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STATE OF CALIFORNIA  
CALIFORNIA ENERGY COMMISSION

In the matter of, )  
2021 Integrated Energy Policy ) Docket No. 21-IEPR-04  
Report (2021 IEPR) ) RE: Supply-Side Demand  
\_\_\_\_\_ ) Response

IEPR COMMISSIONER WORKSHOP ON SUPPLY-SIDE DEMAND  
RESPONSE

**REMOTE ACCESS ONLY**

FRIDAY, DECEMBER 3, 2021

Session 2: Supply-Side Demand Response - Stakeholder  
Working Group Process and Path Forward - 2:00 P.M.

Reported By:  
Elise Hicks

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DECEMBER 3, 2021 2:00 P.M.

MS. RAITT: All right, good afternoon everyone.

Welcome back to today's 2021 IEPR Commissioner workshop on Supply-Side Demand Response.

I'm Heather Raitt, the Program Manager for the Integrated Energy Policy Report, which I refer to as the IEPR for short.

The workshop is being held remotely, consistent with Assembly Bill 361, to improve and enhance public access to state agency meetings during the COVID-19 pandemic by allowing teleconferencing options.

The public can participate consistent with the direction provided in the notice for this workshop.

This is the afternoon and final session. And to follow along with today's discussion, the workshop schedule and presentations are available on the CEC's website. Just go to the 2021 IEPR and you should find them there.

All IEPR workshops are recorded and recording will be linked to the CEC website shortly following this afternoon, and the written transcript will be available in about a month.

Attendees have the opportunity to participate today by asking questions or upvoting questions

1 submitted by others through the Zoom Q&A feature, or  
2 making comments during the public comment period at the  
3 end of the afternoon, or submitting written comments  
4 following the instructions on the meeting notice. And  
5 written comments are due on December 17th.

6 And with that, I'm pleased to turn it over to  
7 Commissioner Andrew McAllister, the Lead for the 2021  
8 IEPR. Thank you.

9 CEC COMMISSIONER MCALLISTER: Well, thank you,  
10 Heather. I'm really happy to be back this afternoon and  
11 with a focused discussion on the working group that's  
12 been happening over the last few months, and really  
13 building on the slightly more general conversation we  
14 had this morning. I'm really excited to dig into the  
15 hard work, all the spade work that staff and many, many  
16 stakeholders have been working on.

17 But I think we set the stage nicely this  
18 morning. Obviously, lots of -- a broad range of topics  
19 and sort of a pretty complex landscape in some sense for  
20 all the different initiatives that are going to help us  
21 harvest all the opportunities that are out there for  
22 demand side resources to contribute to our reliability  
23 and decarbonization priorities, and optimize the system  
24 broadly.

25 So, this collaboration with the PUC is a really

1 great example of how we're moving together to try to  
2 solve these -- to construct this new ecosystem in a way  
3 that makes sense and helps us achieve our goals. So,  
4 we're looking forward to digging in and hearing from  
5 both participants and from staff from both agencies.  
6 So, thanks.

7           And I'll pass it off to Vice Chair Gunda, who's  
8 the Lead Commissioner on much of this work. We're  
9 actually working together, partnering on this together,  
10 but yeah.

11           CEC VICE CHAIR GUNDA: Thank you, Commissioner  
12 McAllister. And thank you, Commissioner Houck for being  
13 able to join this afternoon's session.

14           Thanks again Heather, and your team, and the  
15 entire CEC team for pulling this together.

16           I'm thinking for those of you who, you know,  
17 might have missed this morning, as Commissioner  
18 McAllister kind of pointed out, there was some high  
19 level, level setting conversation on the supply-side DR.

20           I'm thankful to Simon Baker from CPUC  
21 and Anna McKenna from CAISO for helping set the stage  
22 on, you know, how they see the DR implementation and the  
23 evolution, and such, the importance of being able to  
24 account for the DR resources adequately, being able to  
25 show them and be able to depend on them, and also value



1 them accurately.

2 I think all of that was then followed by a panel  
3 that kind of looked at the implementer's perspective.  
4 Jennifer Chamberlin, Paul Nelson, and Chetna Smith from  
5 SCE were able to offer some high level comments on the  
6 DR and the future of DR from their perspective, and the  
7 importance of ensuring that, you know, wherever we go  
8 that, you know, the DR is not too complicated. So, we  
9 have a pretty easy, understandable DR approach for the  
10 consumers, but also have some, you know, the  
11 appropriateness of incentives and revenue opportunity  
12 certainty for the DRVs to be able to help grow this  
13 market as a whole.

14 So, thank you for all your comments, and thanks  
15 for setting the stage, and look forward to hearing from  
16 this afternoon's panel on specifically the approaches  
17 that are under consideration for, you know, long term,  
18 you know, 2024 and beyond. But also, potential ideas  
19 for 2023 and some of the principles that the working  
20 group has worked through on how do we even approach the  
21 DR as a whole.

22 So, very much looking forward to that  
23 conversation. And before I kick off the next panel, I  
24 want to give an opportunity for Commissioner Houck, if  
25 she wants to make any comments.

1           CPUC COMMISSIONER HOUCK: I just want to thank  
2 both Commissioner McAllister and Vice Chair Gunda for  
3 hosting this workshop today. And again, looking forward  
4 to the collaborative work that we're doing. And thank  
5 staff for all of their work in getting this together.  
6 And I'm very much looking forward to hearing the panels  
7 this afternoon and the process and paths for the working  
8 group going forward.

9           And with that, we'll turn it back over to you  
10 again, because I'm very interested to hear what the  
11 panelists have to say.

12           CEC VICE CHAIR GUNDA: Thank you, Commissioner  
13 Houck. With that, I will pass it on to Erik Lyon, who  
14 will be moderating the first panel. Off to you, Erik.

15           MR. LYON: Thank you, Vice Chair Gunda. Let's  
16 see, we can go to the next slide. I'm going to begin  
17 with a presentation on our path to date.

18           But first, I'll introduce myself. My name is  
19 Eric Lyon. I started this project as a Data Science  
20 Technical Lead in the Energy Assessments Division and  
21 I'm now serving as an Advisor to Vice Chair Gunda. But  
22 I am really excited to be able to remain engaged in this  
23 very important work.

24           The next slide, please. So, I wanted to do a  
25 quick level set to help answer the question of what it

1 is we're doing here today. Thanks to Simon Baker and  
2 Anna McKenna for touching on this earlier in the morning  
3 session.

4 But in case you missed it, qualifying capacity  
5 is the amount of capacity or available power that is  
6 eligible to support electric system reliability through  
7 the Resource Adequacy Program.

8 And I'll try not to go into too much detail  
9 about how we assign QC [qualifying capacity]. But the  
10 point here is that for a traditional generation asset,  
11 like a natural gas power plant, it's pretty easy. You  
12 know, without going into the nitty-gritty details, it's  
13 more or less something like nameplate capacity because  
14 that plant can generate electricity at any time of the  
15 day or night to meet load as needed.

16 For intermittent resources, like wind and solar,  
17 it gets trickier because generators can't control their  
18 output as needed. Currently, we use a methodology known  
19 as effective load carrying capability, or ELCC. Again,  
20 I won't get into the details of that now, but you will  
21 hear a presentation on a proposal to apply ELCC to DR  
22 later in the -- in a later presentation.

23 And for DR, our focus today, we apply a set of  
24 guidelines known as the load impact protocols, or LIPs  
25 [load impact protocols], to measure DR performance and

1 use those outputs to estimate DRs impact under sort of  
2 expected peak conditions.

3 So, again, the takeaway here is that QC is very  
4 straight forward for traditional generation, but for  
5 use-limited, availability-limited, and/or variable  
6 resources like renewables, DR, and storage, things get  
7 more complicated.

8 The next slide, please. So, before I tell you  
9 about the work that we've done with the stakeholder  
10 working group, I just wanted to share a little bit  
11 about how we got to this point.

12 The California ISO, in part precipitated by the  
13 August 2020 heat event, made the case that because not  
14 all DR resources were shown on supply plans in the same  
15 way that a power plant would be, they're not subject to  
16 the same rules that ensure reliability and they move to  
17 require that all DR be included on the supply plans to  
18 help the ISO manage the grid and ensure reliability.

19 In response, the CPUC generally indicated they  
20 were willing to make that change, but with some  
21 conditions. Mainly, the incentive mechanism in place.  
22 We talked about, in the morning, the resource adequacy  
23 availability incentive mechanism, or RAAIM, was really  
24 designed for traditional power plants. And this penalty  
25 would likely -- excuse me. That it would require an

1 exemption from this penalty or incentive mechanism  
2 because the penalty would likely unfairly impact DR  
3 resources.

4           And, you know, back to the ISO, they generally  
5 agreed to make that exemption with some of their own  
6 conditions, that Anna McKenna mentioned earlier. One is  
7 that we adopt a QC methodology that treats DR as a  
8 variable output resource and sort of reflects that  
9 contribution to reliability. And also, accounts for  
10 interactive effects of other similarly resources on the  
11 grid, such as storage.

12           So, it was after this sort of back and forth  
13 that the CPUC requested that the CEC step in and lead a  
14 stakeholder working group to see if we could bridge the  
15 gap between these various points of view, as well as the  
16 market participants who must navigate the assessed  
17 systems, many of whom we have heard from this morning  
18 and we will hear from later this afternoon.

19           The next slide, please. So, specifically about  
20 that request, in a June decision the CPUC requested the  
21 CEC start a working group process to develop actionable  
22 recommendations on a long list of topics.

23           The first three are focused on QC methodologies  
24 and that has really been the focus of the working group  
25 to date, and is really the core of the request as we see

1 it.

2           The two methodologies specifically named in the  
3 decision are variations on ELCC. And Gil Wong from  
4 PG&E will present on the LIP-informed ELCC approach  
5 later.

6           And for point number three there, stakeholders  
7 are also bringing other proposals to the table and we're  
8 considering those as well.

9           But in discussing potential QC methodologies, we  
10 are also addressing alignment of the operational space  
11 and the planning space by assessing which methodologies  
12 are most compatible with the day-to-day energy market  
13 operations.

14           And we are also considering process improvements  
15 that would allow for more frequent updates of QC values  
16 so that grid operators can have the best available data,  
17 and DR providers can be accurately compensated for their  
18 capacity value.

19           We are considering an interim phase for QC  
20 methodology for the 2023 RA year, as a potential phased  
21 approach.

22           And we plan on addressing the DR adders once the  
23 other items are a little closer to being finalized.

24           All right, the next slide, please. So, the CEC  
25 initiated a robust stakeholder process to gather input

1 from a wide range of DR stakeholders. We've held  
2 weekly, two-hour meetings -- two-hour working group  
3 meetings since early August, with attendance often over  
4 50.

5           And we began that process with actually two  
6 parallel working groups. And on that note, I'd like to  
7 start with a thank you to Luke Tougas, who you will hear  
8 from following my presentation, for volunteering as the  
9 stakeholder lead for the principles working group. And  
10 a thank you to Stephanie Wayland, the stakeholder lead  
11 for the principles working group. And they've each  
12 dedicated an enormous amount of time and effort to this  
13 process, so we really appreciate your involvement.

14           So, each working group met every other week.  
15 But it's worth mentioning the vast majority of  
16 stakeholders were attending both. So, really, this  
17 became a weekly event.

18           The focus of the principles working group was to  
19 develop a set of principles used to assess the proposed  
20 methodologies. And the methodologies working group  
21 focus was to develop a catalogue of methodology options  
22 and their characteristics, and details.

23           But as the work in each working group converged  
24 and we also began to notice there was not a whole lot of  
25 difference in the attendance of the two groups, we

1 merged the two working groups into a single combined  
2 working group, and that's phase 2 here.

3           So, it was about this time that stakeholders  
4 brought to our attention that the load impact protocol  
5 process was already well underway for 2023 and the  
6 recommendations delivered on the requested timeline may  
7 be a little too late to implement for that year.

8           So, as a result we refocused our efforts over  
9 the last month or so on assessing the viability of  
10 interim solutions for 2023 that, you know, might not do  
11 everything that we want but still move the ball forward  
12 in a meaningful way.

13           And you'll hear two presentations related to  
14 those following my presentation.

15           But the long-term focus will be that -- excuse  
16 me, the long-term focus that we'll be turning back to  
17 shortly is using the principles to assess the potential  
18 methodologies.

19           The next slide, please. So, throughout the  
20 course of the working group to date we've discovered a  
21 number of issues related to DR that staff believe need  
22 to be addressed holistically to really allow the DR  
23 market to reach its full potential.

24           Some of these are explicitly mentioned in the  
25 CPUC decision and have been mentioned previously, and



1 this morning. Others sort of came to light only through  
2 the working group process.

3           So, first, crediting refers to the practice of  
4 treating some DR resources as a reduction in demand,  
5 rather than a supply side resource. And therefore,  
6 those supply rules for reliability do not apply.

7           Second is QC methodology, which is obviously the  
8 core of this request. And the key here is that the  
9 current approach is a rough and fully prescriptive  
10 approximation of DR's contribution to reliability. It's  
11 important to be able to accurately gauge the capacity  
12 contribution of DR resources so that we can compensate  
13 those that provide the largest benefit.

14           Third is incentive mechanisms. As I mentioned  
15 before, penalties for underperformance were really not  
16 designed for variable or use-limited resources. But  
17 some incentive is probably needed.

18           I think it's worth mentioning that the CPUC  
19 Energy Division and the ISO's Department of Market  
20 Monitoring, have both recommended an alternative  
21 incentive mechanism that is appropriate for DR. And we  
22 think that's a great idea, too.

23           The settlements issue we talked about at great  
24 length this morning. The currently accepted methods for  
25 measuring individual load impacts are not well-suited

1 for temperature-sensitive DR resources, which makes bids  
2 and measured performance, which otherwise might be the  
3 natural choice of data for QC, essentially difficult to  
4 use.

5 But again, I will note that the ISO is currently  
6 working on addressing the issue with comparison groups  
7 and we applaud that effort.

8 And last, but certainly not least, stakeholders  
9 have been really clear that the current process is  
10 expensive and difficult in a number of ways. And that  
11 is likely preventing more DR resources from coming  
12 online and supporting California's electric reliability  
13 in the RA program.

14 So, taking all of these into consideration and  
15 -- taking all of these into consideration, we moved to  
16 come up with a set of principles that a QC methodology  
17 should meet. So, next I want to introduce that set of  
18 draft principles that we came up with, the working  
19 group.

