurs behind the scenes and involves a significant amount of analysis and reporting that are often difficult for most stakeholders to understand.*

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<sup>1</sup> Principles #4, #7, #13, #14, #15, #16, #17, #18, #20, #21, #22 were dropped based on stakeholder discussion.

*Furthermore, DR providers are not able to know until the completion of the LIP analysis how much potential capacity they can claim.*

*The new methodology must be simple enough to use without a consultant and must allow for DR providers and IOUs to perform scenario testing to inform the design of their resources and programs.*

II. Principles #2, #3 combined – **“The QC methodology should be forward-looking and use the most current information regarding resource capabilities, including historical performance data where possible.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support this principle as worded but recommend a clarifying edit, discussed in Part b) below.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response: The phrase “forward looking” is ambiguous because it is not clear how it applies in this instance. Specifying that the most current information available should be used while also reflecting historical performance appears to capture the intent of the principle. The Council proposes the following edit:*

*“The QC methodology should ~~be forward-looking and~~ use the most current information regarding resource capabilities, including historical performance data where possible.”*

- c. Explain your organization’s support or opposition of this principle. *Response: The Council supports this principle because it addresses a major shortcoming of the current LIP process – a delivery period that is one-to-two years after the inputs to the Load Impact analysis are established. This extended lead time increases the difficulty for DRPs to predict so far in advance the quantity and location of their customer enrollments. In addition, though not critical to an accurate QC valuation because it does not have a direct impact on a DR provider’s future capability, a historical performance element can be useful in assessing its ability to meet its QC obligations.*

III. Principle #6 – **“The QC methodology should be sufficiently fast and easy to update to enable DR providers to participate in all capacity solicitations.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Require changes to support.*

- b. If your organization would require changes to support, what changes would your organization suggest? *Response: The current language refers to the ease of updating the QC methodology, but the intent of this principle is intended to ensure that DR providers can easily respond to LSE solicitations, regardless of the time of year they are held. Therefore, it is not the methodology itself that must be easily updated (although that would certainly be a good feature), but the output of the methodology to ensure the most recent data are accounted for. The Council recommends the following edit:*

*“The QC methodology results should be sufficiently fast and easy to update to enable DR providers to participate in all capacity solicitations.”*

- c. Explain your organization’s support or opposition of this principle. *Response: This principle is critical to ensure DR providers are able to participate in LSE solicitations as they become available. Currently, the LIP process provides a QC value for the upcoming year so a DR provider can only participate in a new solicitation within a given year if it has not already contracted out the QC it was awarded in the prior year. This constrains the ability to expand the portfolio throughout the year because it is difficult to update the intra-year QC values. The current QC update mechanism can only be used twice per year and is only available to DR providers whose portfolios change by the larger of 20% of their portfolio or 10 MW. Therefore, a new DR provider with a 10 MW portfolio must double the size of its portfolio to qualify for an intra-year update. Similarly, a DR provider with a 100 MW portfolio must add 20 MW to qualify for an update. For more DR to be procured, the QC methodology process must be nimble enough for all interested DR providers to participate.*

IV. Principle #8 – **“The QC methodology should be compatible with individual DR resources and aggregations of resources.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support this principle as worded.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response: N/A*
- c. Explain your organization’s support or opposition of this principle. *Response: It is important that the QC methodology be applicable at the more granular resource level, in addition to the program or portfolio level, when necessary. For example, the QC value of a DR provider’s portfolio should be determined at the System level if the provider is only intending to provide System Resource Adequacy (RA)*

capacity. However, the QC for the individual resources located within a specific Local Capacity Area (LCA) will be needed if the provider plans to sell some of its capacity as Local RA.

V. Principle #9 – **“The QC methodology should be consistent and compatible with the RA program.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support this principle as worded.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response: N/A*
- c. Explain your organization’s support or opposition of this principle. *Response: The QC methodology must be compatible with the prevailing RA program rules. Otherwise, it will be unusable.*

VI. Principle #10 – **“The QC methodology should account for all factors that substantially influence DR variability.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Require changes to support.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response:*  
*“The QC methodology should account for ~~all~~ factors that substantially influence DR variability to the greatest extent possible.”*
- c. Explain your organization’s support or opposition of this principle. *Response: This principle is overly broad and poorly defined. There are many factors that influence DR variability including a customer’s underlying enabling technologies, load types, climate, family size, etc., so to account for them all would be prohibitively difficult and would contradict the principles toward a simpler and nimbler QC methodology. The Council recognizes that in some instances, DR is a variable resource and the most significant contributors to this variability should be considered, if feasible, but not at the expense of a more complicated QC methodology.*

VII. Principle #12 – **“The QC methodology should account for the use-limited, availability-limited, and variable-output nature of DR.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support this principle as worded.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response: N/A*
- c. Explain your organization's support or opposition of this principle. *Response: N/A*

VIII. Principle #19 – **“The QC methodology should accurately account for DR’s contribution to reliability.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Require changes to support.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response:*  
*“The QC methodology should accurately account for DR’s contribution to reliability and its expected load reduction, at minimum, during the Availability Assessment Hours.”*
- c. Explain your organization's support or opposition of this principle. *Response: The DR QC value should be its reliability value, which equates to the ability to reduce load, during the Availability Assessment Hours, with the DR provider having an option to expand to a broader window if desired.*

IX. Principle #23 – **“The QC methodology should, to the extent possible, rely on software or code that is available at nominal cost to DR providers.”**

- a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle. *Response: Support as worded.*
- b. If your organization would require changes to support, what changes would your organization suggest? *Response: N/A*
- c. Explain your organization's support or opposition of this principle. *Response: It is critical that the new QC methodology not impose a significant cost burden on a DR provider simply for the privilege of receiving a QC value. Otherwise, this creates an unnecessary financial barrier that could discourage new entry. In addition, the current practice of relying on consultants with the expertise to perform the extensive analysis and reporting leads to a rush by several DR*

*providers to secure the services of a small number of consultants which risks some DR providers being excluded from the QC valuation process if they are unable to secure a consultant.*

**Comments about principles not included**

Please provide any comments concerning principles that your organization believes are missing from the refined set of principles.

*Response:*

**Any additional comments**

Please provide any additional comments that your organization would like to make.

*Response:*