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California Energy Commission
Docket Office, MS-4
Re: Docket No. 21-DR-01
1516 Ninth Street
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Re: Southern California Edison Company's Comments on the California Energy
Commission's Supply Side Demand Response Docket No. 21-DR-01

Dear Commissioners:

SCE is submitting these comments as requested by the California Energy Commission (CEC) Staff during the CEC-led Supply Side Demand Response (SSDR) working group (WG) process to develop a recommended methodology for assigning Resource Adequacy (RA) Qualifying Capacity (QC) value to SSDR products. The CEC has requested written comments, at a minimum, to address the following questions.

- 1) Discuss your organization's position on each of the five proposals (i.e., support or oppose and why).
- 2) Discuss your organization's position on the extent to which each proposal does or does not meet the principles;
- 3) Discuss your organization's position on whether, and if so what, enhancements to intracycle adjustments to demand response qualifying capacity during the resource adequacy compliance year, as adopted in D.20-06-031, are feasible and appropriate to account for variability in the demand response resource in the month-ahead and operational space;
- 4) Discuss your organization's position on whether implementation of any elements of demand response qualifying capacity method modifications that might be adopted by the commission should be phased in over time.
- 5) Discuss your organization's position on whether, and if so how, any changes to demand response adders should be reflected in demand response qualifying capacity methodology.

Consistent with the guidance provided by the CEC staff, SCE has developed its comments, using the following seven criteria below provided by the California Public Utilities Commission (CPUC) in its decision (D.) 22-06-050¹:

- 1) Whether the proposals that are presented in the CEC's stakeholder process are reasonable and appropriate to determine the QC of Demand Response (DR) resources;
- 2) Whether the DR QC methodology reflects the contributions of DR resources to reliability;
- 3) Whether the DR QC methodology is compatible with the new RA framework for the 2025 RA year and beyond;
- 4) Whether the DR QC methodology is transparent and how it could be implemented in a time-efficient manner;
- 5) Whether and to what extent alignment of DR M&V methods in the operational space for CAISO market settlement purposes with methods to determine DR QC in the planning space should be achieved, and if so, how;
- 6) Whether, and if so what, enhancements to intra-cycle adjustments to DR QC during the RA compliance year, as adopted in D.20-06-031, are feasible and appropriate to account for variability in the DR resource in the month ahead and operational space;
- 7) Whether, and if so how, any changes to DR adders should be reflected in DR QC methodology.

SCE's comments are further motivated by SCE's desire to be consistent in treating all supply side resources, regardless of technology, in a fair and consistent manner, while conforming to the principles of the new 24-hour Slice Resource Adequacy Framework (also referred to as Slice-of-Day) that the CPUC has adopted for implementation beginning with 2025 RA compliance year.

¹ See CPUC D.22-06-050 at p.40-41.

(Q1 & Q2) Discuss your organization’s position on each of the five proposals (i.e., support or oppose and why) and the extent to which each proposal does or does not meet guiding principles of the CEC Working Group.

In evaluating proposals to count demand response qualifying capacity (DR QC) or DR capacity that count for the 2025 RA Year and beyond, SCE applied several key criteria. The first was whether the proposal aligns with the Joint Investor-Owned Utilities’ (IOUs’) proposal presented at the September 16, 2022 CPUC Workshop on Utilization of Load Impact Protocols (LIPs) Outputs under Slice of Day Framework.² The second was whether the proposal incorporates considerations listed in OP 11 of D.22-06-050, which include reflection of DR resources’ contributions to reliability, as well as the methodology’s transparency and ease of implementation.

SCE supports retaining LIPs for counting DR QC for the 2025 RA Year and beyond. Under LIPs, historical performance and forecasted capacity are considered on an hourly basis. Forecasted capacity is considered over the Availability Assessment Hours (AAH) for the system peak day under the utility or CAISO 1-in-2 or 1-in-10 weather scenarios. The LIP methodology already contains some of the architecture and reporting format that could be modified to accommodate the Slice-of-Day framework, which requires each Load Serving Entity (LSE) to demonstrate that it has enough capacity to satisfy its managed load profile (including planning reserve margin) in all 24 hours for the 1-in-2 system peak day in each month. The LIPs have been in place since 2008 and have been tested with actual data and by DR providers over multiple years.