20 But before I talk to them, I want to mention  
21 that these principles are the output of the working  
22 group, stakeholder, and CEC staff. You know, and  
23 throughout this process we painstakingly were refining  
24 these principles over multiple rounds of comments and  
25 feedback to arrive at a set that we believe meets the

1 needs of both California's policy goals and all the  
2 stakeholders involved in the process.

3 Most have broad support in the working group and  
4 we've worked hard to gain that consensus. But we also  
5 acknowledge that not all have perfect agreement.

6 Before submitting these principles to the Energy  
7 Commission for adoption as recommendations to the CPUC,  
8 we welcome comments both from the dais, stakeholders,  
9 and the public today, as well as through written comment  
10 on this workshop. And we'll use this feedback to  
11 generate a final staff recommendation to the Commission.

12 I will also mention that the principles will be  
13 in no particular order and the order should not in any  
14 way signify their relative importance.

15 And with that, we'll go to the next slide and  
16 I'll start talking through them. Okay. So, first we  
17 want DR providers to be able to look under the hood and  
18 understand how their actions and the behavior of their  
19 resources will translate into a capacity value.

20 Second, DR providers should be able to use  
21 current information regarding their resources and update  
22 that information with reasonable frequency.

23 Third, and relatedly, it should be easy enough  
24 for DR providers to take that information and quickly  
25 turn around a capacity value to meet need procurement

1 opportunities and stand up new resources.

2           Fourth, the RA program, which supports  
3 reliability, and energy planning, and procurement is  
4 undergoing substantial changes. And whatever our  
5 working group comes up with must eventually be  
6 compatible with the broader program.

7           Fifth, essentially we need to account for the  
8 fact that DR resources have unique characteristics and  
9 are not as simple as traditional generation resources  
10 where all we'd really need to know is a resource's  
11 nameplate capacity. Again, that approach really doesn't  
12 apply to DR, so we have to take its unique  
13 characteristics into account.

14           The next slide, please. Six is a principle I  
15 want to emphasize. This is really what we need to  
16 improve to break the impasse that I introduced at the  
17 beginning of this presentation. It's worth noting that  
18 the status quo does measure a contribution to  
19 reliability but, again, it's a rough and sort of  
20 prescriptive proxy for that, and that's one of the  
21 things we'd like to improve.

22           Seventh, that -- excuse me -- the methods for  
23 determining delivered capacity really refer to the fact  
24 that at the end of a compliance period, say a month, we  
25 need to have some way to ask whether a DR resource met

1 its commitment and, if not, by how much.

2 Eighth, we really don't want the process to keep  
3 DR providers from supporting California's policy goals,  
4 whether it is because of difficulty, cost of compliance,  
5 or something else entirely.

6 And lastly, DR does not exist in a vacuum and we  
7 need to recognize that. Again, I will stress that even  
8 the status quo has done this by moving the hours that  
9 resources are required to be available to later in the  
10 evening to account for solar and the net peak. But  
11 essentially, what we are recognizing in this principle  
12 is that the name of the game is no longer simply meeting  
13 peak demand.

14 Okay, the next slide, please. So, we've been  
15 collecting proposed methodologies from stakeholders.  
16 And without going into too much detail about the  
17 specifics of each, here are the general categories that  
18 we are finding.

19 First, we included the status quo as a  
20 methodology, really just as a way to compare other  
21 proposals against it.

22 But second, as I mentioned before, two of the  
23 proposals listed in the CPUC request were ELCC-based.  
24 And you'll hear a presentation, again of those soon, but  
25 we've had a few different flavors, I would say, of ELCC

1 put forth.

2           Next is market-based approaches. These allow DR  
3 providers to evaluate their own resources and offer up  
4 their corresponding capacity value. And instead of  
5 heavy, upfront oversight, these approaches depend on a  
6 system of financial penalties to incentivize  
7 performance.

8           And finally, enhancements to the LIPs generally  
9 in ways to reduce the reporting requirements that are  
10 not directly related to calculating QC, accounting for  
11 the variable capabilities of resources to better reflect  
12 their contribution to reliability, or process  
13 improvements to increase the frequency at which QC  
14 values are calculated to better understand DR  
15 capabilities in closer to real time.

16           The next slide, please. So, with that I'll turn  
17 it over to two stakeholders with proposals that have  
18 gained traction as potential options for implementation  
19 in the 2023 RA compliance year. Though, of course, the  
20 working group will continue to assess and vet the entire  
21 catalogue of methodologies for the long term.

22           So, first up is Luke Tougas from the California  
23 Efficiency + Demand Management Council to present on a  
24 market-based approach.

25           And then, to Gil Wong from PG&E to present on a

1 LIP-informed ELCC approach.

2 And from there, I will turn it over to Luke.

3 And you can go to Luke's slide, please.

4 MR. TOUGAS: Thank you, Erik. Before we get  
5 started, I am knocked out of my video. I think someone  
6 had turned it off before and now I cannot open it.  
7 There we go.

8 Great. Thank you very much, Erik. And thank  
9 you for the opportunity to be here. Vice Chair Gunda,  
10 and Commissioner McAllister, and Commissioner Houck  
11 thank you so much for joining us today. Appreciate the  
12 opportunity.

13 So, as Erik mentioned, my name is Luke Tougas.  
14 I'm a Consultant with the California Efficiency + Demand  
15 Management Council.

16 And what I would like to do this afternoon is go  
17 over two of the DR QC methodology proposals that the  
18 council has put forth in the CEC's working group.

19 The next slide, please. And so, just a little  
20 bit here, I realize a lot of folks have talked about the  
21 current load impact protocol, or LIP-based process  
22 today. But there are a few other points I wanted to  
23 make about this before we move on to the proposals.

24 So again, as Erik said, currently the utilities  
25 and third-party providers use the LIPs. Now, there are

1 27 of these protocols which, generally speaking, provide  
2 guidance on how to perform the regression analyses to  
3 determine the performance of our DR programs and  
4 resources, as well as forecasting their QC values up to  
5 ten years into the future.

6           And then, the protocols also provide a lot of  
7 guidance regarding the reporting requirements for all  
8 the analyses that occur under the LIPs.

9           So, as Jennifer Chamberlin had mentioned this  
10 morning, utilities and DR providers, they tend to retain  
11 consultants to perform the analyses which, as Jennifer  
12 mentioned, can be quite costly.

13           The other point I wanted to mention -- or,  
14 actually, the next thing I wanted to mention that the  
15 annual process begins at the end of the delivery year  
16 minus 2. So, in other words right now we're at the end  
17 of 2021 and we are just kicking off the process, the LIP  
18 evaluation process for the 2023 delivery year.

19           Now, this process lasts starting now, for about  
20 seven months, before the utilities and DR providers  
21 receive their final QC values from the CPUC Energy  
22 Division.

23           One point I want to add, also, is that there is  
24 a -- there are two opportunities throughout the year for  
25 DR providers and utilities to update their QC values



1 based on more recent involvement numbers.

2           Next slide, please. So, from the perspective of  
3 the DR community, the DR provider community, the LIPs  
4 are not really a great solution for third parties. And  
5 the reason why is because, you know, so far the LIPs  
6 have been pretty effective, fairly effective I'll say  
7 for estimating DR QC values for utility programs because  
8 they tend to be more static, at least for more programs.  
9 And they have much larger participation levels. So,  
10 because of that the QC values tend to be fairly stable  
11 from one year to the next.

12           However, when it comes to when these are applied  
13 to third-party providers, the LIPs can act as a barrier  
14 for many different reasons. First of all, in our view  
15 the accuracy of the LIPs is questionable for the more  
16 dynamic portfolio.

17           So, for being more specific, the DR provider  
18 portfolios can change very frequently from one month to  
19 the next, but also the most definitely one, from one  
20 year to the next. You know, we have providers, their  
21 enrollment efforts kind of fluctuate, and they'll add  
22 customers, they'll lose customers, or sometimes their  
23 existing customers will adopt new, enabling  
24 technologies. And so, that's going to effect how much  
25 demand response, the amount of QC they can provide from

1 time to time.

2           And then, also, because the LIPs look at  
3 historical performance for up to two years prior to the  
4 delivery year, it makes it difficult for DR -- for  
5 third-party providers to really get reflected in the QC  
6 values of what they can do at any point in time.

7           And then, also, the LIPs require the utilities  
8 and DR providers to forecast QC values at the subLAP  
9 level, which can be difficult doing it a year in  
10 advance, I'd say, because again customer composition can  
11 change from one year to the next. And so, that level of  
12 granularity is difficult to know, to really predict.

13           The second main reason is that the LIP process  
14 is not as transparent as we would like, and it's very  
15 costly, and time consuming. So, it's difficult for the  
16 third parties to know exactly how Energy Division  
17 assesses their LIP evaluations. To Energy Division's  
18 credit, I want to be clear about that, they've done a  
19 very good job in making improvements in the transparency  
20 of the process through their annual LIP guide. And that  
21 has helped things to a certain degree in order to make  
22 sure that parties understand best practices and Energy  
23 Division expectations.

24           However, there's still not the level of  
25 transparency that we would all like to see.

1           And then, consultant costs can exceed six  
2 figures with no certainty of cost recovery for the  
3 third-party providers anyhow. The utilities are  
4 guaranteed costs, the consultant costs, but for third  
5 parties that guarantee is not there. So, even if they  
6 spend a great deal of money on getting their QC values,  
7 if they do not -- if they are not able to sell that QC  
8 or they sell the QC at a very low cost, then they're not  
9 getting back -- they're not recovering those costs.

10           And then, also, as I mentioned earlier there's  
11 approximately a seven-month process to receive QC  
12 values. And in fact, this year it actually took nine  
13 months. And again, that's not a criticism of the Energy  
14 Division. We definitely know that they are being pulled  
15 in different directions.

16           And so it is, nevertheless, very relevant for  
17 third parties especially because it reduces their  
18 ability to response to LSE solicitations. For instance,  
19 as we all know over the past couple of years there's  
20 been several incremental procurement efforts directed by  
21 the Public Utility Commission. And these -- the  
22 resulting LSC solicitations can come out at odd times of  
23 the year. And so, it's been very difficult for a lot of  
24 DR providers to participate in these because quite often  
25 these solicitations will have come and gone before the

1 DR providers get their QC values. And so, they're kind  
2 of shut out from participating in these solicitations to  
3 a great degree.

4 And then, finally, the need for consultants acts  
5 as a bottleneck. So, the way it works right now is  
6 because there are relatively few consultants who can do  
7 the LIP analyses, what happens is there's kind of a mad  
8 rush, again the musical chairs, where everyone tries to  
9 get a consultant who can do the work for them before the  
10 music stops, so to speak. And nobody wants to be frozen  
11 out.

12 And I think as more DR providers get into this,  
13 into the RA market, then there's going to be a greater  
14 demand for the services of these consultants which will  
15 really drive up cost and make it a more significant  
16 barrier to entry.

17 Next slide, please. So, from the council's  
18 perspective a new approach is needed. So, it's our  
19 belief that DR growth will continue to occur primarily  
20 through third-party providers, so we need a new QC  
21 methodology that better conforms with the business  
22 realities and business requirements around ensuring that  
23 the reliability of DR resources is maintained.

24 So, there's half a dozen key requirements that  
25 we would like to see, the DR community would like to

1 see. One is that the QC methodology should reflect the  
2 actual IOU or DRP capabilities based on the most current  
3 information.

4           So, as I mentioned earlier, there needs to be --  
5 the current process requires looking ahead, at least a  
6 year up to two years ahead, and that's difficult to  
7 reflect, makes it impossible in fact for the DR parties,  
8 or providers to reflect the most current enrollment  
9 levels and technology mixes. Even with the update, the  
10 QC update process that occurs now -- processes that  
11 occur now, that are in place now for the LIP process.

12           Would also need to reduce the timeline for QC  
13 value determination. Seven to nine months, for the  
14 reasons I just described, is excessive. We need  
15 something that can be much, much faster and that can  
16 allow for -- in our perspective, we'd like to see at  
17 least quarterly, at least the option for quarterly  
18 updates.

19           And then also, the need to improve the  
20 transparency of the Energy Division assessment. I've  
21 talked about -- I addressed that already.

22           Also need to minimize the cost to utilities and  
23 DRPs. Maybe for utilities it might not be such a big  
24 deal because, as I said, they do get cost recovery. But  
25 for third parties that is a significant investment,

1 especially if you are a new provider that maybe has a  
2 smaller portfolio, maybe 5, 10 megawatts, then \$100,000,  
3 \$150,000 is a lot of money.

4           And then, the need to eliminate or reduce the  
5 need for outside consultants. A DR provider should be  
6 able to enter the RA market without having to procure a  
7 consultant. That's a big barrier to entry.

8           And then also, an issue I've not touched on so  
9 far is about reducing the Energy Division workload.  
10 It's my understanding that it's a lot of work for the  
11 Energy Division to sort through all the load impact  
12 assessments, the LIP assessments that come out every  
13 year. And, you know, if we expect more DR providers to  
14 get involved in this, in the RA market, and so I can  
15 only imagine, I would anticipate that more LIP  
16 assessments are going to be coming the way of the Energy  
17 Division. And from our perspective, we'd rather see the  
18 Energy Division staff focus on more important policy  
19 issues, rather than trying to implement this current LIP  
20 process.

21           So, with all that said we propose -- what we  
22 have done so far is propose two different potential  
23 options. The first one we're calling the PJM/NYISO  
24 method, which is our preferred method, for reasons I'll  
25 tell you in just -- I'll explain in just a moment.

1           We feel that this can be deployed as early as  
2 next year for the 2023 RA year as an interim measure,  
3 and it can also be used as a long-term solution as well  
4 because it can be very easily modified for the Slice-of-  
5 Day framework whenever that's ultimately approved by the  
6 Commission.

7           And then, the other option is what we're calling  
8 the Streamlined LIPs Method. And that's best deployed,  
9 for reasons that will be clear in a moment, only maybe  
10 once the Slice-of-Day framework is finalized. So, we  
11 see that as more of a long -- as a potential long-term  
12 solution.

13           But again, the PJM/NYISO method we see as being  
14 good as both an interim measure method, as well as a  
15 long-term method.

