



## Stakeholder Comments Template

### PDR - Resource Adequacy Clarifications Initiative

- **Effective Flexible Capacity Value for Proxy Demand Resources Tariff Clarifications**
- **Slow Demand Response Final Proposal** (formerly within RA Enhancements initiative)

This template has been created for submission of stakeholder comments on the **Proxy Demand Resource (PDR) – Resource Adequacy (RA) Clarifications Initiative** web conference that was held on April 28, 2020. The meeting material and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/StakeholderProcesses/Proxy-demand-resource-resource-adequacy-clarification>

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on May 8, 2020.

Submitted by	Organization	Date Submitted
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**Please provide your organization’s comments on the following topics and indicate your organization’s position on the topics below (*Support, Support with caveats, Oppose, or Oppose with caveats*). Please provide examples and support for your positions in your responses, as applicable.**

#### 1. Effective Flexible Capacity (EFC) for PDRs

Please provide your organization’s feedback on the proposed EFC value for PDR tariff revisions.

CELCA has no comments at this time.

#### 2. Slow Demand Response (DR)

Please provide your organization’s feedback on the Slow DR final proposal and tariff clarifications.

The California Public Utilities Commission (CPUC) has jurisdiction over resource adequacy for the investor-owned utilities, community choice aggregators, and electric service providers. The CPUC has provided guidance to the CAISO that Reliability Demand Response Resources (RDDR) that provides part of their full response capability during the 20 minutes that CAISO desires should count for local RA. We have provided details of that guidance in previous stakeholder comments, which we include below. The CAISO continues to ignore CPUC's guidance. A RDDR program has a ramp rate similar to thermal resources and can provide some response very quickly, even if full response may take more than 20 minutes. As SCE mentioned in prior comments, in its "Base Interruptible Program (BIP), under the "30 minute" option subscribed customers have consistently delivered significant DR load reduction within the first 20 minutes".<sup>1</sup> Therefore, RDDR programs that take 30 minutes to achieve their full response are able to respond within 20 minutes provided the CAISO dispatch instruction takes into account the RDDR's ramp rate. However, the CAISO continues to ignore the capability of these 30-minute RDDR resources, instead incorrectly labeling them as slow response.

At the April 28, 2020, stakeholder call, the CAISO confirmed that it does not place this similar restriction on other generating resources by ignoring their ramp rate. We do not know why the CAISO continues to disregard the CPUC decisions and the state's preference to use demand response (and energy efficiency) before other preferred resources.

Below are the comments CLECA has submitted previously in the Resource Adequacy initiative, which outlines the repeated guidance on this issue by the CPUC.

CLECA continues to disagree with the CAISO's assertion that slow response Reliability Demand Response Resources (RDDR) cannot provide any local reliability support. If 80% of a 30-min 100 MW RDDR can respond in 20 minutes, then 80 MW should count toward meeting local reliability value. This sound principle has been adopted by the CPUC and repeatedly

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<sup>1</sup> Southern California Edison, April 17, 2020, [Comments on PDR - Resource Adequacy Clarifications Initiative](#) at 3

confirmed for purposes of setting local RA requirements. After first rejecting the Calpine proposal that a 20-minute response time requirement be imposed on demand response resources in 2015,<sup>2</sup> for the past four years (2016, 2017, 2018 and 2019), the CPUC has reiterated its reasoning. In 2016, the CPUC stated:

We plan, instead [of imposing a 20-minute response time requirement], to undertake significant effort, in collaboration with CAISO, DR providers, and other parties, to develop an implementation of this new policy that is consistent with our continued, strong support of DR as a preferred resource. ... As a threshold matter, we agree with the CAISO that local RA resources should be useful to the CAISO in operating the grid reliably, in accordance with applicable standards. ... On the other hand, we agree with SCE that the portion of a resource that reliably responds within the required period (even if less than 100%) should be counted for local RA. ... Finally, we agree with parties who argue the details of these matters could unnecessarily diminish DR. ... Further, we wish to avoid instituting unduly narrow or discriminatory restraints on DR through the RA program; instead we want to allow maximum flexibility to DR providers.<sup>3</sup>

