

DOCKETED	
Docket Number:	21-DR-01
Project Title:	Supply Side Demand Response
TN #:	240030
Document Title:	SDGE Comments for Working Group Principles Comments - SDGE Comments for Working Group Principles
Description:	N/A
Filer:	Courtney Wagner
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	10/8/2021 3:37:23 PM
Docketed Date:	10/8/2021

Stakeholder Comments Template - Proposed Consolidation of Principles

Submit comments to: 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.¹ 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 accessible, transparent, replicable, and understandable.”**
 - a. Indicate whether your organization supports the principle as worded, would require changes to support, or opposes the principle.
Response: Yes
 - b. If your organization would require changes to support, what changes would your organization suggest?
Response: Add the word “accessible” to the principle.
 - c. Explain your organization’s support or opposition of this principle.

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

Response: The general principle is solid, but the interpretations of transparent, replicable, and understandable is in the eye of the beholder.

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: Yes

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: No.

- c. Explain your organization’s support or opposition of this principle. *Response:*

The existing methodology grounds estimates on historical data but is forward looking, the ex-ante savings reflect expected changes in the enrollment and participant mix. The one area that needs improvement is the ability to update enrollment forecasts and MW forecasts using the most current information.

Note that the existing process requires these forecasts be submitted about 15 months in advance. This is problematic in of itself.

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: Yes.

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: We recommend changing the language to “The QC methodology and process should be sufficiently fast and easy to update to enable DR providers to participate in all capacity solicitations.” The main lag is not in the methodology but in the process itself. The current process involves a very detailed load impact study, with the ex ante estimates being used for RA and QC values.

Explain your organization's support or opposition of this principle.

Response: We support the ability of resources to participate in the market as they become available.

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: The principle is unclear. Does the term resource refer to CAISO resource ids? Or something else?

- b. If your organization would require changes to support, what changes would your organization suggest? *Response:* Suggest modification for clarity.

- c. Explain your organization's support or opposition of this principle.

Response: We are unable to provide feedback until the principle is more clearly defined. The principle lacks clarity on what is meant by Individual DR resource.

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: Yes, but with qualifications.

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: What is meant by the RA program is unclear. If the QC methodology is consistent with the RA program, won't it be compatible by default? Compatible does not seem necessary.

- c. Explain your organization's support or opposition of this principle.

Response: The values used for planning in RA, QC, ELCC and cost-effectiveness need to be consistent. There is a need to align the across CPUC proceedings i.e. slice of day concepts for resource adequacy. Cannot adopt a methodology that only works for 2023.

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: No, the wording “all factors” is too strong.

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: The QC methodology should account for factors that substantially influence DR variability (e.g., hour of day, weather conditions, weekend/weekday, etc.) as agreed upon by the working group.

- c. Explain your organization’s support or opposition of this principle.

Response:

There is a need define the factors clearly. It cannot be vague.

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: Yes.

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: No.

- c. Explain your organization’s support or opposition of this principle.

Response: We agree with this principle but the way the methodology accounts for the use and availability limitations needs to be transparent and rely on open sourced models and data. Currently ELCC method does not take into account the availability, use-limited and/or variable nature of DR.

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

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

Response: Yes. Should add “Load Reduction”

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: Yes.

- c. Explain your organization's support or opposition of this principle.

Response: In principle we agree, but the debate is about the ELCC methodology itself, and we don't want the methodology to predetermine the outcome, using bids instead of the RA capacity is an example of using the wrong input and will lead to an inaccurate QC value.

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: No.

- b. If your organization would require changes to support, what changes would your organization suggest?

Response: The QC methodology should, to the extent possible, have reasonable costs (e.g., 5% or less of capacity value). Potentially, DR providers don't have needed expertise and may need to hire out. Smaller resources should have options to bypass more detailed requirements and/or pool with other resources. Will need to establish what is a small resource. The QC methodology should be a simple, clear methodology that does not require proprietary or advanced software to determine values. The CPUC prefers easily accessible and easy to implement solutions rather than "black box" solutions to calculating resource valuation.

- c. Explain your organization's support or opposition of this principle.

Response: The initial principle as worded is too prescriptive in specifying software. It is also too vague in what constitutes a "nominal" cost. It also does not identify what component of the qualifying capacity process it applies to.

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:

The discussion so far has mixed up or is not discussing these four elements:

- 1. How to measure the performance of demand response under the conditions it is called (ex-post)*
- 2. How to develop a standardized set of inputs for planning*
- 3. How to adjust qualifying capacity for the fact the DR resource are tied to loads, are weather sensitive, and have limitations on availability, dispatch duration, and dispatch frequency.*
- 4. The process for qualifying capacity – is a full scale Load Impact Evaluation necessary.*

SDG&E recommends that the working group focus on the second and third elements to make the discussion more productive.

SDG&E notes that this principle was removed when combining principles:

- The QC methodology should not systematically over or underestimate the QC.*
- The QC methodology should be consistent with standards (like the DR Protocols) established for other use limited or availability limited resources unless there is a justified reason for different treatment.*