16           The next slide, please. So, option 1, the  
17 PJM/NYISO method. And I probably should have added ISO  
18 doing it as well, because this is -- this is the general  
19 approach that's used by all three ISO/RTOs. So, what it  
20 does is that it replaces all the up-front analytical  
21 rigor that's used by the LIPs with an after-the-fact  
22 assessment and a penalty structure for under-  
23 performance.

24           So, basically, we're taking away the rigor up  
25 front and applying the rigor on the back end. And

1 that's going to make it easier for DR providers to enter  
2 the market and operate in the market. But again, while  
3 also ensuring that the amount of committed QC is being  
4 delivered. And it also maintains the Energy Division  
5 oversight role.

6 Now, the key elements of this proposal, without  
7 getting into too much detail is that, basically, the  
8 utilities and DRPs, they would be able to perform their  
9 own internal analysis on -- using whatever method they  
10 want to use. And that could be the load impact  
11 protocols, it can be some proprietary method to  
12 determine what their QC values of their own portfolios  
13 should be. And then, submit those values and associated  
14 inputs and even analysis to the Energy Division to  
15 review.

16 Now, the Energy Division could retain or they  
17 would retain its current role of making the final QC  
18 determination. And this is consistent with how the  
19 eastern methods do it. It's the method operators that  
20 make that assessment.

21 Now, a new element here is that the DR  
22 providers, third-party providers, they provide a  
23 collateral based on the amount of QC under contract.  
24 And so, for instance, let's say as an example a third-  
25 party provider was awarded 100 megawatts of QC, but they



1 only contracted for 50 megawatts, their collateral  
2 assignment would only be based on that 50 megawatts  
3 under contract.

4           And then the -- and then, afterward, the  
5 utility and DRP performance would be assessed on a  
6 monthly basis and measured against the QC values that  
7 they were awarded. And again, for third-party  
8 providers, their performance would be measured against  
9 their contracted QC values. And then, penalties would  
10 be assessed on the performance.

11           Next slide, please. So, the pros and cons, at  
12 least from our perspective, is that first of all it  
13 addresses -- this approach would address most of the key  
14 requirements mentioned above. And, you know, one  
15 benefit I'll -- another benefit I'll say is that it will  
16 directly link the QC values to the CAISO market  
17 performance. So, in other words how the program, or the  
18 DR contracts, or resources performed in the CAISO energy  
19 market would be directly compared to their QC values.

20           And so, that provides the better linkage that I  
21 believe Anna McKenna had indicated was a priority of the  
22 ISO.

23           Now, it also enforces the reliability of the QC  
24 deliveries through a penalty structure. And definitely  
25 understand that, you know, the purpose of this is to

1 again make sure that everyone is -- the utilities and DR  
2 providers are delivering on what they commit to be able  
3 to do. And this is a key element because we understand  
4 that most or there are many parties out there who feel  
5 like a QC methodology has to be very analytically robust  
6 up front. But from our perspective, what's ultimately  
7 the most important and most indicating factor, extremus  
8 factor is what can someone deliver. And the penalty  
9 structure is going to really provide that impetus, that  
10 motivation for utilities and DRPs to deliver on their  
11 value, on their QC value.

12           Again, it maintains the Energy Division in the  
13 oversight role, so they're always going to be there to  
14 act as an emergency break and make sure that DR  
15 providers do not come in with a overly-optimistic QC  
16 value, and the same for the utilities.

17           And then also, it can be easily implemented on  
18 an interim basis beginning in 2023. And then, once the  
19 Slice-of-Day framework is approved, then it could be  
20 easily, we think, conformed to whatever that framework  
21 looks like as a long-term solution.

22           And as a con, the one con that in our view, and  
23 others may disagree, is that we recognize that it  
24 represents a completely new approach so that the comfort  
25 level among a lot of folks may below. But we think

1 there -- you know, there are different ways that we  
2 could address that. Maybe piloting this or doing it in  
3 parallel for a year with the current LIP process. I  
4 think there are different ways that we could do this to  
5 give folks some more comfort.

6 Next slide, please. Yeah, I'm getting short on  
7 time here, so I'm going to go a bit faster on this next  
8 one.

9 So, our second option, again, is the streamlined  
10 LIPs method. And in a nutshell this would streamline  
11 the current LIP process to showing the time and the  
12 cost. So, and this is -- the council put this forward  
13 to be a compromise proposal.

14 And what it does is that it retains the up front  
15 analytical rigor that currently exists with the LIPs,  
16 but in order to preserve a degree of comfort for key  
17 parties while addressing at least some of the DRP  
18 business requirements.

19 So, key elements of the proposal are to  
20 eliminate what we think about 50 percent of the current  
21 LIPs, and modify several others to focus solely on the  
22 short-term QC values. A lot of the ones that would be  
23 eliminated have to do with reporting requirements, as  
24 well. And so, this would not -- this would eliminate  
25 almost all of the reporting requirements.

1           Now, this would also require development of a --  
2 I guess the key element of this is it would require the  
3 development of one or more centralized open access  
4 models that utilities or DRPs would use to calculate the  
5 QC values in their DR programs or portfolios.

6           And kind of the values I use on this is the  
7 avoided cost calculator that E3 maintains. And so, you  
8 know, as a lot of you know, those of you who are  
9 familiar with that, it's accessible by the public. You  
10 can play with it. You can, you know, poke it and prod  
11 it.

12           And in this instance you could use these LIP  
13 models, you know, utilities and DRPs could use it to  
14 optimize their portfolio and develop the most -- the  
15 optimal portfolio from the perspective of this -- of QC  
16 valuation.

17           And then, again, the Energy Division would  
18 retain its current role of making the final QC  
19 determination. They can continue to have oversight role  
20 and be able to look at inputs and outputs, and make any  
21 adjustments that they feel are necessary.

22           Next slide, please. So, again, pros and cons.  
23 It does a better job of addressing the issues compared  
24 to the status quo. But from our perspective, it's not  
25 anywhere near as effective as our preferred proposal.

1           But it does maintain, you know, a better comfort  
2 level by retaining the basic LIP structure. And again,  
3 keeps the Energy Division involved.

4           The cons, from our perspective it reduces the  
5 flexibility of the current LIPs. It does not directly  
6 link the QC value to CAISO market performance, and which  
7 is basically a shortcoming of the LIPs today.

8           There's no capacity enforcement structure, other  
9 than the RAAIM, of course. And that, of course, only  
10 applies to the energy market.

11           And then, there will be a significant amount of  
12 work required to implement. We'd have to get a  
13 consultant, develop the models, and then so that would  
14 be a vendor in a poor solution, interim solution for the  
15 2023 RA year.

16           And then, in addition if it was deployed prior  
17 to implementation of the Slice-of-Day framework, then  
18 additional work would be required to conform the models  
19 to that framework, whatever it looks like.

20           Next slide, please. That concludes my  
21 presentation. Thank you very much.

22           MR. LYON: Thank you, Luke.

23           I will turn it over, now, to Gil Wong from PG&E.  
24 Thank you.

25           MR. WONG: Thank you, Erik and CEC for inviting

1 me to the panel. I'm Gil Wong. I'm with PG&E. And my  
2 role at PG&E is Manager of Customer Programs,  
3 Measurement and Evaluation.

4 Today I'm very excited to present an IOU  
5 perspective on the DR qualifying capacity methodology.

6 The next slide, please. Okay. Let's take a  
7 step back and ask what is the fundamental problem  
8 statement?

9 The problem statement here is there is  
10 misalignment in the valuation of DR resources.  
11 Currently, the CPUC is using one method, their load  
12 impact protocols, to determine the capacity value of DR  
13 resources. CAISO wants us to move to ELCC, so there's  
14 misalignment in how we value DR.

15 And the objective of the recommendations is to  
16 provide a viable path forward to resolve the  
17 misalignment.

18 Up to this point the working group has yet to  
19 reach consensus on the short-term methodology, not to  
20 mention what the long-term methodology should look like.

21 So here, we would like to offer a solution so  
22 that we can address the short-term issues, as well as  
23 providing a path for the long-term solution.

24 And the key here is optionality with the interim  
25 approach. And we recommend optionality for the interim

1 year, RA 2023, while the long-term solution is being  
2 developed for RA 2024 and beyond. And whatever we  
3 decide or whatever we are using for the interim year  
4 does not set up any precedence for the permanent  
5 methodology.

6           Again, optionality is important here and I  
7 should highlight that in case some party would not want  
8 to use a particular method, there's always an option to  
9 use the current methodology. So, I think during the  
10 transition year it's good to have options.

11           And for the long-term methodology and for 2024  
12 and beyond, a guiding principle should be that the  
13 permanent methodology should be compatible with the  
14 Slice-of-Day framework and the other hourly-related  
15 framework adopted by the CPUC.

16           And here, we are not suggesting more should be  
17 used for the long-term methodology, but at least we can  
18 provide a path forward to reach that goal.

19           The next slide, please. So, specifically what  
20 optionality are we talking about for RA year 2023?  
21 Currently, the methodology is LIPs and we're only using  
22 LIP to determine the QC. For the transition year, we  
23 recommend allowing LIP-informed ELCC as an alternative,  
24 with the understanding that CAISO would provide RAAIM  
25 exemption for QC derived from LIP-informed ELCC. If

1 parties choose to use LIP alone to determine the QC, the  
2 QC value may not be qualified for the exemption.

3 And interested parties can work together to  
4 understand the assumptions, the modeling details of LIP-  
5 informed ELCC for RA 2023, where appropriate.

6 Next slide, please. So, there are two  
7 approaches under the umbrella of LIP-informed ELCC.  
8 Which approach we end up using highly depends on the  
9 Energy Division timeline.

10 The current timeline is we produce the Low  
11 Impact Filing on April 1st, and then Energy Division  
12 takes the ex-ante impacts and reveal the results, and  
13 determine whether the results are reasonable for the  
14 following RA compliance year.

15 If we run ELCC and it may take up 3 months from  
16 the process, so input from Energy Division would be  
17 critical here. And again, there are two options.

18 One is we generate a heat map of ELCC derate  
19 factors. And the derate factors they will be flat. DR  
20 event duration, event frequency characteristics of DR  
21 resources. And we generate a heat map ahead of time,  
22 ahead of the April 1st filing. And once we have the low  
23 impacts, we can apply the derate factors on top of the  
24 low impacts and come up with the QC values.

25 There are a couple reasons for this approach.



1 One, it does not take away additional time from the  
2 hourly allocation process, so the current process can --  
3 I mean the current timeline can remain unchanged.

4 And also, it provides more certainty to  
5 stakeholders who want to use ELCC. We know what we are  
6 getting into, we know what the derate factors are going  
7 to be.

8 For illustration, let's go to the next slide and  
9 I'll show you what a heat map may look like. So, say we  
10 choose first-in ELCC, and we use 2019 as an example, we  
11 have a heat map depending on the maximum annual calls  
12 and the maximum call duration from the DR resource. And  
13 we can say, okay, if the resource is available for four  
14 hours each time and we can call the resource up to 10  
15 times in a year, the ELCC value is not 5 percent of the  
16 nameplate capacity. Here by nameplate, we can define it  
17 as the ex-ante low impact. So, the derate is just 5  
18 percent in this case.

19 Can we go back to the previous slide? Yeah.  
20 So, that's the heat map and that is a less precise way  
21 to determine the ELCC, but it does not take up that much  
22 time. In other words, we do the work ahead of time,  
23 ahead of the load-impact filing.

24 Another approach and an option is a more  
25 rigorous approach, ELCC using load-impact profiles. The

1 IOUs are open to this approach. Basically, after the  
2 April 1st filing we have the data, we have the low-  
3 impact profiles to inform ELCC. And this approach may  
4 take up to like three months or so to complete, so we  
5 are looking at July next year to have the QC finalized  
6 or have the data available for Energy Division to  
7 determine the QC value for our year 2023.

8           So, this is a more rigorous approach, the IOUs  
9 are open to it if we can reveal the numbers, reveal the  
10 results after ELCC is run, and Energy Division can  
11 accommodate the timeline.

12           So, which method you end up choosing really  
13 depends on whether Energy Division can accommodate the  
14 timeline to run ELCC after the load-impact filing.

15           And next slide, please. And one more. The  
16 recommended next steps. We envision setting up a sub-  
17 group consisted of interested stakeholders to develop  
18 the interim approach and modify the ELCC assumptions for  
19 RA 2023.

20           The reason why we want to set up a sub-group is  
21 we do not want this to be distraction for the main group  
22 to develop the long-term solution. The ultimate goal  
23 here is we have a permanent solution to valuate demand  
24 response, so we do not want the interim solution to  
25 distract the main group from their effort.

1           So, whoever is interested in the LIP-informed  
2 ELCC can work together for the interim approach, while  
3 the main group, you know, focus on the permanent  
4 solution.

5           And the timeline here is we expect to complete  
6 the interim solution or have a good idea about the  
7 interim approach by January next year.

8           And the main group will need to submit a working  
9 group report to CPUC in February next year. The date  
10 here, I say mid-March, but it is outdated given the  
11 CPUC's scoping map on RA that was released yesterday.  
12 The new timeline is the working group is requested to  
13 submit a report in February next year.

14           Next slide, please. Okay, that is the end of my  
15 presentation and I look forward to your comments and  
16 questions. Thank you.

17           MR. LYON: Thank you, Gil. Thank you Luke.  
18 We'll turn it back over to the dais.

19           CEC VICE CHAIR GUNDA: Thank you. Thank you,  
20 Erik for moderating the panel and setting up kind of  
21 status of grid we are as a group. And Luke, for your  
22 leadership on, you know, trying to lead one of the  
23 groups. Thank you for that and thank you for the  
24 presentation. And Gil, thank you so much for your  
25 presentation as well.

1           So, I think, you know, there's a few things that  
2 I just heard. I want to make sure that we're all on the  
3 same page. I think, you know, one is to make sure the  
4 timeline of all this works.

5           I think, you know, what I take from this, Erik,  
6 you know, you may want to comment on this, that our  
7 ideal solution of developing, you know, kind of a  
8 solution that we all agree on, a consensus-based  
9 solution is not feasible for 2023 and it's a 2024 option  
10 -- it's a 2024 or later option. So, I just want to need  
11 to confirm that.

12           MR. LYON: Yeah, I think that's a fair  
13 characterization. It looks like even with these interim  
14 proposals for 2023, the timeline's still going to be  
15 very tight.