SCE supports each DR resource having an hourly availability profile to represent its expected performance. For DR programs with spillover impacts, the hourly profile should be set ahead of the RA showing, based on an assumed call that encompasses the Availability Assessment Hours. For DR programs without any spillover impacts, the profile would represent the expected capacity contribution, if called upon in that hour. Each proposed profile would be shared with the CPUC Energy Division, along with supporting data, ahead of the DR QC showing. CPUC staff will have final determination of the hourly profile for each DR program.

² In CPUC’s RA Proceeding (R.21-10-002)

DR programs with spillover impacts such as weather-sensitive resources are expected to have a profile shape based on a pre-determined call window. For these programs with pre-determined shapes based on pre-determined call windows, the LSE will show all 24 hours of the shape. For DR programs without spillover impacts, the load-serving entity (LSE) would determine which of the limited hours to show, taking into consideration factors such as the LSE's own load shape, RA minimum requirements to maximize DR resources' contributions to system reliability needs, program rules, and applicable tariffs. Any spillover effects, if statistically significant and impactful, would be included in the shapes, even if they are outside of the call window, to demonstrate how the DR resource actually behaves. Regardless of whether the DR resource is supply-side or load-modifying, the methodology to count DR QC for the 2025 RA Year and beyond should be the same.

With the above considerations in mind, SCE opposes the following proposed methodologies: "Incentive-based Method DR Counting Proposal" by California Efficiency and Demand Management Council (CEDMC), "Hourly Regression Capacity Counting Methodology for Supply-side Demand Response" by CEC, and "Simplified LIP" by OhmConnect. SCE generally supports the "DR QC Working Group Proposal" by DSA and the "Proposal for DR Resource Counting for Slice of Day" by California Large Energy Consumers Association (CLECA). The table below summarizes SCE's position for each of the proposals based upon Ordering Paragraph (OP) 11 of D.22-06-050.

Party's Proposal	CLECA Proposal	DSA Proposal	CEC Proposal	CEDMC Proposal	OhmConnect Proposal
SCE Position	Support	Support	Oppose	Oppose	Oppose
Reflects contribution of DR Resources to Reliability	Unsure	Yes	Yes	No	No
Is compatible with the Slice-of-Day (SOD) Framework	Yes	Yes	Yes	No	Proposal lacks details about how LIP refinements would conform with SOD Framework
Is transparent and easy to implement	Yes	Yes	No	No	Yes, but lacks consideration of needs of other types of DR providers

Party's Proposal	CLECA Proposal	DSA Proposal	CEC Proposal	CEDMC Proposal	OhmConnect Proposal
SCE Position	Support	Support	Oppose	Oppose	Oppose
Is transparent and appropriate for determining the QC of DR resources	Yes	Yes	Unsure	No	Not for all types of DR providers
Valuation ensures firm, reliable counting	Yes	Yes	Unsure	No	Unknown
Aligns DR M&V methods in the operational space for CAISO market settlements with methods to determine DR QC in the planning space ³	No	No	Unsure	Yes	No

- **SCE Supports Certain Components of Demand Side Analytics' (DSA) Proposal, as well as Principles in CLECA's Proposal.**

- **Demand Response Qualifying Capacity Working Group Proposal (Demand Side Analytics)⁴**

DSA's proposal understands the alignment between the current methodology to count DR QC and the Commission-adopted Slice-of-Day Framework. In recommending modifications to the current process, which is familiar to most DR providers, DSA's proposal does not re-invent a process that would work under the new RA Framework and would be relatively easy to implement. The ease of implementing most of DSA's proposal is further reinforced by the recommendation that a single methodology be used for both supply-side and load-modifying DR resources. By stating that DR providers be given the flexibility to show expected performance of the DR resource over a specific call window to maximize the resource's capacity value and contribution to grid reliability, while observing RA

³ Here, "Aligns DR M&V methods in the operational space for CAISO market settlements with methods to determine DR QC in the planning space" simply means that a proposal recommends use of the baseline methodology for CAISO market settlements, rather than any other alternative (i.e., control group, weather-matching), to determine Ex Post load impacts or historical performance of the DR resource. Note that per Appendix E of "CAISO Baseline Accuracy Assessment" (Bode, J, et al), for residential DR resources, control-group baseline created from behaviors of non-participants was thought to be more accurate than that of the CAISO baseline for market settlements. A response of "no" in the table does not necessarily indicate that the proposal, in not recommending solely the baseline methodology for CAISO market settlements to calculate Ex Post load impacts, was lacking in merits.

