

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Load Procurement Obligations

Rulemaking 11-10-023
(Filed October 20, 2011)

**COMMENTS OF
THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION ON
ENERGY DIVISION STAFF RESOURCE ADEQUACY PROPOSALS**

Barbara Barkovich
Barkovich & Yap, Inc.
PO Box 11031
Oakland, CA 94611
707.937.6203
barbara@barkovichandyap.com

Nora Sheriff
Alcantar & Kahl LLP
33 New Montgomery Street
Suite 1850
San Francisco, CA 94105
415.421.4143 office
415.989.1263 fax
nes@a-klaw.com

Consultant to the California Large
Energy Consumers Association

Counsel to the California Large
Energy Consumers Association

February 18, 2014

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Load Procurement Obligations

Rulemaking 11-10-023
(Filed October 20, 2011)

**COMMENTS OF
THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION ON ENERGY
DIVISION STAFF RESOURCE ADEQUACY PROPOSALS**

The California Large Energy Consumers Association (CLECA) provides these comments on the proposals of Energy Division (ED or staff) pursuant to the email ruling of Administrative Law Judge David Gamson, dated February 4, 2014.

I. INTRODUCTION

CLECA focuses on the January 16 proposal entitled Qualifying Capacity and Effective Flexible Capacity Calculation Methodologies for Energy Storage (ES) and Supply-Side Demand Response (DR) Resources (ES/DR Proposal).

II. COMMENTS

CLECA appreciates the efforts of the Energy Division to address numerous resource adequacy (RA) issues associated with energy storage and demand response. CLECA's comments will focus on issues related to DR.

The proposal addresses "supply-side" DR that must be bid into the California Independent System Operator's (ISO's) markets and is subject to a must-offer obligation (MOO). There has as yet been no proposed decision, much less a final decision, in R. 13-09-011 (the demand response rulemaking) adopting a definition of

“supply-side” DR. Thus, it is not clear which types of DR programs would be covered by this proposal. We must therefore make the assumption that this DR would be bid into the ISO markets as Proxy Demand Response (PDR) or Reliability Demand Response (RDRR). RDRR is supposed to be bid into the ISO markets starting in May 2014. A limited amount of PDR is supposed to be bid into the ISO markets in 2014. The actual definition of supply-side DR and how these rules apply will have to be clarified once a decision is issued in R. 13-09-011.

The ED proposal indicates that if DR counts for system or local RA, it should be able to be either self-scheduled or bid into ISO markets. If it counts for flexible RA, there will be other bidding requirements that have yet to be adopted. For counting purposes, DR qualifying for system or local RA would, we assume, have to meet the current obligations of being able to operate for three consecutive days for at least four hours per day at maximum output. In its February 4, 2014 RA proposal, ED has proposed to eliminate the current MCC buckets and replace them with its three proposed flexible RA categories. CLECA requests that ED clarify that DR qualifying for system or local RA would *not* have to meet ED’s requirement of five starts per month under the flexible RA categories.

The determination of Qualifying Capacity (QC) and Net Qualifying Capacity (NQC) for DR resources should be consistent between the CPUC and the ISO. ED proposes that the QC for DR be based on the Load Impact Protocols (LIP). ED should be aware that the current LIPs are applied by local capacity area, not by sub-load aggregation point (sub-LAP). Since the April 2014 LIPs would have to be used for 2015, there will have to be some adjustment to provide the data by sub-LAP.

ED would measure DR performance for QC based on ex-post analysis of testing and dispatches using the LIPs. It is not clear how ED would adjust test results “to reflect anticipated changes in weather, enrollment, or program design”. The consequences of changes in program design, in particular, may not be simple to determine. We suggest that additional attention, with appropriate stakeholder input, be paid to this point.

ED proposes that each DR program be tested or dispatched at least once a year for a two-hour period. If the ISO proposes to test DR participating in its markets, we strongly recommend that the tests be coordinated so that customers are not subject to two tests. We also strongly support the recommendation that, as at present, there be no requirement for a test if an actual event has occurred.

Staff seeks parties' feedback on its proposal that aggregated resources may provide performance data from a single aggregation point and need not report individual element performance in real time or on a regular basis. This proposal is not entirely clear. It is certainly true that what distinguishes DR from a generation resource is that it is usually provided by an aggregation of loads and that these loads can be geographically dispersed. Is the proposal is designed to allow an entity, like a DR provider, to provide aggregate performance data without data from the individual loads? If so, this would eliminate a major cost for implementing the DR and thus a deterrent to its participation in the ISO markets. CLECA would support such a proposal. The ISO stakeholder process for considering metering and telemetry requirements for DR has not been completed and current requirements are indeed onerous.

III. CONCLUSION

CLECA appreciates the effort of ED staff to address the issues around qualification of DR for resource adequacy and looks forward to the further refinement of its proposals.

Respectfully submitted,

/s/

Barbara R. Barkovich

Consultant to the California Large
Energy Consumers Association

February 18, 2014