16           CEC VICE CHAIR GUNDA: Thank you. So, I think  
17 the second thing I want to establish, I think you know,  
18 this -- I mean some of this I kind of know, but some of  
19 this I think is good for the record and everybody to be  
20 on the same page.

21           I think the second thing is, you know, there is  
22 consensus or at least some sort of an indication of an  
23 agreement on pursuing an interim approach for 2023 that  
24 allows for optionality to be able to consider, to test a  
25 couple of approaches. And maybe Luke, Gil, and Erik,

1 and all of you if you want to just weigh in on that  
2 statement's accuracy.

3 MR. TOUGAS: Vice Chair Gunda, a good question.  
4 So, the council's position is that our first choice is  
5 that we continue with the current LIP process that we've  
6 just kicked off now for the 2023 RA year. That's our  
7 first choice.

8 Though, as you've seen, we are not -- we don't  
9 believe the LIP process is a good long-term solution.  
10 But we were asked to put forth an interim solution or  
11 2023 and we feel that our PJM/NYISO approach meets that  
12 need. As well it can also, like I said, be a good long-  
13 term solution.

14 Our preference would be to focus all of our  
15 efforts in this working group process to develop a long-  
16 term solution. And we recognize that we can only go so  
17 far until the Commission, until the CPUC approves a  
18 final Slice-of-Day framework because -- so, what we  
19 would suggest is that up until the working group report  
20 is filed in February, now, we've focused on developing  
21 concepts, and take them and flesh them out as much as we  
22 possibly can.

23 And then, once the CPUC approves the Slice-of-  
24 Day, then we reconvene and then we can put up the  
25 concepts and then figure out which one works best within

1 the new Slice-of-Day framework.

2 CEC VICE CHAIR GUNDA: Gil?

3 MR. WONG: Yeah. For our alternative three, we  
4 do not find it realistic that the Commission would do  
5 away with the low-impact protocols. The evaluation  
6 cycle is underway and the IOUs are working toward the  
7 April 1st filing. So, I don't expect the Commission  
8 will tell us to stop the process and they would instruct  
9 us to do something completely different.

10 So, optionality will need to include the load  
11 impact protocols in some way and because that has been  
12 working well, so any modification will have some element  
13 of the load impact protocols and it would be based upon  
14 the load impact filing next year.

15 CEC VICE CHAIR GUNDA: Thank you. Erik,  
16 anything that you might want to add?

17 MR. LYON: Well, I think the only thing -- I  
18 think I just lost my thought, actually, on that. I'll  
19 get back to you.

20 CEC VICE CHAIR GUNDA: Okay, no problem. Thank  
21 you. So, just kind of making sure, I think Luke and  
22 Gil, I just wanted to make sure, you know, if the  
23 optionality were to include, I think there's like  
24 broadly three options that are coming here in my mind.  
25 One is like, you know, you continue the status quo as

1 one of the options, because of the time limitation.

2           You know, there seems to be a contingency  
3 that's, you know, generally comfortable, you know, of  
4 the IOUs to potentially navigate the existing process in  
5 a phased approach to consider a LIP-informed ELCC as one  
6 option. And if the time were to allow or somehow we  
7 kind of work together to come up with some creative --  
8 creatively here, a look that is openness from kind of  
9 the broader DRPs on testing the PJM method as an option  
10 for 2023.

11           MR. TOUGAS: Yes. The one problem that we have,  
12 though, is that those DR providers who are going to  
13 participate in the RA market, as I mentioned earlier  
14 they have to start getting their consultants lined up  
15 now, so that they can submit their draft, their LIP  
16 evaluation plans before the end of the year. And so,  
17 they're going to have to do that regardless.

18           Now, if we did want to do some sort of parallel  
19 approach where, you know, we used the PJM/NYISO approach  
20 as well, method, I think we should probably talk about  
21 it in the working group session. But shooting from the  
22 hip here, I think that maybe if we gave folks, even  
23 those who have participated in the LIP process, the  
24 option perhaps to use the other approach, the PJM/NYISO,  
25 even if they have gone through the LIP process.

1           And then, those that prefer not to do the LIP  
2 process, you know, learn to see how things play out with  
3 the NYISO/PJM method. They could elect to utilize that  
4 next year. And so, there would be a little bit of a  
5 risk and assessment that would be required, you know,  
6 whether or not they want to put money toward the LIP  
7 process as a backup approach in case the PJM/NYISO  
8 method doesn't look good to them, that they can make --  
9 each individual provider can make that assessment.

10           CEC VICE CHAIR GUNDA: Great. Yeah, so there's  
11 a lot of devils in the details on all of these things.  
12 But I think, you know, from kind of the internal  
13 meetings I've had with Erik and Tom, and kind of hearing  
14 today's presentations and in the public today my  
15 recommendation, and I would highly encourage, you know,  
16 the optionality path for us to think through, again LIP  
17 and then the kind of status quo being one of the  
18 options.

19           I think generally, as a principle, you know,  
20 making some strides towards at least at a minimum  
21 developing the numbers and seeing what the construct  
22 might look like could be helpful on our journey to 2024  
23 and beyond.

24           So, I think, you know, again love to hear all of  
25 your thoughts, but that's kind of where I feel like is



1 an opportunity for all of us to continue to advance the  
2 ball here. And I completely take it that whatever we do  
3 here does not essentially become a sunk cost in the  
4 sense that, you know, the Slice-of-Day, you know, RA  
5 improvements don't jive.

6 And I think there's other things that were  
7 raised today that includes kind of having some sort of a  
8 direction from CPUC on. I think one, you know, this  
9 process where we attempted to dissolve by March is not  
10 really feasible. So, kind of having continuity of the  
11 process in the working group to think about the long-  
12 term solution I think is one question to CPUC.

13 And I think whether, you know, today's workshop  
14 or another way, that's a question.

15 And the second question is, you know, the  
16 openness to allow for some optionality in 2023  
17 treatment, whether it's just quantification of numbers  
18 or actually assigning QC values. You know, again,  
19 that's a comfort that we all need to talk through.

20 To me, it's beneficial to move the ball forward  
21 to test these because the longer we are in the  
22 contemplation mode, you know, the opportunity is lost in  
23 moving the ball forward.

24 So, that's kind of what I'm thinking. I'd love  
25 to hear from you all, you know, either today or just to

1 broad stakeholders I just want to put it out there.

2 Love to meet one-on-one. You know, I'm always open,

3 love to hear these things.

4 More so -- yeah, so, you know, with that I would

5 pass it on to Commissioner McAllister and Commissioner

6 Houck if they have any questions.

7 But, you know, Luke, Gil or Erik, if you have

8 any comment before I pass it on to Commissioner

9 McAllister now.

10 MR. LYON: Go for it, Luke.

11 MR. TOUGAS: Vice Chair Gunda, I'm not sure,

12 just a clarifying question actually. Were you

13 suggesting that there be -- that we move forward with

14 the current LIP process plus one other alternative, or

15 were you suggesting an ELCC-based approach as well as

16 the PJM/NYISO approach?

17 CEC VICE CHAIR GUNDA: I was kind of putting all

18 of them in the bucket. I think the way I was thinking

19 is some of us might opt to just go with the existing LIP

20 process. I think, you know, to -- I mean I'm kind of

21 interested, really, from a pure intellectual curiosity,

22 to see what LIP plus ELCC will do in terms of at least

23 the numbers. And, you know, there is interest in moving

24 that way. Would really like to understand and test

25 that.

1           But also, Luke to your point, you know, bringing  
2 the equity perspective, you know, equity means a lot in  
3 different contexts. But, you know, you kind of raised  
4 some of the difficulties that the DRPs have to start  
5 with in terms of not having the ability to recoup some  
6 of the consulting costs and such. You know, have the  
7 opportunity for DRPs to test that methodology, too, in  
8 this year. So, I'm thinking all three. Put them on the  
9 table. Let us advance those numbers, come up with some  
10 creative process to see how we can ultimately, you know,  
11 use those numbers for 2023.

12           And I would, you know, obviously have a  
13 conversation with CPUC. You know, there's opportunities  
14 to, you know, make timely adjustments in the process or  
15 timelines to allow for the flexibility and optionality.  
16 So, look forward to hearing from Simon later and get his  
17 conversation, as well.

18           MR. TOUGAS: Thank you.

19           MR. LYON: I mean, yeah, so I'll just add my  
20 thought which I found, and I think is still relevant.  
21 But just to reframe, you know, the motivation for really  
22 seeking out that 2023 interim solution and that, again,  
23 is reliability.

24           You know, from the ELCC standpoint that is  
25 something that would allow IOU resources to be shown on

1 supply plans and, you know, give the CAISO regular  
2 visibility into those resources in the operational space  
3 and make the best use of them.

4 On the third-party DRP side, you know, this  
5 PJM/NYISO approach I think would allow DRPs to stand up  
6 a lot more resources and do so very quickly.

7 So, I think we have, you know, good reasons to  
8 be looking at both of these approaches and, you know,  
9 really pushing to see if we can actually make that  
10 happen. Thank you.

11 MR. WONG: Yeah, I definitely agree with  
12 optionality. I think it is important that parties are  
13 allowed to choose between different options. We are in  
14 a period of transition to a new RA paradigm, so I think  
15 we need to have opportunity to try different things.  
16 And just for a process stand point, ELCC is a new thing.  
17 We want to see how it plays out and try it out. And so  
18 far, that's the only way we can get RAIM exemption.

19 So, at least for PG&E, we are very interested to  
20 run a different form of ELCC and get the RAIM  
21 exemption.

22 CEC VICE CHAIR GUNDA: Thank you.

23 Commissioner McAllister?

24 CEC COMMISSIONER MCALLISTER: Well, thank you,  
25 Commissioner Gunda. Yeah, you characterized this very

1 well. And I also, you know, come into this with a  
2 little bit of understanding and this update has been  
3 really helpful.

4           Just a couple of additional comments and a  
5 question, just so I can understand kind of what an  
6 approach -- and I agree that in concept having, sort of  
7 keeping the status quo on the table is kind of a  
8 requirement at this point given that there's not a  
9 consensus. But what it would look like to kind of run  
10 these potentially two additional options down parallel  
11 tracks and, you know, how meaningful it would actually  
12 be to sort of use the status quo in practice and, you  
13 know, and call on resources and dispatching, how  
14 meaningful it would actually be to sort of do the  
15 numbers in one of these other regimes to sort of see  
16 would it would have looked like, you know, as a kind of  
17 counterfactual.

18           I don't have a great sense of whether that would  
19 be meaningful, just given that the outcomes might be  
20 different under one of those other regimes, and so how  
21 can you compare.

22           So, I guess I'm kind of wondering if anybody has  
23 thoughts on that?

24           And then, also, for the DRP providers and for  
25 the CPUC staff, actually, it seems like the sort of

1 risks and resources questions are going to be there.  
2 And I guess Simon can maybe talk to this when he comes  
3 later.

4 But, you know, if we're asking them -- sort of  
5 the goal here is try to put together a regime that's  
6 more manageable. And if we're saying, hey, you know,  
7 we're going to keep with the status quo and we're going  
8 to layer on these other two options that you then have  
9 to deal with, it sort of seems like we're going a  
10 little bit in the other direction, even though it opens  
11 up avenues for the long term.

12 So, I guess, anyway, sorry for asking two  
13 convoluted questions in one here. But I guess just the  
14 feasibility of this sort of multi-track approach, you  
15 know, if anybody has any sense of what the risks and the  
16 resources -- what the risks are and what the resources  
17 needed to do that actually look like.

18 MR. TOUGAS: Commissioner McAllister, very good  
19 questions. I think the problem that we're dealing with  
20 now is where we are in the timeline, right, for the LIP  
21 process. And so, as was mentioned earlier, that's  
22 moving forward no matter what. That train's leaving the  
23 station.

24 And so, I recognize, I completely agree that it  
25 is going to be -- there's some questions that need to be

1 answered in order to manage an optionality approach.  
2 And which is why we're suggesting for the sake of  
3 simplicity that we continue with the LIP process only  
4 for the 2023 RA year, and allow ourselves the time to  
5 further develop multiple options that we can then  
6 conform to the Slice-of-Day framework once that becomes  
7 apparent to everybody.

8           So, but again, you know, we're very open, you  
9 know, very open-minded about this to, you know, probably  
10 going down the path that Vice Chair Gunda has laid out.  
11 And you know, we're all smart people involved in this  
12 process and I'm sure we can come up with some good  
13 ideas.

14           MR. LYON: Yeah, thanks for that question,  
15 Commissioner McAllister. Yeah, I would characterize the  
16 phase we're in right now as sort of due diligence to see  
17 to what extent this is feasible. And we'll certainly  
18 hear the CPUC perspective on that because ultimately a  
19 lot of this will land in their court.

20           But, you know, I think we -- yeah, I think  
21 there's good reasons to be looking at both of these  
22 proposals and, you know, hopefully we can get these  
23 done. But, you know, we also have to maintain a  
24 realistic approach and make sure that is possible. And  
25 yeah, like I said, we'll look to the CPUC for that

1 perspective.

2           CEC COMMISSIONER MCALLISTER: Yeah, thanks a  
3 lot, I appreciate that. So, good, it's sort of we're  
4 taking a snapshot today, but we are -- it's pretty  
5 fleshed out, so I appreciate that.

6           I guess just at risk of opening the Pandora's  
7 Box even a little bit more, I was kind of wondering is  
8 what has been presented here today kind of  
9 representative of some sort of the main camps here of --  
10 across all the DRPs? I mean how much consensus is there  
11 or is there not across the broader set of stakeholders  
12 that you've been working with? I mean were there other  
13 options brought up that kind of did not get presented  
14 here today that, you know, we're still going to hear  
15 about in the future?

16           MR. LYON: Yeah, I would characterize the ones  
17 we haven't heard about today either a little bit early  
18 in the process or, you know, something that we just  
19 don't think we can implement by 2023. You know, even  
20 the one, the other one mentioned by name in the request,  
21 the sort of bid-informed ELCC, we think that that is not  
22 something that can be done by 2023. And that is a  
23 function of the baseline issues that we've talked about  
24 at great length.

25           So, really we're focusing today on the ones that



1 we can possibly get out the door by 2023.

2 CEC COMMISSIONER MCALLISTER: Okay, so anyway it  
3 sounds like when we get this over -- when we get over  
4 the hill here and we can look further forward and think  
5 about bringing in some of those other approaches for the  
6 longer term, for 2024 and beyond. Great.

