

**Draft Proposal for Load Modifying Resource Demand Response (LMR DR) Valuation Working Group  
(WG)**

**For Discussion Purposes Only**

**Purpose of this document:**

- A Charter for the LMR DR Valuation WG was included in the Settlement Agreement filed on August 4, 2014 and will serve as the basis for the work done by the WG.
- Provide a detailed plan for organizing and performing the work that is identified in the Charter.

**Basic approach to doing the work:**

1. There are a number of potential value components for DR that should be considered for after 2019.
2. Some of the value components are well established and in use, and some are conceptual at this point.
3. The basic approach will be to break the development of the value component recommendations down into a manageable number of subgroups that will focus on one or more value components.
4. The subgroups will develop proposals that can then be brought to the full WG for review and feedback. Ultimately final recommendations to the State Agencies will be made by the full WG.

**What are the Areas of DR Value?**

1. Avoided System Generation Capacity
  - a. Avoided Short-term System Capacity/System RA
  - b. Avoided Long term System Capacity
  
2. Avoided Local Generation Capacity
  - a. Avoided Short-term Local Capacity/ Local RA
  - b. Avoided Long term Local Capacity
  
3. Avoided Flexible Generation Capacity
  - a. Avoided Flexible Generation Capacity Short-term
  - b. Avoided Long Term Flexible Capacity
  
4. Avoided Transmission Capacity
  
5. Avoided Distribution Capacity
  
6. Other valuation Areas

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**How Should These Areas be Grouped for Subgroups and What is the Priority of Work?**

1. Proposed Groupings:
  - A) Generation Capacity Subgroup (value components 1, 2 and 3);
  - B) T&D Capacity Subgroup (value components 4 and 5);
  - C) Other Valuation Components Subgroup (value component 6)
2. Is there a priority between the subgroups? What is the priority within the subgroups?
3. Who will Organize and Lead the Subgroups? Who wants to be in each subgroup?
4. What are the Specific Deliverables of the Subgroup?

**What Agency and what Proceedings will the Deliverable be Directly Used For?**

Value Component			

**What Additional Technical Resources are Available to Subgroups?:**

1. DAWG, DRMEC, CEC Expert Panel, consultants

**Schedule and Major Milestones for the LMR DR Valuation WG Efforts:**

1. September 5 or 9 –Kickoff Meeting
2. December 2014 – CPUC Decision on Settlement
3. NLT March 1, 2015 – Subgroup report to full Working Group
4. May 1, 2015 – Recommendations to CPUC, CEC, CAISO
5. Beyond May 2015 - Continue to work on some of the more complex and new areas where the recommendation was to continue to work.
6. November 2015 – IOU file DR applications that include consideration of the WG recommendations
7. January 1, 2020 - new rules for valuation of LMR apply in RA, LTPP, TPP, etc.