The CPUC concluded that the CAISO stakeholder process should include five tasks, with the fifth task being:

***Identify a method to calculate the portion of a slower responding DR program that can reliably respond within the required period, and therefore be counted for Local RA.***<sup>4</sup>

The CPUC ended its discussion of the issue in 2016 by stating:

We encourage the parties to work quickly, but without sacrificing quality or due process. If more time is needed to carefully implement these requirements, that time should be taken.<sup>5</sup>

In 2017, the CPUC stated:

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<sup>2</sup> CPUC D. 15-06-063, at 35 (recommending re-evaluation in the future).

<sup>3</sup> CPUC D.16-06-045, at 34-36.

<sup>4</sup> CPUC D.16-06-045, at 37 (emphasis added).

<sup>5</sup> CPUC D.16-06-045, at 38.

SCE argues that if a 20-minute requirement is adopted, the portion of a slow response resource that can reliably respond within 20 minutes should receive local RA credit. (Id.) A number of parties support this proposal, including PG&E (PG&E January 13, 2017 Comments at 12), California Large Energy Consumers Association (CLECA) (CLECA January 13, 2017 Comments at 17) and NRG (NRG January 13, 2017 Comments at 15).

While we are not adopting a 20-minute requirement here, the idea underlying SCE's proposal is consistent with this Commission's determination in D.16-06-045 that: "[T]he portion of a resource that reliably responds within the required period (even if less than 100%) should be counted for local RA." (D.16-06-045 at 36.) We reiterate that determination here, but note that SCE (and other parties) acknowledge that further work in this area (coordinated with the CAISO) is necessary.<sup>6</sup>

In 2018, the CPUC referenced its prior decisions and noted (again) the need for further work by the CAISO and stakeholders.<sup>7</sup> Most recently, in 2019, the CPUC explained, in connection with local RA requirements, that "[t]he CAISO clarifies that it is not proposing specific or new requirements."<sup>8</sup> The Commission stated:

The Commission plans to work closely with the CAISO to ensure that availability needs are met in all local reliability areas.<sup>9</sup>

CLECA submits that that work still includes the as-yet unfinished fifth task:

***Identify a method to calculate the portion of a slower responding DR program that can reliably respond within the required period, and therefore be counted for Local RA.***<sup>10</sup>

This treatment is consistent with the energy policy preference for demand response.

The CAISO assumption also ignores the resource's capability. It is no different from a traditional resource with a slow ramp rate. Some

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<sup>6</sup> CPUC D. 17-06-027, at 22.

<sup>7</sup> CPUC D. 18-06-030, at 46-48 ("Many parties suggest that further works needs to be done. We agree").

<sup>8</sup> CPUC D. 19-06-026, at 52.

<sup>9</sup> CPUC D. 19-06-026, at 52.

<sup>10</sup> CPUC D.16-06-045, at 37 (emphasis added).

changes to CPUC RA accounting rules may be required for certain RDRR resources that would need to have two RA values, one for local and another for system. The RA accounting for local and system already uses two different load targets, local and system, so there is no reason why two different capacity values cannot be developed and used in determining the respective RA compliance for local and system.

In summary, please provide your organization's position on Local Resource Adequacy (Section 5.3). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

CLECA continues to oppose the CAISO's blanket proposal not to count 30-minute RDRR for local RA capacity as it disregards the clear, repeated directives of the CPUC; we note that California law vests jurisdiction over setting RA requirements with the CPUC, while giving the CAISO a consulting role.<sup>11</sup>

### **Additional comments**

Please offer any other feedback your organization would like to provide on the PDR-RA Clarifications initiative.

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<sup>11</sup> *P.U.Code § 380 (a) "The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities."* (emphasis added).