⁴ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=246240&DocumentContentId=80424>

minimum requirements and program rules, DSA also addresses the consideration that the long-term DR QC methodology reflect contributions of DR resources to reliability.

However, it is important to note that SCE does not support DSA's proposal in its entirety. DSA proposes a standardized performance alignment metric, which compares performance (Ex Post from current program year) with planning (historical Ex Ante capacity values used to inform RA planning). It also introduces a bid alignment metric, which compares historical bids with planning (historical Ex Ante capacity values used to inform RA planning). Methodologies to quantify any difference between either the historical bids or recent Ex Post and historical Ex Ante used to inform RA planning do not align DR measurement and verification methods in the operational space for CAISO market settlements with methods of determining DR QC for RA planning purposes. The metrics simply demonstrate whether there has been alignment between either the historical bids or recent Ex Post and the historical Ex Ante. For this reason and others, SCE was not a part of DSA's proposal, and simply put forth positions that it could support and implement for the 2025 RA Year and beyond.

- **Proposal for Demand Response Resource Counting for Slice of Day (CLECA)⁵**

CLECA's proposal points out that outputs from the current methodology to count DR QC, (i.e., LIP) support the newly adopted Slice-of-Day Framework because historical performance is assessed on an hourly basis for event hours. Forecasts of load-impact reduction are also shown for each hour under the Availability Assessment Hour (AAH) window under the utility and CAISO 1-in-2 and 1-in-10 weather scenarios, which can be modified to show expected performance of weather-sensitive resources with a specific call window under program rules, minimum RA requirements, and other relevant constraints. SCE supports alignment between the adopted DR QC method and the Slice-of-Day Framework approved by the CPUC.

However, SCE does not support the proposal that other approaches besides LIPs can be used to derive hourly DR capacity values for RA Planning purposes, simply

⁵ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=246242&DocumentContentId=80425>

because the myriad of methodologies can translate into increased work in understanding and validating the methodology. SCE also does not agree with retaining all the adders applied to DR capacity values. Only the transmission and distribution loss factors should be retained, along with the Forced Outage component of the planning reserve margin adder, if LIPs are retained as the process for evaluating DR resources' historical performance and for forecasting capacity values for RA planning purposes.

- **SCE Opposes CEDMC's, OhmConnect's, and CEC's Proposals.**
 - **Incentive-Based Method DR Counting Proposal (California Efficiency + Demand Management Council (CEDMC))⁶**

According to OP 11 of D. 22-06-050, proposals developed through the CEC Working Group should consider contributions of DR resources to reliability, Slice-of-Day Framework, transparency, and ease of implementation. CEDMC's proposal includes a penalty structure under which DR resources or portfolios that are performing at 50% (or more) of their Awarded QC are not penalized at all. SCE has identified several concerns with this proposal. First, providing full compensation for 50% performance seems too lenient, thus rendering the penalty structure largely ineffective for promoting accountability and grid reliability.

Second, under CEDMC's penalty structure, any DR provider who cannot provide up to 50% of its awarded QC would have no incentives or place in the market at all. It could act as a market-entry barrier by creating disincentives for new third-party DR providers, who could take quite some time to demonstrate their Claimed QC and perform up to their Awarded QC.

Lastly, the process of determining penalties from comparing the Demonstrated QC, calculated using the baseline for CAISO settlements, with the Awarded QC, is administratively burdensome on participants and ED staff.

- **Recommendations**

Instead of allowing the IOU or third-party DRP flexibility to choose the methodology for determining Claimed QC, list several options available and

⁶ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=246235&DocumentContentId=80417>

present which would be better suited for determining Claimed QC after validation with actual data. Also, rather than prescribing a specific baseline (e.g., CAISO energy settlements) for determining performance of the DR resource, it may be best to have several options. For IOU, which can identify non-participants, the option of establishing a control group baseline to assess performance of its DR program should still be present, especially if it can produce more robust results of performance for weather-sensitive residential DR programs. Lastly, it is important to consider replacing penalty structures with step-wise or incremental incentives that would incentivize DR providers to maximize the performance of their resources or portfolio.