7 Okay, thanks, I'm all set. Thanks. Thanks for  
8 all the hard work and the presentations, this is really  
9 -- and the leadership of everyone who's presented, you  
10 know, Luke and Gil in particular. Thanks for marshaling  
11 your colleagues and coming up with proposals to put in  
12 front of us and to sort of go to bat for, really  
13 appreciate that.

14 CEC VICE CHAIR GUNDA: Thank you, Commissioner  
15 McAllister. I just want to check with Commissioner  
16 Houck.

17 CPUC COMMISSIONER HOUCK: I want to thank the  
18 panelists. A lot of really good presentations, a lot to  
19 think about. I don't have any specific questions right  
20 now, though, but I do want to thank you for the detailed  
21 presentations.

22 CEC VICE CHAIR GUNDA: Thank you, Commissioner  
23 Houck.

24 I know there's just a minute or two in this  
25 side, so I just want to ask one question. Luke, you

1 kind of mentioned penalty under the PJM method, you  
2 know, a post-op penalty. I just wanted to  
3 understanding, is it something along the lines of RAAIM  
4 or is it going to be something else completely?

5 MR. TOUGAS: Good question, Vice Chair Gunda.  
6 We've thought about a few different approaches. You  
7 know, one is to use the current penalty methodology or  
8 something similar to what's being used for the DRAM, for  
9 the demand response auction mechanism. That's one  
10 penalty structure we can borrow from and perhaps modify  
11 a bit.

12 Another option is to use the capacity bidding  
13 program penalty structure. As you know, in the recent  
14 decision in Phase 2 of the Emergency Reliability  
15 proceeding, the bilateral solicitation that was approved  
16 by the CPUC directs that the PG&E's CVP program penalty  
17 structure be used for the DR that's procured through  
18 these bilateral contracts. So, that's another approach.  
19 I think there's some flexibility there.

20 Well, the benefit of the CVP penalty structure  
21 is that -- my facilities, everyone's pretty comfortable  
22 with it. I've never heard any of the utilities, you  
23 know, express any concern that it wasn't doing its job,  
24 and so maybe that's the way to go. But, obviously,  
25 we're open to different ideas.

1           CEC VICE CHAIR GUNDA: Thank you, Luke. Just a  
2 last question. I don't know if we have Simon on the  
3 panel or, you know, everybody else from CAISO. I wanted  
4 to just have, you know, reaction to generally the LIP-  
5 informed ELCC methodology and the comfort around that.  
6 Whether a state of comfort from the Commission, as Gil  
7 presented or, you know, just kind of the comfort from  
8 CAISO perspective. I don't know if we have anybody from  
9 CAISO.

10           Oh, I see some in the attendee list, maybe  
11 somebody can jump in. So, we'll start with Simon.

12           CEC COMMISSIONER MCALLISTER: I saw John Goodin  
13 hanging out over there.

14           MR. BAKER: Yeah, hi, this is Simon. Can you  
15 hear me?

16           CEC VICE CHAIR GUNDA: Yes.

17           MR. BAKER: Yeah, so I'd be interested to hear  
18 from CAISO, if it's possible to hear from them, on the  
19 two different ELCC-based methodologies that were  
20 presented by PG&E.

21           If I understood correctly, Gil, what I  
22 understood from your presentation was that the IOUs  
23 preferred -- all three of the IOUs in the working group  
24 have kind of come together and are not stating, based on  
25 your presentation, that the preferred ELCC method for an

1 interim basis, optionally, is the heat map-based  
2 approach. And that the other alternative of the LIP-  
3 informed or profile-based approach, there's openness to  
4 considering that as well. Is that right?

5 MR. WONG: Yeah, that's correct. But it largely  
6 depends on Energy Division's timeline. The reason why  
7 we'd prefer the heat map approach is it does not take  
8 away additional time from the RA allocation process. If  
9 Energy Division can accommodate running ELCC next  
10 summer, and incorporate the results in July or August,  
11 then the IOUs are definitely open to LIP-informed ELCC  
12 using the low impact profiles.

13 MR. BAKER: Yeah, and I can speak more in the  
14 next segment, I guess, in terms of the timelines that  
15 we've been looking at in terms of implementation  
16 feasibility. I appreciate that the alternatives that  
17 the IOUs presented here is, you know, one that could  
18 perhaps be implemented more quickly.

19 CEC VICE CHAIR GUNDA: Thank you, Simon.

20 I think I see Anja Gilbert. If we could promote  
21 Anja to the panelists, just kind of get their kind of  
22 thinking on both the proposals that we've heard, both  
23 from Gil and Luke.

24 And Anja, I think you are muted. If you want to  
25 open -- yeah, go ahead.

1 MS. GILBERT: All right. Thank you so much and  
2 thanks for the opportunity to weigh in. Really  
3 appreciate the discussion and the proposals presented so  
4 far.

5 I really wanted to take a moment to address some  
6 of the concepts and proposals that Gil Wong raised. So,  
7 first, in response to Siva's question in terms of  
8 reactions to the viability and feasibility of some of  
9 the proposals presented, I will say that the CAISO's  
10 been working with stakeholders, including the CPUC, and  
11 IOUs on calculating the ELCC for demand response using  
12 the CPUC's existing modeling tool SERVM.

13 And so, we have been working through what that  
14 timeline looks like to meet the July allocations. So, I  
15 wanted to flag that in terms of a viable path forward.

16 But I also wanted to go back to the heat map  
17 that was presented and flag that the heat map, as  
18 originally presented and developed by E3, was developed  
19 under the guise of a perfect demand response resource.

20 So, under perfect conditions what are the  
21 various implications of use limitations like the number  
22 of calls, and the duration of dispatch. And so, the  
23 example of the 5 percent derate was really an example  
24 and shouldn't be used to qualify for a capacity value  
25 because it's an example only.

1           And in order to develop something like the heat  
2 map that was presented, we need to use actual data and  
3 calculate the ELCC as demand response. So, there isn't  
4 a change to the timeline in terms of we would still need  
5 to use the LIP profiles to calculate the ELCC as demand  
6 response.

7           I really wanted to highlight we are working down  
8 the path of calculating demand response's ELCC using  
9 SERVM for RA year 2023, and have been working with  
10 stakeholders. And we plan to present that further at  
11 the CEC's December 13th meeting.

12           Caution that the heat map approach, while it  
13 appears simple, does require calculation of the ELCC.  
14 I'm open to questions. And I also see John Goodin is  
15 with us, as well. Thanks.

16           MR. GOODIN: Yeah. Anja, can you all hear me?

17           CEC VICE CHAIR GUNDA: Yeah, John. Please go  
18 ahead.

19           MS. GILBERT: Yes.

20           MR. GOODIN: Okay, very good. Thank you. So,  
21 just following up on a couple things on what Anja said.  
22 I was a little confused about, you know, using the heat  
23 map as sort of a way to expedite the process when  
24 really, like Anja said that as illustrative, and  
25 furthermore, really to develop a heat map you have to do

1 that loss of load expectation study, which means  
2 understanding all of the resources and the assumptions  
3 around that so you can actually develop what those loss  
4 of load hours are. And develop, therefore, the heat map  
5 associated with that.

6           And so, that's a process that you have to go  
7 through to develop ELCC. And the LOLE is a critical  
8 piece in probably 80 to 90 percent of the ELCC study.  
9 And so, just to -- you know, just to put a little  
10 insight that I'm not sure there is a time savings with  
11 just going straight to whatever that option of a heat  
12 map is about.

13           The second thing is I want to address one really  
14 fundamental point and it kind of goes to Luke's  
15 presentation, to where ultimately, which Luke is  
16 presenting, is this idea of you have sort of a -- almost  
17 a contracted value or what the DRP claims their QC value  
18 is. And I really struggle with that and the ISO  
19 struggles with this because as the grid matures and  
20 leans more and more into variable energy resources as  
21 its primary source of resource, those interactive  
22 effects of use, and energy available, and variable  
23 resources, and how they play together is absolutely  
24 critical.

25           And DR is essentially another type of variable

1 resource. And so, just coming up with a stated, almost  
2 like a contracted value for DR as its qualifying  
3 capacity value is really not appropriate.

4 I think you'll see more and more in the  
5 literature how essential ELCC is in its application to  
6 systems that have growing dependence on variable energy  
7 limited resources. We must understand the interactive  
8 and saturation effects of these resources that are  
9 essentially designed and are chasing the same set of  
10 load-serving hours. And just as we see saturation with  
11 solar, if we have DR chasing those same set of hours as  
12 an example, then again incremental or marginal additions  
13 of DR don't add any capacity value to the system.

14 And so, we have to really understand those  
15 interactive and saturation effects. And so, I just want  
16 to put that out there that this is why the ISO is  
17 pushing so hard on ELCC as a general methodology for  
18 capacity counting because we need to understand those  
19 interactive and saturation effects. So, I'll just wrap  
20 it up with that.

21 CEC VICE CHAIR GUNDA: Yeah, thank you, John,  
22 now that I opened up the Pandora's Box there on the  
23 details.

24 I know we have to go to the Q&A, but I just want  
25 to give Luke and Gil and opportunity to just respond to



1 any comments that they've heard, and then I will  
2 transition to the Q&A.

3 MR. TOUGAS: You know, on -- oh, go ahead, Gil,  
4 please.

5 MR. WONG: Yeah. John, thank you for your  
6 feedback. To your comment about the heat map approach,  
7 I understand we need to run ELCC regardless. One good  
8 thing about that approach is we can do the map ahead of  
9 the load impact filing so we do not take additional time  
10 away from the RA allocation process.

11 We need to make some simplifying assumptions,  
12 but I'm open to, you know, making assumptions, realistic  
13 assumptions about DR resources so that we can get as  
14 accurate as possible. Although at the end I recognize  
15 it's not precise, it's not exact, it's not as rigorous  
16 as LIP-informed ELCC using load impact profiles.

17 But for the interim year I think we can get to  
18 the ball park. We do not need to be precise, but it  
19 should be good enough if we get into the ball park and  
20 try out ELCC.

21 Again, the timeline is really depending on, you  
22 know, Energy Division's process and I'm open to both  
23 approaches.

24 CEC VICE CHAIR GUNDA: Thank you, Gil. And  
25 Luke, I'll give you the last word.

1           MR. TOUGAS: Yeah, thank you. So, regarding the  
2 ELCC it's a concept, right, and so there are a lot of  
3 different ways to do ELCC. And we are -- the council is  
4 not necessarily against ELCC, using that approach. But  
5 we do -- we'd like to see an actual proposal because  
6 there are so many different ways to do it.

7           You know, we've talked in our -- in the CEC's  
8 working group we've talked about this many times and  
9 it's just not clear what each proposal is until we  
10 actually know what the proposal is.

11           Also, we have concerns about, you know, applying  
12 any ELCC only to demand response. There are other use-  
13 permitted resources out there and we are concerned about  
14 applying a -- you know, the direction that ELCC  
15 inevitably results in to DR, and not other use-limited  
16 resources.

17           And so, we feel like there should be a broader  
18 discussion about how all resources are going to be --  
19 are trued from a QC valuation standpoint. Because the  
20 question becomes if DR, you know, is treated using some  
21 ELCC-based methodology, then why not every resource.  
22 And so, we want to make sure there's equitability as  
23 well in this process. Thank you.

24           MR. LYON: Can I add one more quick point? This  
25 is it. The PG&E and ISO approach that Luke presented

1 on, you know, as presented doesn't actually, you know,  
2 really change the QC counting methodology. And, you  
3 know, to John's point we may need to change that in the  
4 coming years. We think it's, you know, pretty good in  
5 the interim and that's sort of why we're looking at an  
6 interim approach, at sort of a package proposal.

7           But it's worth noting that we could have this  
8 market-based system and apply any QC counting  
9 methodology on the back end. You know, we don't have to  
10 be stuck with that portion of the status quo. And I  
11 think there's a lot of opportunities to look at how we  
12 count QC methodology in the -- you know, on the back  
13 end, whether that's ELCC or something else, but still  
14 sort of develop this market-based approach. Thank you.

15           CEC VICE CHAIR GUNDA: Thank you, Erik.

16           So, just wanted to check on the Q&A. Tom?

17           MR. FLYNN: Thank you, Vice Chair Gunda.

18 There's been a lot of Q&A, but I think while the  
19 discussion was ensuing most of it was answered one way  
20 or another, either through the discussion or through  
21 some written responses.

22           A new question that just came in, though, I  
23 could read aloud from Mike Florio is if -- and perhaps  
24 this could be directed at Gil. His question was -- Mike  
25 Florio's question was: If I read the ELCC tables

1 correctly -- and I think he may be referring to the heat  
2 map slide -- there is a big difference between first in  
3 versus last in. How is that dichotomy resolved?

4 Gil, is that something you'd feel comfortable  
5 trying to respond to or --

6 MR. WONG: So, my understanding is the first in  
7 ELCC does not really address the interactive effects  
8 between DR and other intermittent resources. Whereas  
9 the last in ELCC does.

10 Which approach do we want to use is TBD. I  
11 think all the interested stakeholders need to come  
12 together and decide on the approach.

13 MR. FLYNN: Thank you, Gil.

14 Vice Chair Gunda, I think we have addressed  
15 most, if not all of the Q&A.

16 CEC VICE CHAIR GUNDA: Thank you so much, Tom.  
17 Before we go to the next panel, Luke and Gil, again  
18 thank you so much for taking the time to present. And  
19 as Commissioner McAllister put it, you know, well, and  
20 thanks for helping coalesce the proposals across, you  
21 know, a group of stakeholders. I think it's a very  
22 important role that, you know, that you both served in  
23 kind of bringing people together into some sort of  
24 options here. So, thank you so much.

25 And I appreciate Erik for both moderating, but

1 kind of helping this overall effort move forward. So,  
2 thank you so much.

3 And before we transition to number four, Anja, I  
4 apologize for mispronouncing your name a couple times  
5 there. So, apologies.

6 So, with that let's move to panel four. Erik,  
7 please.

8 MR. LYON: Okay. You're stuck with me for one  
9 more panel, but I'll be quick. I am just going to  
10 introduce Simon Baker again. Thanks again to Simon for  
11 presenting this morning. He'll close it out for us.

12 Simon is the Director of Cost Rates and Planning  
13 at the CPUC Energy Division. So, Simon, I will let you  
14 take it away. Thank you.

