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DR QC Counting Methodology Principles

The following 9 principles represent the final set adopted by the CEC's demand response qualifying capacity working group. These are the principles that the working group will be using to evaluate the QC methodology proposals. These principles should be considered final.

Each principle should be considered independently of all others when applied to a given QC methodology proposal. A proposal may score highly by some principles and poorly by others, which helps to make tradeoffs between the various options visible.

1. The QC methodology should be transparent and understandable.
2. The QC methodology should use best available information regarding resource capabilities, including recent historical performance and participant enrollment and composition projections.
3. The QC methodology should allow DR providers to quickly determine or update QC values.
4. The QC methodology should be consistent and compatible with the resource adequacy program. [Separate ratings will be provided for each of the following frameworks]
 - a. Single-value RA program (status quo)
 - b. Twenty-four-slice proposal (SCE)
 - c. Two-slice proposal (Gridwell)
5. The QC methodology should account for any use limitations, availability limitations, and variability in output of DR resources.
6. The QC methodology should translate a DR resource's load reduction capabilities into its reliability value.
7. The QC methodology should include methods to determine delivered capacity (ex-post) that are compatible with the determination of qualifying capacity (ex-ante).
8. The QC methodology should not present a substantial barrier to participation in the RA program.
9. The QC methodology should account for a resource's capacity when reliability needs are highest.¹

¹ CEC staff convened and determined this phrasing best addressed stakeholder concerns. Reliability needs are determined by the supply stack resource mix, so we believe it can take concepts such as interactive effects and saturation into account. However, it does not require that the methodology do so explicitly, granting more flexibility in approaches. We believe the LIP-based status quo can be fairly rated by this principle; "when...reliability needs are highest" is defined by the availability assessment hours. Reliability needs are also applicable within a single hour "slice" when viewed across days of a month or year, such as by estimating capacity for each hour under 1-in-2 peak temperature or other planning conditions.