



**Slow Response Local Capacity Resource Assessment  
Joint CAISO-CPUC Workshop of October 4, 2017**

Submitted by	Company	Date Submitted
Matt Lecar 415-973-7743 melj@pge.com	Pacific Gas and Electric Company	October 18, 2017

PG&E appreciates this opportunity to comment on the Joint Workshop held October 4, 2017 regarding the use of slow response Demand Response (DR) resources to meet Local Capacity Requirements (LCR) at the CAISO and qualify to provide local Resource Adequacy (RA). While PG&E recognizes the progress made over the course of the now 18 month, with three Workshop discussion on these topics, we encourage the CAISO and CPUC to work to bring matters into focus through their respective procedural venues, and to promulgate specific tariff or policy language for approval by the CAISO Board and CPUC.

**General Comments**

PG&E believes alignment between the CAISO and CPUC treatment of Resource Adequacy (RA) is essential, in order to avoid either deficiency or over-procurement of resources that provide necessary reliability attributes. PG&E recommends that the CAISO and CPUC clarify the timeline and procedural path for moving forward with recommendations from the Workshops. In particular, PG&E believes the following procedural questions must be addressed:

- How do these workshops fit with other CAISO and CPUC working groups and initiatives (e.g., Energy storage and distributed energy resources (ESDER) Phase 3, Supply Integration and Load Consumption Working Groups<sup>1</sup>, among others)?
- Will CAISO recommend tariff changes for Board approval; if yes, when and in what forum?
- Will the CPUC implement rule (e.g. RA) changes; if yes, when?

PG&E requests an opportunity to file cost recovery considerations if significant modifications to PG&E's DR programs and systems are needed.<sup>2</sup>

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<sup>1</sup> Rulemaking 13-09-011 Proposed Decision (PD) and Alternate PD issued on September 15, 2017.

<sup>2</sup> This may be part of the 2020 mid-cycle review of PG&E's 2018-2020 DR funding Application, which is currently pending approval.

### **Slow Response Local Capacity Resources Technical Study**

During the morning half of the Workshop on October 4, CAISO presented results from the Technical Study Assessment. PG&E has the following comments on this section of the presentation and discussion.

***Given the results shared, PG&E believes that slow response resources could be allowed to count towards Local RA for up to 5% of the peak load in a local area, pending additional operational implementation details.***

The study methodology that has been developed over the last year and a half adequately demonstrates that existing DR resources have sufficient availability to support LCR needs at current low levels of DR penetration. As long as DR resources remain a small share of the overall peak within a given local area, the reliance on those resources should be limited enough (in terms of frequency, duration, and total number of likely event calls) so as not to pose a significant strain on existing program design.

PG&E believes this proposal represents a conservative approach to leveraging the benefits of DR resources that can usefully contribute to meeting local contingency reliability needs today, without bumping up against program limits that might risk over-utilizing the DR (through excessively frequent or long duration dispatch). Caution is warranted, as any such over-utilization would be likely to cause program fatigue and jeopardize continued customer participation in existing programs.

In the future, as DR penetration grows, the CPUC could revisit program design and, if warranted, consider further fine-tuning or differentiating the features of the DR programs that qualify to provide local RA, in order to better meet the needed characteristics in constrained local areas. For now, none of PG&E's local areas appear to be at risk of over-utilization, based on the studies.

PG&E believes there is a sufficient record to support the 5% level as a planning criterion in screening resources for RA eligibility. However, significant operational concerns remain to be addressed prior to adopting any formal tariff or business process change, such as:

- How will the 5% be evaluated (by whom, based on what set of data)?
- What is the peak load value? How is it determined and how often is it updated?
- Should the method used for this workshop be added to the annual Local Capacity Technical Study process?
- What entity (CAISO or PTO) will monitor and track the slow response triggers/calls in the operational time horizon? What actions will be taken if the triggers/calls are occurring more than expected?
- Do the appropriate market channels exist to communicate with slow response resources?
- Will the same channels be used in the event of exceptional dispatch or other form of out-of-market dispatch, when required?

PG&E looks forward to further discussion on the operational implementation at an upcoming workshop.