- **“Simplified LIPs” Proposal (OhmConnect)⁷**

OhmConnect’s “Simplified LIP” proposes elimination of several reporting requirements under the current LIP evaluation methodology; recommends changes to other requirements to ease the burden of reporting; and points out which protocols it considers to be extraneous (e.g., Protocols 11-16 for non-event-based DR programs). OhmConnect’s recommendations are quite narrow and focused on the needs of third-party DRP. For instance, protocols pertaining to non-event-based programs are relevant to the IOUs that offer load-modifying DR programs such as Critical Peak Pricing (CPP). Moreover, the IOU uses results from the most recently completed DR load impact evaluation to inform the Transmission Planning Process (TPP) at the CAISO. Aggregate Ex Ante load impacts (MW) are reported for the CAISO 1-in-2 weather year for the August system peak for the ten-year forecast period. Aggregate Ex Ante Impacts (MW) by program under the CAISO 1-in-2 weather scenario for each monthly system peak day must also be reported for the final year of the ten-year forecast period.

- **Recommendations**

In addition to being narrow in scope, OhmConnect’s “Simplified LIP” proposal does not address considerations that the CPUC raised in OP 11 of D. 22-06-050, including assessment or modifications of the existing LIP evaluation methodology to reflect DR resources’ contributions to reliability

⁷ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=246232&DocumentContentId=80415>

and alignment with the Slice-of-Day Framework. There may also be some proposals regarding aligning DR measurement and verification methods in the operational space for CAISO's market settlements with methods in determining DR QC in the planning space, enhancements to intra-cycle adjustments, and changes to DR adders, which are desired but lacking. For these reasons, SCE recommends that OhmConnect's proposal could be expanded further to consider modifications of LIP to demonstrate requests for DR QC under the Slice-of-Day framework. It is also possible to request exemptions from demonstrating compliance with certain protocols with Energy Division, rather than to request their elimination altogether.

- **Hourly Regression Capacity Counting Methodology for Supply-Side Demand Response (CEC)⁸**

While the Hourly Regression Capacity Counting Methodology tries to simplify evaluation under LIP such as by estimating hourly Ex Post capacity values under planning weather conditions only, it is a new process that has yet to be tested with actual data. Testing and validation of the proposal would need to take place, making it questionable whether the CEC's proposal could be implemented in a time-efficient manner. Running linear regression of Bid Normalized Load Impacts (BNLI)⁹ (dependent variable) and temperature (independent variable) for each hour of the day for each month or grouping of months (e.g., summer and winter months) to determine the linear relationship between Ex Post capacity and temperature compounds concerns about ease of implementing the CEC's proposal. Also, in using BNLI, on an hourly basis, to calculate load impacts, and then determining its relationship with temperature by hour and by month, the proposal could severely skew the capacity of the DR resource, as discussed below.

⁸ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=246244&DocumentContentId=80427>

⁹

$$\begin{aligned} &\text{Ex Post Bid Normalized Load Impacts (BNLI)(MW)} \\ &= \max(\text{bid} \\ &\quad * \left[\frac{\min(\text{Delivered Capacity (MW)}, \text{Dispatched capacity (MW)})}{\text{Dispatched Capacity (MW)}} \right], \text{Delivered Capacity (MW)}) \end{aligned}$$

The BNLI is the maximum of either: (1) bid data, ratioed by the minimum of delivered and dispatched capacity (MW) over dispatched capacity (MW), or (2) delivered capacity (MW).

A bid is not necessarily reflective of the maximum capacity of a weather-sensitive resource during the first hour of an event; nor do bids account for the actual decline of load impacts delivered over subsequent hours of an event. Using BNLI to construct a linear regression model of adjusted load impacts against temperature, which is then used to determine the capacity values under RA planning conditions, also raises the issue of limited data points, particularly for DR resources that are only dispatched for a limited number of times during the summer or throughout the year.

The recommendation that DR providers would be incentivized to dispatch more frequently to produce valid BNLI data points may not be feasible. More frequent dispatches may also imply less non-event days that could be used to develop the baseline methodology used for CAISO energy settlements.¹⁰ For these reasons, using a limited number of BNLI data points and temperature to inform the linear regression model used to estimate Ex Post capacity values could produce biased results, which can then skew the historical performance of one or more DR resources, Ex Ante capability profile informed by the linear regression model for estimating Ex Post capacity values, and Ex Ante capacity values.