15 MR. BAKER: Hello, can you hear me?

16 MR. LYON: We can hear you.

17 MR. BAKER: All right. Great, well really  
18 appreciated the panel. I was following really closely  
19 in the discussion there, too, and it's clear that a  
20 significant amount of work has been done on these  
21 issues.

22 I want to just give a really big thanks to the  
23 CEC's leadership for taking on this task. I don't know,  
24 I wonder if you guys might have bit off more than you  
25 thought you were chewing initially, but here we are now.

1 And I think we've been hearing great things about the  
2 working group process, too.

3 We have a fair amount of experience at the CPUC  
4 with working groups and we know how much work it takes  
5 to bring the stakeholders together, and spend the time  
6 that's necessary to really bring people up to speed on  
7 the issues, understand each other's perspectives, come  
8 to the table with, you know, common goals, and  
9 principles. And then, evaluate alternatives, understand  
10 them, and then try to reach consensus.

11 So, we certainly anticipated that this was going  
12 to be a significant effort and we see that you guys are,  
13 you know, going about this in a very thoughtful and  
14 deliberative way. Really grateful to the stakeholders  
15 for all the time and effort that they've put into this  
16 process.

17 And while everybody is focused on the long-term,  
18 you know, solution, recognized that, you know, we may  
19 need to do something in the interim for 2023 and I'm  
20 happy to talk about that here.

21 The principles that were put together by the  
22 working group, they looked really good to me. I'm happy  
23 to see that there's, you know, consensus across the  
24 board. And I can see that the way the presentations  
25 were made already, it's mindful of what those principle

1 goals are and seeking to show how any proposals that are  
2 brought forward are conforming to those principles.

3           You know, I guess I'll just say some caveats  
4 here at the outset. So, you know, I'm CPUC staff. I'm  
5 not a decision maker here. So, anything that I say  
6 about what the Commission, you know, may eventually do  
7 in the RA proceeding is -- you know, it needs to be  
8 taken with a grain of salt.

9           I also just want to say that at this point I  
10 think that the CEC probably, you know the staff, Erik,  
11 Tom, others are probably as well-versed on these issues  
12 as we are in Energy Division, having really delved into  
13 this these past months, and spent so much time with the  
14 stakeholders in these weekly working group meetings.  
15 You guys are probably as much of an expert on these  
16 issues as we are.

17           We really appreciate the independent review that  
18 you guys have brought to this, and bringing some fresh  
19 eyes to this. And, you know, so we want to give proper  
20 deference to that. I don't want my comments in any way  
21 to change or color kind of the direction that the Energy  
22 Commission ultimately goes on this based on the input  
23 that you all are getting from stakeholders, and what  
24 you're developing, and what you'll ultimately put before  
25 us in the report that you submit to us.

1           And then, also, you know, just to say that any  
2 of the recommendations or proposals that come out of  
3 this process, they do ultimately have to be vetted by  
4 the parties in our proceeding. And I can't, I certainly  
5 can't prejudge any of those outcomes there.

6           That said, however, I think we can look to prior  
7 statements by the Commission in decisions, rulings and  
8 elsewhere to kind of get some signals.

9           So, first I had a question from you, Vice Chair  
10 Gunda, about the potential acceptability of the CEC  
11 submitting a report that would propose having interim  
12 values, potentially for an opportunity in order to give  
13 more time for the deliberation to develop a set of  
14 recommendations for the long term.

15           And I went back to the authorizing decision,  
16 Decision 21-06-029, and in there, you know, it says the  
17 CEC's requested to develop recommendations for a  
18 comprehensive and consistent M&E strategy, including QC  
19 methods as early as practicable. And it's a tall order  
20 to come up with a comprehensive and consistent M&E  
21 strategy. I think as we've seen from the presentations  
22 today there is a lot to, you know, run through there.  
23 And, obviously, there are diverse stakeholders to work  
24 with.

25           Later in the decision it also says, then, the



1 Commission will consider recommendations as appropriate  
2 for implementation in the 2023 RA compliance year.

3           So, I think we can infer there that the  
4 Commission certainly wasn't saying that it would  
5 necessarily adopt anything that comes out of the CEC's  
6 recommendation. In fact, it may just stay with the  
7 status quo.

8           And so, it also notes later that, you know, in  
9 the specific request to the CEC, one of the requests is  
10 to put forward any ideas that might come out of the  
11 process of a potential phasing of QC methods.

12           And, you know, I think the Commission has been  
13 signaling that the current LIP methodology are adequate  
14 until alternative methods are fully vetted and adopted.  
15 The decision says that, you know, we find ELCC, which  
16 was proposed by CAISO in the proceeding, has not been  
17 proven to be superior to LIPs or any other methodology  
18 at this time. And the Commission declined to modify the  
19 QC methodology for DR resources and seeing the LIP  
20 methodology as its default methodology at the time.

21           So, that's kind of what the Commission has said  
22 on this matter. I think it's safe to say, putting all  
23 that together, that if the Energy Commission were to  
24 submit a report in February, on this accelerated  
25 timeline as requested in the assigned Commissioner's

1 ruling, if that report were to be submitted, let's say,  
2 as an interim report with a recognition that a final  
3 report will come later, I put all these pieces together  
4 and say I think that that would be acceptable.

5           And we know for example there's like, what,  
6 eight different provisions that the CEC was requested to  
7 study. And I understand that the working group process  
8 hasn't even been able to get to all of it. So, you  
9 know, there was more to come that we knew that was going  
10 to need to be looked at. And so, hopefully, that  
11 addresses your question there, Vice Chair Gunda.

12           Any follow up on that before I continue?

13           CEC VICE CHAIR GUNDA: Yes, Simon, thank you. I  
14 think that kind of clarity on, you know, the 2024  
15 timeline really is helpful so that the work that has  
16 been done to date is not lost and that we can continue  
17 to move forward with that work, with the plan to submit  
18 an interim proposal -- or interim recommendations in  
19 February, in time for the current RA work.

20           So, just wanted to ask one kind of, you know,  
21 totally taking the caveat that you're, you know,  
22 speaking as a senior management and the Commission has  
23 to decide. But, you know, within the optionality  
24 question, you know, of kind of putting these options for  
25 2023, what I took away from what you just said is it's

1 not a no go, you know, but it has to go through the  
2 Commission.

3 MR. BAKER: Yeah, absolutely. And, yeah, I  
4 wanted kind of to speak to this issue of possible  
5 testing of multiple methods in 2023. And, yeah, if I  
6 look to the reality of what the status quo is right now  
7 is that we have a -- we have a split already between the  
8 QC methods that are being used for DR resources in the  
9 current portfolio. That's because the DR auction  
10 mechanism uses the contract performance provisions and  
11 methods that might be considered more analogous to what  
12 one of the -- or, the preferred method that respondents  
13 put forward, was put forward for the DRP.

14 So, we have that, that's status quo for DRAM.  
15 And then, for the IOU programs, and the non-IOU, or the  
16 TCA RA contracts we use the LIPs. So, we already kind  
17 of have a bifurcated framework in terms of the QC  
18 methodologies now.

19 It's not ideal. I think the Commission would  
20 eventually like to see a common approach, but that's  
21 kind of how it's evolved. And if during an interim  
22 period, you know, as things are in flux recognized the  
23 point about the RA proceeding, and the reform track,  
24 considering a Slice-of-Day proposal, it's important to  
25 have that as one of the considerations for the -- kind

1 of the final methodology that comes out of this process.

2 And so, I think within that, you know, it's fair  
3 to say that some experimentation would be open through  
4 that.

5 I'll also just note that, you know, the CAISO  
6 had made a proposal in a prior cycle of an ELCC-based QC  
7 for 2022. And, you know, we had some questions at the  
8 time about the -- how that would apply because it didn't  
9 actually include data from the third parties. It only  
10 included data from some of the IOUs. So, already, you  
11 know, in terms of what we had in terms of data for the  
12 Commission to consider at the time, we only had data on  
13 ELCC that was based on IOU programs.

14 So, it would have been challenging, I think, for  
15 the Commission to like extend some ELCC-based  
16 methodology to their non-IOUs, if the study itself  
17 hadn't included the non-IOU programs, so there was a  
18 challenge there.

19 So, I think that recognized that there may need  
20 to be some interim differential treatment until a final  
21 methodology is developed.

22 As far as, you know, the CPUC's open to kind of  
23 considering some specific methods on an interim 2023  
24 basis, the ELCC I think is pretty straight forward. We  
25 know that there was an ACR that came out after the

1 decision that provided a procedural pathway to consider  
2 ELCC on an interim basis for 2022. And so, clearly,  
3 there was an openness at least on the part of some  
4 Commissioners to consider that.

5           And as far as some of the other proposals, you  
6 know, that are there, such as what Luke presented, you  
7 know, we haven't seen any specific signals from the PUC  
8 or decision makers in the RA proceeding on that. But  
9 just speaking for ED, you know, we recognize many of the  
10 challenges that Luke presented in his presentation about  
11 some of the difficulties with the current LIP process.  
12 And that the third-party DRP space in, frankly we,  
13 Energy Division space it is a difficult process. It's a  
14 very resource-intensive process. And it's one that we  
15 very much support reforming and improving somehow.

16           And, you know, we look forward to being able to  
17 partner with you, at the Energy Commission, to the  
18 extent possible to look under the hood there and to help  
19 us to think about a better way to do that, perhaps even  
20 in some way to help us to, you know, do some of that LIP  
21 review. Because, you know, as presented by Luke, many  
22 of those proposals will continue to have Energy Division  
23 review of some kind of a QC methodology.

24           So, we're going to need some technical expertise  
25 by, you know, a state agency to, you know, sign off on

1 those.

2           So, a comment on the timeline. It was asked  
3 about, you know, the viability of perhaps these two  
4 different ELCC-based proposals that PG&E presented on  
5 behalf of the IOUs.

6           The likelihood of approval through a CPUC  
7 process is really going to depend on the degree of the  
8 consensus amongst the parties. And that's why we really  
9 wanted to let this process play out at the Energy  
10 Commission because the more time that the parties spend  
11 with each other, to understand each others' positions  
12 and, hopefully, come to some agreeable common ground,  
13 you know, the more likely that the points of controversy  
14 will melt away.

15           And so, what's important, however, is that that  
16 emerging consensus that it be not just something that's  
17 said behind closed doors, but is something that's  
18 actually said in comments. And because we actually had  
19 some challenges with that when we tried to implement the  
20 2022 interim methodology, you know, give a go of that.  
21 But we didn't actually see the consensus emerge in the  
22 record from the parties for that type of proposal. And  
23 that was, ultimately, I think why the Commission didn't  
24 choose to pick that up for 2022.

25           So, it's going to be really important that this

1 process somehow brings the parties together because  
2 we're going to be on a fast timeline to adopt and  
3 implement something there.

4           So, having competing IOU proposals is not a good  
5 thing. What I heard today is that there's actually some  
6 consensus among the IOUs that are, you know, coming  
7 forward with the preferred heat map-based approach, but  
8 that there's openness to consider the other.

9           And so, specific to that, I think we just heard  
10 it play out in the prior panel that we -- even between  
11 CAISO and the IOUs, I think we need to understand more,  
12 well, what are we talking about in terms of the heat  
13 map-based approach? Is there going to be some actual  
14 calculations that are based on the updated LIP values,  
15 and etcetera, etcetera, etcetera. Some of that still, I  
16 think, is unclear from today's call where there's more  
17 work to be done there.

18           And, of course, we'd also want to have assurance  
19 from CAISO that if there is an ELCC-based method that  
20 does come out of this process, that they are willing to  
21 go with their RAAIM-intentioned proposal. And I think  
22 we did hear that from Anna McKenna earlier today, so I'm  
23 happy to hear that.

24           So, specifically as regards the option of the  
25 LIP-informed -- or I guess the terminology is the LIP

1 profile-informed ELCC methodology, the one that would  
2 basically compute the LOLE based on  
3 ELCC study that would be done after the April LIP buy  
4 in.

5 We looked at that internally and our modeling  
6 team, it appears as though we would be able to implement  
7 that. But it is somewhat fraught because it's kind of  
8 an everything needs to go well in the timeline that's  
9 given and there's not much room for error.

10 What that means is that, you know, we would need  
11 to have some reasonable assurance from the parties that  
12 the parties are on board with kind of whatever comes out  
13 of that process, and that there's not a lot of  
14 controversy on the back end. Because, frankly, we just  
15 wouldn't have much time to be able to sort that through  
16 and be -- the tendency would be that if there is a lot  
17 of controversy on the record to just let sleeping dogs  
18 lay and have the status quo methodology persist until  
19 further work is done.

20 CEC VICE CHAIR GUNDA: Thank you. Thank you,  
21 Simon for laying that out as clearly as you can. Really  
22 appreciate your comments and I think appreciate kind of,  
23 you know, the overall approach.

24 So, I think from kind of my vantage point of  
25 kind of an ideal pursuit here, I would really encourage,



1 you know, Gil, Luke, and the entire team today,  
2 Jennifer, CAISO, and others to really kind of -- you  
3 know, I think it's really hard to trust the process  
4 sometimes, you know, because it moves around a lot. But  
5 I really want us to all kind of put our good faith  
6 effort forward to ensure that whatever comes out in the  
7 interim proposal in February really kind of lays out,  
8 you know, our common agreement on what we are suggesting  
9 to CPUC that we do.

10 I think if we're able to do that, I think we'll  
11 have, you know, an opportunity to really in good faith  
12 advance the conversation. Again, you know, if the  
13 options were to include, as Simon mentioned, if status  
14 quo is one of the options and if some of the parties  
15 want to stay with that, so be it.

16 But I think we have an opportunity to test a  
17 couple other methodologies and put those numbers out.  
18 And if we can, as a group, agree as a proposal to the  
19 CPUC that here are the methods that we're all coalescing  
20 around, every one of the party will take one of them and  
21 we're happy.

22 And again, as Simon kind of mentioned if, you  
23 know, the dependence on PUC in terms of computing the  
24 LOLE analysis on the other end, there might be some  
25 ambiguity there but I think there should be some good

1 faith kind of support and, you know, an ability to get  
2 on board there to test out this process.

3           So, I think overall I kind of, you know, feel  
4 like there's always -- you know, devil is in the detail.  
5 There is a lot more work to be done between now and  
6 February.

