

**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 THE ENERGY DIVISION RESOURCE ADEQUACY PROPOSALS
FROM THE APRIL 9, 2014 WORKSHOP**

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

April 18, 2014

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I. INTRODUCTION

These comments are submitted by the California Large Energy Consumers Association (CLECA) pursuant to the email message from Energy Division's Megha Lackchaura, sent April 10, 2014. The e-mail requested comments by April 18, 2014, on a series of proposals prepared by the Energy Division and presented at a workshop on April 9, 2014. CLECA only addresses the proposal entitled "Qualifying Capacity and Effective Flexible Capacity Calculation Methodologies for Energy Storage and Supply-Side Demand Response Resources".

II. COMMENTS ON DEMAND RESPONSE TESTIMONY PROPOSAL

Page 4 of the above-cited proposal states:

DR must be tested and/or dispatched at least once annually, to demonstrate initial and continued performance. Testing should simulate expected dispatch conditions, including adherence to the notification period specified in the applicable CAISO tariff, and two-hour testing is required to ensure performance does not degrade over the course of operation. Resources offering both curtailment (reducing customer consumption) and dispatchable load (increasing customer consumption) must demonstrate both operational modes in testing. These two modes may be demonstrated in either one single test event or in two separate test

events, as required to comply with CAISO testing requirements and any DR evaluation rules that are promulgated by ED in the future.

Operators should be paid for the test event exactly as if it were a regular dispatch event. This testing will be designed in coordination with the CAISO, to avoid duplicative testing. *The testing must only be repeated if the DR program is not dispatched for two or more consecutive hours at any time over a given twelve-month period.* If the DR is dispatched for at least two consecutive hours on at least one day during a rolling twelve-month period, additional testing is not required.¹

CLECA respectfully suggests that, for reliability DR programs at least, this proposal should be modified to require a test during the calendar year following an actual event or another test, rather than within the next 12-month rolling period. The current rule is that in a year in which there is no actual DR event, there must be a test event. If there is an actual event, there is no need for a test event. The periods are based on a calendar year, not a twelve-month period. This is a more appropriate approach and it should be continued.

This year, there was a reliability DR event on February 6, 2014, due to generation outages caused by a shortage of natural gas. It is more common for DR events to take place during the summer, at periods of high load. For this reason, testing has generally occurred during the summer. Testing in the summer has the added benefit of reducing load during high-load, and often high-energy-price, periods. The ED staff proposal, taken literally, would require a test event, if no additional actual DR event takes place beforehand, by February 6, 2015. This could result in a test event during a period where there would be no system benefit or even potentially system harm, if there were a minimum load

¹ “Qualifying Capacity and Effective Flexible Capacity Calculation Methodologies for Energy Storage and Supply-Side Demand Response Resources”, dated April 9, 2014, at 4, (emphasis added)

situation on the day of the test. The current policy should be retained. In a calendar year in which there is no actual DR event, there must be a test event, but if there is an actual event, there is no need for a test event within that calendar year.

III. CONCLUSION

CLECA recommends changing the DR testing requirement proposed by ED staff to be more consistent with the current policy for reliability DR programs. The programs have been in place for many years; the current approach is and has been successful, with the increased likelihood of a summer test providing a system benefit.

Respectfully submitted,

/S/



Barbara Barkovich

Consultant to the California Large
Energy Consumers Association

Counsel to the California Large Energy
Consumers Association

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