Lastly, the Capacity Shortfall Penalty (CSP) structure can create unintended consequences. It can incentivize DR providers to commit to the minimum capacity value to avoid paying twice the capacity payment determined by the shortfall of demonstrated capacity against 94.5% of the committed capacity. There are no incentives to maximize the Demonstrated Capacity of the DR resources or portfolio, despite DR being a variable resource. It can also dis-incentivize new third-party DR providers who could take quite some time to demonstrate the QC requested from the Commission from ever entering the market.

- **Recommendations**

There appears to be a discrepancy between the recommendation that the baseline methodology used for CAISO energy market settlements be used whenever possible, while creating as many data points of dispatch and delivered capacities to calculate the BNLI. Event days cannot be used to calculate any other kinds of baseline, except for the control-group baseline. If the linear relationship between BNLI and

¹⁰ Bode, J, et al. "The number of events called." 1.4 Baseline Rules, Frequency, and Aggregation included in Testing. *CAISO Baseline Accuracy Assessment*. November 20, 2017. Nexant. pp. 9, 14.

temperatures is to be used to inform Ex Post capacities, then control group should be recommended as the preferred baseline methodology.

Moreover, there are several elements of the CEC's proposed "Hourly Regression Capacity Counting Methodology" that depart from past practices and would have to be demonstrated by steps and validated by actual data points of dispatched or delivered capacities. One place to start could be the linear regression model between the estimated Ex Post BNLI (dependent variable) and temperature (independent variable) for each hour of the day for each month or grouping of months (e.g., summer vs winter months). This linear relationship between hourly load impacts and temperature, which is not required for non-weather-sensitive DR resources, would then be used to determine the hourly Ex Post capacity value under planning weather conditions and inform DR QC requested from Energy Division for RA planning. Once the methodology is tested and results are shared, there may be more confidence or buy-in from the stakeholders involved in the CEC Working Group. The same applies for the Capacity Shortfall Penalty (CSP). Its impacts on market participation by new third-party DR providers and DR capacity shown by existing DR providers remain unknown. Until there is more certainty, adoption of the CSP structure is premature.

(Q3) Discuss your organization’s position on whether, and if so what, enhancements to intracycle adjustments to demand response qualifying capacity during the resource adequacy compliance year, as adopted in D.20-06-031, are feasible and appropriate to account for variability in the demand response resource in the month-ahead and operational space.

OP 15 (b) of D. 20-06-031 makes the following clarifications to the LIPs process for third-party demand response (DR) resources. “Mid-year updates are permitted to reflect changes in customer enrollments if the change is reasonably large. In the compliance year, on a biannual basis, Energy Division shall update qualifying capacity (QC) values based on the actual customer enrollment volume associated with that resource in the California Independent System Operator’s Demand Response Registration System. LIP results will be updated if QC values vary by more than 20 percent, or 10 MW, whichever is greater.”

Like other third-party demand response providers, SCE currently conducts bi-annual checks of any updates to supply-side DR QC, based on changes in enrollments, for the current RA Compliance Year. This process should also be made available for the IOU to update its supply-side DR QC values, not just the exercise of conducting the bi-annual checks, if it varies by more than 20 percent or 10 MW, whichever is greater, due to enrollment changes.

Also, it may be worthwhile to consider the 20-percent threshold required for updating supply-side DR QC values, which triggers an update by program level rather than portfolio level. Depending on the capacity (MW) provided by the supply-side DR resource, the net change due to enrollment at the portfolio level may not meet or exceed the 20 percent, or 10 MW, whichever is the greater criteria. For example, take a DR portfolio that consists of two programs, one program’s reduction in customer enrollment alone meets the criteria, but an update to the QC value does not trigger because of an increase in customer enrollment from the other program. The two programs’ customer enrollment changes net out the difference in aggregate at the portfolio level. As a result, this leads to erroneous QC performance differences for both programs when compared to LIPs ex post and CAISO results.

(Q4) Discuss your organization’s position on whether implementation of any elements of demand response qualifying capacity method modifications that might be adopted by the commission should be phased in over time.

SCE does not recommend adoption and implementation of any penalties proposed in the CEC Working Group.