7           But I also feel very strongly that the  
8 conversation that was presented today was professional,  
9 done in good faith, trying to cultivate an opportunity  
10 for the future. And again, going back earlier to my  
11 comment, I do not see how California will meet its  
12 climate, and reliability, and resource goals without  
13 really expanding the demand side opportunity.

14           And so, to the extent that we all collectively  
15 solve this, collectively take a chance on solving this,  
16 I would really appreciate everybody's efforts to date,  
17 and also appreciate your continued good faith work on  
18 bringing some sort of resolution.

19           So, Simon, I do want to offer one comment to  
20 you, which you said about the continuing engagement of  
21 CEC, you know, Commissioner McAllister and I have been  
22 talking about, you know, the IMD data, and then the  
23 Recurve opportunity. Love to talk, you know, more about  
24 how CEC can support this broader process.

25           And also to the parties as a whole, and I think

1 myself, Commissioner McAllister, and all our staff I  
2 think, you know, we are committed to moving this  
3 conversation forward as quickly, and as professionally,  
4 and as in good faith as possible. So, I think it's --  
5 please reach out to us if you have any concerns about  
6 the overarching, you know, sentiments that were  
7 expressed today in the workshop. And sometimes, you  
8 know, the words might come off, you know, ambiguously,  
9 but you know I'm happy to kind of further discuss and  
10 make sure everyone feels heard and that we are moving  
11 forward in a good path.

12           So, we'll see, Commissioner McAllister, if you  
13 have any comments, questions?

14           CEC COMMISSIONER MCALLISTER: I think you summed  
15 it up very well. And I, too, as you know am fully  
16 committed to making everything that's possible happen on  
17 the demand side that can help contribute to reliability,  
18 you know, in the near-term decarbonization and overall  
19 keeping sort of, you know, cost mitigation and  
20 optimizing our investments going forward. And I just  
21 think it's critical for us to work this out.

22           I know that all the parties who have been  
23 engaged for the last, you know, half-year or so on this,  
24 really are trying to help get to kind of a new reality  
25 in earnest. And there are, obviously, different

1 opinions about what that ought to look like, the  
2 different business models. That, you know, there may be  
3 some more winners and less winners on this. But I think  
4 we all have a stake in expanding this wedge of resource.

5           And as we talked about in the morning, you know,  
6 the ones that are really sort of event-driven, and sort  
7 of peak summer reliability-focused, you know, relatively  
8 small number of hours kind of resources, and then there  
9 are these other ones that really can be automated,  
10 really work-a-day resources that can be with us all year  
11 that help optimize the system as well, in a different  
12 way.

13           So, really want to just -- so, it's complicated.  
14 There's a lot of numbers, there's a lot of different  
15 methodologies and I think this makes this very  
16 inaccessible to the public. And so, you know, just from  
17 the back and forth we've had just now, I mean, Simon,  
18 you have so many details about the history, and the sort  
19 of reality, and all the different ins and outs of not  
20 only the process, but the substance as well. You know,  
21 I think it just really does -- it sort of indicates to  
22 me that we just really need to double, redouble our  
23 efforts.

24           And as Commissioner Gunda just said, make sure  
25 that we are communicating what we need to communicate

1 and being as precise as we can. And I think that sort  
2 of professional, good faith environment, and really  
3 structured series of workshops and meetings that staff  
4 has been conducting are a great platform for that.

5 But still, it's easy to kind of say things  
6 slightly off and then that sort of twirls out a little  
7 bit. And I think we need to always bring back to the  
8 common goal here. So, not that that's not happening,  
9 just want to just encourage us to -- you know, we've  
10 made a lot of good progress. This is really great what  
11 we've seen today. And having this discussion moving  
12 forward is, in and of itself, something of an  
13 accomplishment. But we really need to get the substance  
14 to sort of create the most good for the most people that  
15 we can.

16 And I think, you know, together with the CPUC  
17 and the CAISO kind of also chiming in with their, you  
18 know, views and constraints, and kind of requirements,  
19 we need to make sure that stakeholders also are aware of  
20 that so that they can tailor their comments and their  
21 inputs accordingly as well.

22 So, anyway, I agree completely, Vice Chair  
23 Gunda, that the process really is where we need to put  
24 our faith and that comes with a seriousness of  
25 conducting that process on our end, at the Energy

1 Commission. And I know across the board we all feel the  
2 same.

3           So, anyway, really coming away from today with  
4 some optimism about where is this headed and sort of a  
5 redoubled commitment, really, to see the process  
6 through. You know, both in this near-term timeframe,  
7 which will be a little bit of a crunch, but also keeping  
8 it going for the long-term solutions that I think are  
9 starting to sort of appear over the horizon in some  
10 form. So, really happy with where we're at.

11           And thank you, Vice Chair Gunda, for all your  
12 leadership on this as well. Really, it's been  
13 remarkable. And also, you know, the senior staff, Erik,  
14 Tom, David at the Energy Commission and your  
15 counterparts, you know, Anna and Simon, you guys have  
16 really kept it going nicely and really appreciate all  
17 your leadership as well.

18           So, with that I pass the mic back. I don't know  
19 if Commissioner Houck has been able to rejoin us.

20           MR. LYON: She was hoping to get back.

21           CEC COMMISSIONER MCALLISTER: Right.

22           MR. BAKER: Can I make just a few concluding  
23 remarks, because I did want to respond to a question  
24 that you had earlier, Commissioner McAllister.

25           CEC COMMISSIONER MCALLISTER: Sure.

1           MR. BAKER: Okay. So, you had asked,  
2 Commissioner McAllister about -- I'm paraphrasing here,  
3 but basically that layering on some additional  
4 optionality now in the -- conceptualized for the interim  
5 2023 basis, if that really -- kind of is it feasible  
6 from sort of like a workload perspective, given how kind  
7 of how overbearing this whole process already is.

8           You know, I guess the way that we look at that  
9 is we really want this process to continue as it has  
10 been, now for almost two years, to be a close,  
11 interagency process where we're joined at the hip, and  
12 we're really trying to work together as CAISO, CEC, CPUC  
13 to find a solution that works.

14           And, you know, we know that the CAISO has some  
15 particular concerns about the current status quo  
16 methodologies. And, you know, they've been for some  
17 time now making ELCC proposals.

18           And so, from that standpoint, you know, talk  
19 about good faith effort, you know, we would stretch to  
20 try to make, you know, and ELCC option available for  
21 2023 as an option for 2023, even though that would be  
22 additional work for us.

23           But I guess there's kind of an -- you know,  
24 there's sort of an intrinsic ask in there which is that,  
25 geez, if we're going to do all that additional work, as

1 I said previously for it to really fly on a tight time  
2 schedule, and like get implemented, we can't have the  
3 stakeholders like bickering about it on the back end and  
4 it's not working.

5 So, we kind of have to have some reasonable  
6 assurance going into it that this is going to fly on the  
7 back end and it's not all going to fall apart. So, I  
8 guess I would just want to make that comment there.

9 I also wanted to respond to some questions that  
10 were made on the earlier panel. Somebody asked about,  
11 you know, what has the growth trajectory of demand  
12 response been? And my staff actually reminded me that  
13 we have a very handy fact sheet that I'll follow up with  
14 the Commissioners on the call here about possibly, you  
15 know, posting on your IEPR docket.

16 Anyway, it shows that for 2003, when we first  
17 started tracking, collecting demand response, say,  
18 that's when the Energy Action Plan was adopted, we had  
19 about 1,400 megawatts back then. And now, we have about  
20 2,400 megawatts.

21 And if you look at the growth trajectory, there  
22 was a period where we actually had slightly more, but it  
23 was mostly all that reliability demand response  
24 resource. And there was really a drive to increase the  
25 economic demand response in our portfolio and reduce the



1 amount of reliability demand response in our portfolio.  
2 So, that resulted in kind of a shrinkage there. Also, I  
3 mentioned the adoption of our prohibition against fossil  
4 backup generation.

5 And then, there was a big push to try to get  
6 more of a load-modifying demand response and so we saw  
7 some growth come in there, both in terms of the time of  
8 use which increased our demand response in the  
9 portfolio, and as did the third-party DR.

10 So, I mentioned there was some fluctuation, but  
11 kind of that's from 2003 to 2000 -- to today, it's about  
12 from 1,400 to 2,400 megawatts.

13 There was also a question about the DR auction  
14 mechanism numbers in 2019 and why there was a drop. The  
15 reason why, so that was actually an additional cycle of  
16 procurement in that same year. And so, it needs to be  
17 combined with the other data point for claim in that  
18 year.

19 So, I just wanted to clarify those points. And  
20 I appreciate everybody's time and the opportunity to be  
21 here on the panel.

22 CEC VICE CHAIR GUNDA: Thank you so much, Simon.  
23 I know we had a Q&A section for this particular panel,  
24 but I don't think I see any questions, Q&A. So, we're  
25 going to go to public comment soon.

1           But just wanted to respond to a question that  
2 came in the chat about next steps. And maybe, Erik, you  
3 could be ready to also support me on this.

4           But I think for me, at a very high level, you  
5 know, kind of coalescing around the options, at least  
6 kind of having kind of a framework on the options  
7 sooner, than later, would be really helpful. And kind  
8 of begin to both work out the process for adoption, as  
9 it fits into the CPUC process, but also kind of laying  
10 out, you know, the kind of the methodological elements  
11 of it as well. So, I think that would be really  
12 helpful.

13           Just as a continuing ability to move this  
14 conversation forward more publicly, I would request,  
15 Erik, to you, in the next upcoming business meeting or  
16 so, before we actually submit the report to meet the  
17 February goal. In January, let's kind of put it on the  
18 business meeting, on an informational, on where we are,  
19 you know, what the methodologies are and invite the  
20 parties to comment at the business meeting so we have  
21 the additional steps set up.

22           So, I'm really looking at that, what Simon kind  
23 of said is, you know, the easiest thing to do, keep the  
24 status quo for 2023. But to the extent that we  
25 collectively have an aspiration to move the ball

1 forward, I think we need to do that at the CEC so that  
2 whatever goes to CPUC from CEC could work through that  
3 condensed timeframe and still have some viability of  
4 success.

5 So, I'd just request all the, you know, working  
6 group participants to work with Erik and Tom to ensure  
7 that we have a path for that.

8 And again, you know, Simon thank you. I mean I  
9 -- President Batjer made this comment earlier saying  
10 that, you know, in her professional career she has not  
11 seen one agency asking another agency to do something.  
12 We appreciate it. I think this is important. DR has  
13 been at the heart for Commissioner McAllister, the  
14 Chair, myself, so we are actually very appreciative of  
15 this opportunity to help advance the dialogue and have  
16 this opportunity to work with the CPUC.

17 You know, the silver lining of August 2020 has  
18 been CPUC, CAISO and CEC working much more  
19 collaboratively and closely. And we just appreciate  
20 this opportunity to solve and address an important  
21 element of our future for California. And much of that  
22 wouldn't be possible, Simon, without you and your  
23 leadership at the Energy Division. So, thank you.

24 So, with that I will go to the public comment.  
25 But Erik, do you want to respond to anything or add

1 anything to what I said?

2 MR. LYON: I think you covered it all well. Our  
3 next working group meeting, I believe is a week from  
4 Monday, so we'll pick things up there.

5 And, yeah, based on the comments we have  
6 received from this workshop, we'll try and get those  
7 principles finalized and present that as an  
8 informational item at the next business meeting.  
9 Perfect.

10 CEC VICE CHAIR GUNDA: Wonderful, thank you.

11 With that, to Heather, to you for the public  
12 comment.

13 MS. LENI-KONIG: Hi, Commissioner Gunda. This  
14 is Katrina Leni-Konig. I'm just going to be handling  
15 public comment from the Public Advisor's Office.

16 So, commenters, please go ahead and allow one  
17 person per organization to make a comment. Comments are  
18 limited to three limits per speaker.

19 So, the reminder is to comment use the raise  
20 hand feature to let us know that you'd like to comment.  
21 We will call on you and open your line to make comments.

22 For those on the phone dial \*9 to raise your  
23 hand and \*6 to mute and unmute your phone line.

24 We'll go ahead and just wait for folks to raise  
25 their hands.

1           So, I see no raised hands this far. Oh, here we  
2 go. Okay, I'll go ahead and call upon Jennifer  
3 Chamberlin. We'll go ahead and unmute Jennifer's line.

4           Please state your name and spell your name, and  
5 the organization that you're with.

6           MS. CHAMBERLIN: Of course. This is Jennifer  
7 Chamberlin, J-E-N-N-I-F-E-R, Chamberlin, C-H-A-M-B-E-R-  
8 L-I-N. And I'm with CPower. And I didn't plan to go  
9 first, I was waiting to see if others would join the  
10 queue since I had to speak on a panel earlier today.

11           This has been really interesting and I wanted to  
12 weigh in just for a second, or a couple minutes, on the  
13 afternoon panel.

14           Appreciate all the work we've been doing and  
15 I've been an active participant in the working groups.  
16 I know there is a lot of discussion about new cases,  
17 ELCC type model, and how -- what Luke Tougas was sharing  
18 that a lot of the DRPs was supporting. It doesn't deal  
19 with the interactivities.

20           I did want to note for the record that the  
21 Eastern Markets, something like Luke's been suggesting  
22 has been used in PJM, in New York, in MISO. And as  
23 those markets start looking at these use limitations as  
24 well, and consider ELCC, or some other mechanism,  
25 they're doing it on top of that methodology.

1           So, I wanted to say that while I have not been a  
2 huge proponent of ELCC, it's not incompatible with --  
3 there's market models that DRPs have found more  
4 successful in other regions.

5           So, I just wanted to share that up front. And I  
6 think Erik alluded to that as well, Erik Lyon, so I  
7 appreciate that.

8           I think we need to get to a different framework  
9 and I appreciate the idea that, you know, we have one  
10 type of mechanism for qualifying capacity for everyone.  
11 And I do know the utilities are more comfortable with a  
12 LIP process and are eager to have the RAAIM exception.

13           We are subject to RAAIM as a DRP in the CAISO  
14 markets now, and are comfortable with that. We build  
15 our resources to accommodate that.

16           So, a lot of this, you know, feels like we're  
17 making two very different approaches for someone like  
18 myself who contracts for values, and builds a resource  
19 around it, as opposed to utility programs which have  
20 customers able to go in and out of those without  
21 changes.

22           And so, I do want to say that, you know, if you  
23 are having disparities in what works, you know, the  
24 utility programs and putting them into the market isn't  
25 the same as just building a DR resource. So, I want to

1 put that out there for consideration and into the  
2 context of the discussions, particularly between what  
3 Luke and Gil presented this afternoon.

