Stakeholder Comments Template

Effective Load Carrying Capability (ELCC) Study Results for Demand Response (DR) Resources

This template has been created for submission of stakeholder comments on the updated ELCC study results for DR resources, which was published on June 18, 2021 The Stakeholder meeting presentation and other information related to the discussion, may be found on the initiative webpage at: http://www.caiso.com/informed/Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 28, 2021.**

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following issues and questions.

1. ELCC Updated Study Results

Please provide your organization's feedback on the updated ELCC study results for DR resources.

CalCCA appreciates the opportunity to review and submit comments on the ELCC study results presented at the June 24 working group. These results compare investor-owned utility (IOU) demand response ELCC values derived from 2020 bids to their 2020 Net Qualifying Capacity Values (NQC) net of the PRM and T&D adders. This is an appropriate comparison, given CalCCA's understanding that neither the Planning Reserve Margin (PRM) nor the transmission and distribution (T&D) line loss adders are reflected in the values bid into the market and used as the demand response profiles input into the ELCC model.[1] However, if ELCC values are adopted by the California Public Utilities Commission (the Commission) for the 2022 resource adequacy year, the Commission should apply the forced outage and load forecast portions of the PRM adder and the T&D adder retained in D.21-06-029 to the capacity value.

[1] ESDER 4 Final Proposal at 40.

CalCCA cautions the CAISO and the Commission against over penalizing demand response's capacity value for use-limitations given the current Maximum Cumulative Capacity (MCC) bucket structure. The MCC buckets currently cap an load-serving entity's (LSE) portion of their resource adequacy (RA) portfolio that can be met by demand response at 8.3 percent. The purpose of the MCC buckets is to ensure LSEs do not over-rely on use-limited resources. Resources available for fewer hours are capped and this cap has historically been based on the load duration curve to ensure that the amount of use-limited resources being relied upon does not create a circumstance in which lower loads that occur over more hours cannot be met. The percentage cap for DR is set based on the load duration curve and expected DR availability.

Given the MCC buckets already limit the amount of DR in an LSE's RA portfolio, it is important to ensure that the ELCC study does not discount DR due to a loss of load event that is beyond the maximum dispatch and hour limit of the program, as doing so could result in double penalizing demand response. While CAISO is concerned about the saturation effects of demand response and similarly situated use-limited resources[2], the MCC buckets will likely limit significant saturation effects in the near term. Given the MCC buckets already limit the amount of DR in an LSE's RA portfolio, the CAISO and the Commission must ensure DR is not derated for use-limitations that are already accounted for in the MCC bucket cap. Reducing DR's ELCC value due to loss of load events occurring when DR is not required to available could result in double penalizing demand response, first by limiting the amount of DR they can sell and second by reducing their capacity value by evaluating its availability during times it was not required to be available. If ELCC values are adopted for demand response, the CAISO and the Commission must ensure the interactions between the MCC buckets and the ELCC do not innapropriately limit the value DR programs can provide.

Additional comments

Please offer any additional feedback your organization would like to provide on the updated study results and meeting discussion.

This excersize illuminated a shortcoming of the existing process of establishing the capacity value of DR that should be remedied regardless of the capacity valuation methodology ultimately adopted. Currently, capacity values for demand response are established the year prior to the RA compliance year based on performance two years prior to the RA compliance year and enrollment forecasts. If actulal enrollment during the month differs from the forecast, it appears the credit DR receives is not adjusted to reflect this difference. This creates two potential challenges. If the enrollment forecast is too high, it could create a reliability issue in which the RA program assumes more DR is available than actually exists. Alternatively, if the enrollment forecast is too low, the additional benefit from more demand response is not fully accounted for in the RA program. The CAISO and the Commission should develop a process to allow the capacity value to be adjusted upward or downward to reflect actual monthly enrollment.

[2] Resource Adequacy Availability Assessment Mechanism (RAAIM) Exemption Option Final Proposal at 2.