Finally, PG&E would like to correct the record as to one important point -- in identifying the IOU staff who conducted the screening analysis, the CAISO slides refer to Load Serving Entities (LSEs).<sup>3</sup> With the proliferation of Community Choice Aggregation (CCA), it is important to differentiate roles and responsibilities between IOU staff engaged in Transmission Planning (i.e., the Participating Transmission Owner (PTO) function) versus IOU staff engaged in the procurement of energy and ancillary services on behalf of bundled service customers (the IOUs as LSEs). PG&E submits that it is the IOU PTO function that has been -- and should remain -- responsible for the determination and coordination of LCR needs with the CAISO. Once those needs are determined, the applicability to all resources, regardless of LSE, must be made on a transparent, comparable, and non-discriminatory basis.

### **Feasibility of import/export options for PDR**

During the second half of the Workshop, CAISO proposed the import/export option for PDR as a means to address PDRs' inability to respond to 5-minute dispatch signals, to provide for a notification time to customers, and potentially to support discrete dispatch (although not guaranteed). This proposal does not address other challenges, e.g., impacts of a zero Pmin. However, these and other challenges have been identified as in scope for the CAISO ESDER Initiative Phase 3. Again, PG&E requests clarification on how the various initiatives fit together.

In general, PG&E does not see large barriers to applying import bidding protocols to PDRs. If any market changes are required, documentation (e.g., technical specifications, Business Process Manual changes, etc.) would need to be developed after CAISO Board approval. These documents are required to assess the necessary changes and inform PG&E's implementation plan. For example, the CAISO indicated that the Minimum Online Commitment (MOC), which would be used to commit Slow DR in the day-ahead market, may be replaced by the Contingency Modeling Enhancements (CME). It is unclear how these changes would impact the current proposal. PG&E is still evaluating the relative benefit associated with this market design change.

PG&E may request the CPUC make changes to its programs, and request funding to develop new business processes and modify existing systems to support the import/export option. The CPUC may require consideration of these changes and implementation as part of the 2020 mid-cycle review of the 2018-2020 DR Application, which is currently pending approval. This would require a more detailed understanding of the proposed changes to inform the utility request.

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[http://www.aiso.com/Documents/Presentation\\_JointISO\\_CPUCWorkshopSlowResponseLocalCapacityResourceAssessment\\_Oct42017.pdf](http://www.aiso.com/Documents/Presentation_JointISO_CPUCWorkshopSlowResponseLocalCapacityResourceAssessment_Oct42017.pdf), see slide 9 and the title of slide 11.

### **Reliability Demand Response Resources (RDRR)**

During the Workshop, the CAISO noted that the 2010 Settlement Agreement<sup>4</sup> prevents it from “pre-dispatching” RDRRs ahead of an emergency declaration. In a Settlement<sup>5</sup> to PG&E’s 2018-22 Application, PG&E committed to pilot a portion of its Base Interruptible Program (BIP), which is currently integrated as RDRR in the CAISO real-time market, in the day-ahead market to provide an economic option for the BIP customers. This would also provide earlier access to those RDRRs for a pre-contingency dispatch.

The same Settlement also states that the notification time for BIP events would not be modified until RA requirements are changed. At such time, certain challenges would have to be addressed including a potential change in meter data interval<sup>6</sup> to mitigate excess energy charges.

### **Other Issues**

PG&E suggests the following topics for future workshops.

- As described above, PG&E recommends including an operational discussion, e.g., an operational walk through the timeline of event day communications with identification of roles and responsibilities of the different actors (CAISO, PTOs, SCs for load/LSEs, DR customers).
- CAISO indicated that it is developing policy to “pre-dispatch” via the Contingency Modeling Enhancements initiative. PG&E would like the CAISO to present how this may impact the proposed import/export bidding options presented on October 4<sup>th</sup>.

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<sup>4</sup> CPUC Decision Adopting Settlement Agreement on Phase 3 Issues Pertaining to Emergency Triggered Demand Response Programs (D.10-06-034), June 24, 2010.

<sup>5</sup> Motion of the Settling Parties for Adoption of Settlement on Specified Issues in Pacific Gas and Electric Application 17-01-012, June 26, 2017. Parties include PG&E, CLECA, EnerNOC, CPower, OhmConnect, EnergyHub, Electric Motor Werks, and California Efficiency + Demand Management Council,

<sup>6</sup> PG&E’s Reply Brief to A.17-01-012, August 4, 2017, pp. 23-24.