4 And so, thanks so much for the time today.  
5 Commissioner Gunda, I'd be happy to keep talking about  
6 all of this stuff with you any time. And thanks again.  
7 And sorry to double dip with both being on a panel and  
8 weighing in this afternoon. Thanks so much.

9 MS. LENI-KONIG: Thank you, Jennifer, for your  
10 comments.

11 At this point, this concludes the comments from  
12 those on Zoom. I see no other hands. And so, we're  
13 going to move to those that are calling in.

14 So, yes?

15 CEC VICE CHAIR GUNDA: Apologies. This is Siva.  
16 It looks like there is a number ending in 385?

17 MS. LENI-KONIG: Yes. Yes, we are going to move  
18 to the comments from the phone in.

19 CEC VICE CHAIR GUNDA: Oh, sorry. Thank you.

20 MS. LENI-KONIG: So, if anybody else also on the  
21 phone would like to raise their hand, reminder to start  
22 -- to dial \*9 to raise your hand and \*6 to unmute your  
23 phone line.

24 So, we see the phone line ending with number  
25 385. Go ahead and unmute yourself, dialing \*6. And

1 when your line is open, please state your name, and  
2 spell your name, and state your affiliation, if any.

3 So, it looks like we may have lost the caller.

4 Yeah, perhaps they put their hand down, that's fine.

5 I see no other hands at this time, Heather. Oh,  
6 we have one more. Okay, go ahead. I see a raised hand  
7 for phone line 385. Please go ahead and unmute yourself  
8 by dialing \*6.

9 MR. UHLER: Okay, you can hear me now?

10 MS. LENI-KONIG: Yes, we can.

11 MR. UHLER: Okay.

12 MS. LENI-KONIG: Please go ahead and state your  
13 name, spell your name, and your affiliation. Thank you.

14 MR. UHLER: My name is Steve Uhler, U-H-L-E-R.  
15 In listening to both sessions here, I'm struck by the  
16 situation and this situation happens in a number of  
17 other proceedings. That basically, there is an  
18 inventory control problem that's trying to be solved,  
19 where having accurate product structure files, master,  
20 and builds, and materials, something that Toyota uses in  
21 their Toyota production method, where they -- they  
22 actually know what's going to happen because they know  
23 -- like they would look at a power plant and they'd say  
24 nameplate capacity, well, I need to know minimum load on  
25 that plant. I need to know ramping rates. I need to



1 know start times. So, there's a real need for the  
2 Commission -- they've got some data out there, but it's  
3 missing pieces, to be connected, connected all together.

4 But you should be able to treat this through  
5 using these resource planners, such as Toyota uses. And  
6 we know that they do a really fine job.

7 And one of the things that Toyota does, is  
8 because they go into partnering with -- in this case,  
9 they would partner with the end-user that they want to  
10 have be demand response, and to attract them.

11 Now, somebody brought up an interaction of  
12 resource is saturation effects. Yeah, you need to know  
13 everything that's going on. You can't do this as an  
14 island, and then generate some formulas, and with  
15 factors, and solve this.

16 You've got to set up for load following.  
17 Japanese use a kanban method to handle that stuff, to  
18 let everybody know what's going on. And Slice-of-Day,  
19 it needs to be 2-minute buckets. You need to know  
20 what's going on every 2 minutes.

21 Shedding return, you've asked them to shed.  
22 Now, when should they return? You should be able to  
23 tell them when they return.

24 Minimum load, yeah, you need to know all these  
25 things about what capacities would happen.

1           What else here? We've got -- the other things,  
2 your derate factors, you should not allow any derate  
3 factors. Let the system, the planning system do that  
4 for you.

5           Be transparent. Know the difference between  
6 LOLE and LOLF. It's not one event in ten years on the  
7 LOLE, it's -- you have to use LOLF.

8           Some other things is admin-wise, place the  
9 presentation links next to the presenters name in the  
10 schedule, so that we don't have to figure out what  
11 presentation, if you're only using the phone. Allow the  
12 public to make comments at the business meeting on  
13 informational items.

14           And you need a way to check if the commenter's  
15 hand is raised. And I think that's about all I can say  
16 here today. But yeah, you need to move to an inventory  
17 control system and stop building all these little  
18 separate factoring systems to figure this out. This  
19 meeting would not have to happen, if you did that.  
20 That's the end of my comments.

21           MS. LENI-KONIG: Thank you for your comments.

22           At this point, I'm not seeing any other raised  
23 hands. So, with that --

24           CEC VICE CHAIR GUNDA: Apologize again. There  
25 was a number ending 694 that they raised their hand and

1 then put it down. I don't know if they were trying to  
2 -- I saw their kind of raised hand. I don't see it  
3 anymore.

4 MS. LENI-KONIG: Yeah, thank you, Commissioner  
5 Gunda for noticing that.

6 Just giving it one more minute. If you do want  
7 to raise your hand, please dial \*9 to raise your hand  
8 from the phone. Okay, so one more moment. So, dialing  
9 \*9 will help you raise your hand. If you want to dial  
10 \*6 to mute and unmute your line.

11 MR. TOUGAS: Hello?

12 MS. LENI-KONIG: Hello.

13 MR. TOUGAS: Yes, this is Luke Tougas. I'm  
14 sorry, I had my hand raised, but maybe for some reason  
15 you're not able to see it.

16 MS. LENI-KONIG: Great. Yeah, please go ahead  
17 and spell your name for the record, and then also state  
18 your affiliation, if any.

19 MR. TOUGAS: Of course. Luke Tougas, that's L-  
20 U-L-E, last name is T-O-U-G-A-S. And I represent the  
21 California Efficiency + Demand Management Council.

22 I just wanted to thank -- as a closing comment,  
23 thank the CPUC for recognizing the importance of address  
24 DR QC accounting. It's been an issue that has been very  
25 important for the DR community for quite some time. And

1 I want to say that regardless of how this whole process  
2 works out, we really, really appreciate the commitment  
3 and involvement of Vice Chair Gunda and Commissioner  
4 McAllister. Without your willingness to really dive  
5 into this, then this would not be happening.

6 And so, thank you very much to the both of you.  
7 And, of course, to Tom and Erik, and at the CEC, and the  
8 rest of the team over there. And, of course, Energy  
9 Division, you know, Simon and everybody over there as  
10 well.

11 So, definitely appreciate that and we look  
12 forward to continuing with this process.

13 MS. LENI-KONIG: Thank you for your comment.

14 Any other hands? Okay, I think at that point  
15 this concludes the public comment period. And I will  
16 now turn it back to Vice Chair Gunda.

17 CEC VICE CHAIR GUNDA: Yeah, thank you, Katrina.  
18 Thanks for going to the public comment again.

19 It was like a really, really good day in terms  
20 of many -- and, as you know, as kind of I mentioned in  
21 previous workshops and such, and I truly believe that  
22 CEC has a very, very important role to perform in terms  
23 of being an objective, independent venue for moving  
24 conversations forward on a variety of elements and  
25 putting, you know, ideas on the table.

1           And I think, you know, this particular project,  
2 you know, again necessitates that function of CEC. And  
3 I'm really, you know, as always, incredibly proud of the  
4 staff for doing a professional job, you know, doing work  
5 with integrity and commitment.

6           So, Erik, Tom, David Erne, and many others who  
7 are working behind the scenes, thank you so much for  
8 your work.

9           As Commissioner McAllister mentioned, none of  
10 this would be feasible without the participation of the  
11 stakeholders. You know, your painstaking efforts in,  
12 you know, meeting the interests of your stakeholders and  
13 moving the conversation forward for California as a  
14 whole. And just really appreciative for all the time  
15 that you have put in, in moving this conversation  
16 forward.

17           And to my colleagues at CPUC for having this  
18 partnership, to have this conversation, to again trust  
19 an important element with CEC. You know, I mean it's  
20 always hard to bring another agency into the middle of,  
21 you know, things are going to be complicated, and taking  
22 the chance of, you know, having somebody else come in  
23 and support.

24           So, just, you know, Simon, Aloke, and a number  
25 of - Simone, and a number of other people at CPUC who

1 have been supporting this work as well. And finally,  
2 our friends from CAISO, Anna, and Delphine, Anja, you  
3 know, everybody thank you so much for all your good  
4 work.

5 I've taken a lot of lessons. I think the steps  
6 are very clear. We have to have an interim kind of a  
7 solution and a proposal submitted to PUC by February.  
8 The general consensus today was there is an opportunity  
9 for us to advance some options, set the status quo of  
10 the LIPs being one option. I think there's at least a  
11 couple other options we can put on the table. And as  
12 different parties might choose to advance those  
13 particular methodologies, I think it's an opportunity  
14 for us to continue to work on this.

15 And so, there is time is of the essence. And as  
16 Simon kind of mentioned, us having the CEC's process  
17 completed with a strong agreement on where we are going  
18 would be really helpful to help with the CPUC process.

19 And again, in closing I believe, you know, we  
20 have to solve the paradigm of DR to really ensure that  
21 the long-term viability of reliability resource planning  
22 for California comes together.

23 While we spent all our time today talking with  
24 the supply-side DR, I again want to commend the work by  
25 Commissioner McAllister on the demand flexibility, and

1 the load management standards. And also, Commissioner  
2 Houck for coming in to push the boundaries in the  
3 broader DER discussion.

4 Look forward to continuing this and thank you  
5 all for your attendance, and thank you all for being a  
6 part of this important conversation.

7 Commissioner McAllister, please, if you have any  
8 closing comments.

9 CEC COMMISSIONER MCALLISTER: Yes, very, very  
10 briefly. I was just scrolling through all of the folks  
11 that are still with us at the end of the day. And it's  
12 quite a who's who, lots of really involved,  
13 knowledgeable people. So, thank you for everyone who  
14 has been attending today.

15 And, you know, those who were on the agenda and  
16 those who were not on the agenda, you're contributing in  
17 all sorts of different ways through the process.

18 And I wanted to just not repeat what Vice Chair  
19 Gunda just said, which I completely agree with. You  
20 know, I think in the near term both of our offices, and  
21 I'm sure, you know, at the -- well, I'm sure with our  
22 various stakeholders and senior managers, as well,  
23 across the three agencies are very much willing to  
24 iterate kind of as quickly as possible, you know, to  
25 sort of deal with any issues that might crop up and need

1 to be dispatched, or sort of settled, or moved forward,  
2 you know, in a relatively tight time frame. Because  
3 often even just getting everybody on the same Zoom,  
4 logistics actually get in the way when we're on a  
5 compressed time frame.

6           So, I think we all need to be flexible and sort  
7 of, you know, trying to really distill that consensus  
8 that we're all desirous of, and really have clarity when  
9 we push this over to the CPUC, and give it the best  
10 chance of success. Or, at least, given it the best  
11 chance of providing a really solid basis for the  
12 discussion over there.

13           And the other thing I wanted to say is just, you  
14 know, these processes at the agencies are in place for a  
15 lot of good reasons. You know, often we're, okay,  
16 there's this proceeding and that proceeding, and we're  
17 siloed, et cetera, et cetera. We're doing a lot of work  
18 and this, today, is a case in point, to get outside of  
19 those silos and really collaborate.

20           And at the end of the day, the way agencies are  
21 set up to make decisions really does impose and require  
22 rigor and transparency. And so, and that's a good  
23 thing, right. So, it really makes everybody put their  
24 cards on the table and try to really argue their case.  
25 And I think, you know, that's kind of what's happening



1 here in this discussion is that we all have to be  
2 accountable and the solutions have to be real, at least  
3 as much as we can vet them beforehand, before actually  
4 trying them out.

5           So, here we're talking about a fair amount of  
6 experimentation, and innovation. And I think the  
7 balance is going to be, you know, making it rigorous and  
8 accountable at the same time we open up the possibility  
9 for new things going forward.

10           And I'm super excited that we have this model,  
11 now, that seems to be producing that kind of balance.  
12 And so, you know, I think we consciously need to sort of  
13 nurture that, and blowing on that little flame, and make  
14 sure it can grow.

15           So, but I really enjoyed today. And really want  
16 to thank Vice Chair Gunda for all your attention on this  
17 issue. It's really amazing to just have the synergy and  
18 also, all of our colleagues over at the -- well, our  
19 other colleagues here at the Energy Commission that were  
20 here in the morning, Commissioner Monahan. I'm not sure  
21 if Commissioner Douglas ever made it, but I know that  
22 she was intending to. And then, President Batjer, and  
23 Commissioners Houck and Shiroma over at the CPUC.  
24 Really, their leadership is equally important on this,  
25 if not more so.

1           So, I want to just -- it's really demonstrative  
2 of the fact that we all care about this. So, with that  
3 I'll pass the mic back to you, Vice Chair Gunda.

4           Well, I guess maybe Heather would probably like  
5 us to say that the comments are due on the 17th. I  
6 think that's right. And hopefully, you know, many, many  
7 comments will come in so that we can help.

8           And then, the next working group meeting that  
9 Eric laid out, you know, really keep that ball rolling,  
10 keep that positive momentum. So, I really want to just  
11 encourage everyone to keep it up.

12           I know we're heading into the holiday season and  
13 we're all packing on the weight from food but, you know,  
14 just try to keep that energy level up. So, and hope  
15 everyone has a wonderful holiday.

16           CEC VICE CHAIR GUNDA: Thank you, Commissioner.  
17 Thank you for also reminding that the comments are due  
18 on December 17th. Look forward to having, you know,  
19 comments in written form which will be really helpful  
20 for us as we complete our interim recommendations to the  
21 PUC.

22           And again, extensive gratitude to all the  
23 participants today. The panelists for their time, and  
24 all the participants of the working group that have been  
25 tirelessly on all of these issues.

1           Thank you so much and look forward to continuing  
2 the discussion both in a public forum, but also as  
3 needed, you know, as many needed meetings as possible  
4 behind the scenes. So, happy to meet up with whenever.

5           You know, with that the meetings is adjourned.  
6 Thank you.

7           (Thereupon, the Workshop was adjourned at  
8 12:33 p.m.)

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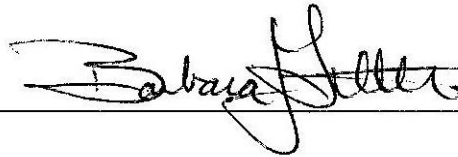
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