Under the penalty structure introduced by CEDMC’s “Incentive-Based Method DR Counting Proposal,” as long as the DR resource or portfolio performs up to 50% of its Awarded QC, there are no penalties. The incentive for achieving more than 50% of the Awarded QC are payments for additional Demonstrated QC beyond 50% of the Awarded QC. This payment-penalty structure does not provide additional incentives from the current structure for existing DR providers. If adopted, CEDMC’s proposed penalty structure risks becoming a superfluous requirement.

The Capacity Shortfall Penalty (CSP) under which any shortfall of Demonstrated Capacity against 94.5% of the Committed Capacity is penalized at twice the capacity price (\$/kW)¹¹ would incentivize DR providers to commit to the minimum capacity value. There are no incentives to maximize the Demonstrated Capacity of the DR resources or portfolio, despite DR being a variable resource, due to the risk of incurring penalties from a shortfall of Demonstrated against 94.5% of Committed capacities.

Also, any penalty structure could disincentivize new third-party DR providers who would take some time to learn the LIP evaluation process to request QC for their DR resources or portfolio from ever entering the market. For fear of incurring penalties, DR providers may also commit to the minimum, instead of maximizing, the hourly capacity values of their resources. Due to the unintended consequences of penalties, any such modifications should be tested through a trial period and implemented, only if penalties are proven to be effective through the trial period.

¹¹ $CSP = 2 * \text{Capacity Price, } \$/\text{kW} * \max(94.5\% \text{ of Committed Capacity, minus Demonstrated Capacity, } 0)$. The CSP is twice the capacity price, multiplied by the maximum of two values: difference between 94.5% of Committed Capacity and Demonstrated Capacity and the value of zero. When the Demonstrated Capacity is less than 94.5% of the Committed Capacity, the difference would be larger than zero.

(Q5) Discuss your organization's position on whether, and if so how, any changes to demand response adders should be reflected in demand response qualifying capacity methodology.

a) Transmission and distribution ("T&D") line loss adder

SCE recommends the Commission retain the T&D line loss adder for DR. The California Energy Commission's ("CEC's") load forecast, which is used to establish RA requirements, includes T&D line losses and DR load impacts that are supplied at the customer meter level and thus, avoid line losses by reducing the need to transmit the power over the T&D system. Therefore, it is reasonable to gross up the DR value to account for the avoided T&D line losses.

b) Ancillary Services (A/S)

It is SCE's understanding that the CAISO procures 100 percent of A/S in the day-ahead market ("DAM") timeframe according to the forecast load. Because the majority of SCE's DR portfolio is a real-time market ("RTM") dispatchable product, it may be reasonable to not gross up the value of DR by the amount of the PRM associated with A/S. While the CAISO can and does update the amount of A/S in the RTM, the bulk amount of A/S is accounted for in the DAM. Therefore, the dispatch of DR in real-time may not necessarily have an equal reduction on the amount of A/S the CAISO will need to procure. For these reasons, SCE agrees that DR does not contribute to reduction of A/S in the real-time market. Please refer to Section 6.2.3.1. PRM Adder of Decision (D.) 21-06-029.

c) Load forecast error

SCE recommends the Commission remove the load forecast error as an adder for DR. It is SCE's understanding that the CEC's 1-in-2 load forecast plus planning reserve margin ("PRM") is used to set LSE MW obligations to meet a one-day-in-ten-year ("1-in-10") reliability standard. SCE believes the load forecast error should be accounted for by using the DR LIP impacts (ex-ante) under the 1-in-10 weather scenario to establish the QC value, which could better align the expected performance of DR under a 1-in-10 reliability standard.

d) Forced outage

The LIP process accounts for forced outages (or non-performance) by looking at actual historical performance (ex-post). If the historical performance was impacted by an outage (or non-performance) affecting the ability to curtail load, then the LIP will forecast a lower response rate. In other words, the LIP methodology already includes and de-rates DR for forced outages. To *not* apply the forced outage adder of PRM, when LIP is used to estimate DR QC, would be de-rating the DR capacity twice and valuing it unfairly. SCE recommends the Commission apply the forced outage rate included in the LOLE/LOLP modeling (typically 5.0-7.5%).

Conclusion

SCE thanks the CEC for consideration of the above comments. Please do not hesitate to contact me at (626) 302-0905 or Dawn.Anaiscourt@sce.com with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt