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| STATE OF CALIFORNIAPUBLIC UTILITIES COMISSION *ENERGY DIVISION* |  |
| **M e m o r a n d u m** |
| **Date:** | 02-18-2020 |
| **To:** | Stakeholders to R. 13-09-011, A.17-01-012, R.19-11-009, and R.16-02-007 |
| **From:** | Energy Division, California Public Utilities Commission  |
| **Subject:** | Guidance on the application of Load Impact Protocols to the IRP Solicitations from Decision D.19-11-016 |

Dear Parties to R. 13-09-011, A.17-01-012, R.19-11-009, and R.16-02-007:

Energy Division is issuing further guidance on the applicability of the Load Impact Protocols (LIPs) in the Load Serving Entities (LSEs) Reliability Procurement mandated by D.19-11-016 in the Integrated Resource Planning (IRP) Proceeding.

On June 27, 2019, Decision 19-06-026 in the Resource Adequacy (RA) proceeding required that all Demand Response (DR) resources, third-party or IOU-managed, except for the four-year Demand Response Auction Mechanism (DRAM) authorized in D.19-07-009, should receive Qualifying Capacity (QC) values based on application of the load impact protocols unless or until a further exception is established.[[1]](#footnote-1)

Energy Division is clarifying that for any current or future solicitations, the LIPs for the DR resources being bid into the solicitation need not be completed prior to the solicitations. However, subsequent to the solicitation, all contracted RA capacity on the year ahead and month ahead CPUC RA filings must be supported by ED-approved QC values established for the contracted year (N) via a completed process in the prior year (N-1).

The process and timeline for completing the Load Impact Protocols are detailed in Table 1. Additional details on the specifics of the protocols and potential modifications can be found in Attachment 1. Parties offering DR resources into current and future solicitations are advised to complete their LIPs in anticipation of any future solicitations of interest.

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| **Table 1: Final Process and Schedule for Obtaining Qualifying Capacity (QC) for Demand Response (DR) Resources Through Load Impact Protocols (LIPs)** |
|   |  **IOUs** | **DRPs** |
|   |
| **2021+ RA Year** | **2021 RA Year Only** |
| 1. File Draft Evaluation Plan via DR Service Lists | October 4 – December 31, 2019 | February 28, 2020 |
| a. Stakeholders and DRMEC Comment on Draft Evaluation Plan | October 4 – December 31, 2019 | March 20, 2020 |
| b. Filing Party publishes a summary of comments and how they are addressed.[[2]](#footnote-2)  | No date requirement. | No date requirement. |
| 2. File Draft LIP Report to Service Lists ([R. 13-09-011](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1309011), A. 17-01-012, and R. 19-11-009) | March 18, 2020 | April 10, 2020 |
| a. Conduct Workshop on Draft LIP Report | No requirement | No requirement |
| b. Stakeholders and DRMEC Comment on Draft LIP Report | March 25, 2020 | April 24, 2020 |
| 3. File Final LIP Report (including responses to comments) to Service Lists ([R. 13-09-011](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1309011), A. 17-01-012, and R. 19-11-009) | April 1, 2020 | May 15, 2020 |
| a. Conduct LIP [Workshop](https://www.cpuc.ca.gov/General.aspx?id=7032) | May 1, 2020 | May 29, 2020 |
| 4. DR Section Submits Eligible DR Capacity to RA Section | June 22, 2020 | Aug 17, 2020 |
| 5. For IOUs Only: RA Section Posts Final QC values on RA Website | July 1, 2020 |   |
| 6. Initial RA Requirements assigned to LSEs | July 2020 | July 2020 |
| 7. For DRPs Only: RA Section finalizes QC values |   | September 1, 2020 |
| 8. Final RA Requirements assigned to LSEs | September 2020 | September 2020 |
| 9. For DRPs Only: DRPs Submit names of capacity buyers and associated MWs |   | October 15, 2020 |
| 10. LSEs Submit RA Year-Ahead Compliance Filing to Energy Division | October 31, 2020 | October 31, 2020 |

**Attachment 1**

 Updated Demand Response Load Impact Protocols 2020 Filing Requirements

**Background**

In accordance with [D. 19-06-026](http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx) in [R. 17-09-020](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1709020), on December 3, 2019 the Energy Division (ED) initiated a LIP schedule and process for third-party Demand Response Provider (DRPs) and non-Utility Load Serving Entities (LSEs) to obtain Qualifying Capacity (QC) for DR resources through LIP filings in 2020.[[3]](#footnote-3) Parties submitted comments on December 27, 2019 and ED released an updated schedule on January 3, 2020.

ED Staff also invited parties to submit informal written comments on what changes to the LIPs or filing process should be considered when assessing third-party resources. Energy Division stated that, to the extent some of the desired changes fell within Staff discretion and could be feasibly accomplished within the schedule, it would publish the updated requirements and process details in time for the 2020 LIP filing deadlines.

On January 24, 2020 three parties submitted comments: the California Energy and Demand Management Council (CEDMC), representing itself, CPower, Enel X North America, Inc., Leapfrog Power, Inc., and OhmConnect, Inc.; Pacific Gas and Electric Company (PG&E); and Tesla. ED provides its responses below to parties’ proposed changes.

**A. Confidential Information**

The CEDMC stated that, because most of the information to be provided by DRPs in LIP reports is market-sensitive, it should be protected from public disclosure. In support of this, the CEDMC recommended that:

1. Utility DR program staff be excluded from having access to confidential, third-party LIP reports.
2. All third-party LIP-related reports be filed only to the DRMEC and ED, instead of the applicable service lists.
3. DRMEC and ED provide feedback on third-party filings only to the specific party submitting the filing, and not to the service list.
4. ED forego public posting of individual third-parties’ QC data on the CPUC Resource Adequacy (RA) webpage.

Energy Division believes that the request to protect DRPs’ proprietary, market sensitive information is consistent with existing Commission Decisions.[[4]](#footnote-4) In line with this, we note the following:

* 1. Energy Division will work with the DRMEC and IOUs to explore the appropriate measures to protect the confidentiality of DRPs’ proprietary, market-sensitive information and will provide an update on these measures. Concurrently, ED suggests that parties pursue this issue in the appropriate Commission proceeding.
	2. Load Impact Protocol-related filings are required by the Protocols to be submitted to the relevant service lists.[[5]](#footnote-5) Consistent with current filing practices, submissions containing confidential information can be redacted when filed to the service lists, while unredacted confidential versions can be provided to ED.
	3. Since the Protocols do not prescribe the distribution list for LIP filings, the DRMEC and ED will submit their feedback only to the applicable party submitting the LIP-related filings.
	4. As Staff is not aware of any CPUC requirement to publish DRP-specific QC values, ED will not post the final DRP-specific QC assignments to the CPUC website.

**B. Exemptions from or Changes to Protocols**

CEDMC states that specific protocol elements should not be applied to third-party DR resources. Accordingly, it requests exemptions from the protocols listed below:

* 1. Protocols 10, 17 (ex-post data to inform ex-ante)
	2. Protocol 26 (format and content of reports)
	3. Protocols 4, 5, 18, 19 (mean changes)
	4. Protocols 6 and 20 (probability estimates from the 10th to 90th percentiles)
	5. Protocols 22 (1-in-2 and 1-in-10 weather year)
	6. Protocol 24 (portfolio-level impacts)
1. Protocols 11 – 16 (measurement of non-event-based resources)

With respect to Protocols 24 and 11-16, we take this opportunity to clarify that the DRPs can self-exempt from some requirements under applicable circumstances, which is implicit in the Protocols:

* 1. Protocol 24: A third-party provider offering a single DR program would not have portfolio-level impacts to be measured. It follows that the party would not need to adhere to this Protocol.
	2. Protocols 11 – 16: Similarly, third parties offering only event-based resources would not need to follow these protocols for such programs.

With respect to the other CEDMC requests listed in items 1-5 above, ED believes it does not have the authority to grant these exemptions.

In its comments, Tesla requests the creation of a new protocol to assess the QC for behind-the-meter (BTM) storage resources.

Energy Division believes it does not have authority to create new protocol requirements. Moreover, Staff interprets existing CPUC Decisions[[6]](#footnote-6) as requiring the application of LIPs for BTM storage resources seeking RA credit if the resource is providing load reduction as proxy DR, permanent load-shift, or event-based DR.

**C. Process Changes**

1. CEDMC requests additional time to file draft Evaluation Plans, with the deadline moved from February 21 to February 28.

ED accepts this request and accordingly extends the subsequent deadline for comments on the draft Plans from March 13 to March 20.

1. CEDMC requests that the Demand Response section submits eligible DR capacity value on June 29, instead of August 17, and that eligible QC be assigned to the DRPs before September 1.

ED cannot accommodate these requests for the 2020 filings but will make every effort to conclude the QC assignments as early as possible.

3. CEDMC requests that the deadline to submit names of counter-party entities be moved from October 1 to October 31.

ED agrees to move this deadline to October 15.[[7]](#footnote-7)

4. CEDMC requests that a mid-cycle process be created to allow third parties to adjust their QC to reflect new customer enrollments. The additional capacity would allow third parties to pursue additional resources in response to LSEs’ Requests for Offers announced after the filing of the LIP reports.

ED is unable to accept this request because the existing process is prescribed by Decision[[8]](#footnote-8) and no provision exists which allows amendments to filings.

5. Both PG&E and CEDMC request that the process by which ED determines the final QC values be made more transparent.

ED suggests that parties pursue this issue in the appropriate Commission proceeding.

6. PG&E suggests that CAISO representatives be included in the DRMEC; and the CEDMC asks that it be added to the DRMEC. The CEDMC supports PG&E’s suggestion. No stakeholder opposed either party’s request.

ED suggests that parties pursue this issue in the appropriate Commission proceeding.

1. <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M309/K463/309463502.PDF> ; at 41-42 [↑](#footnote-ref-1)
2. The party filing the evaluation plan is responsible for publishing a small summary of comments received and how or if they were incorporated into the final evaluation plan for each load impact study. The final evaluation plan will be made available to Joint Staff and parties upon request. (LIP 27, Section 10.1.3 at 147.) [↑](#footnote-ref-2)
3. The process does not apply to Demand Response Auction Mechanism (DRAM) resources. [↑](#footnote-ref-3)
4. D. 19-12-040 at 52. [↑](#footnote-ref-4)
5. Section 10.1.2 in Protocol and Section 10.3 in Protocol 27 of Load Impact Estimation for Demand Response: Protocols and Regulatory Guidance (April 2008) at 148, adopted in D. 08-04-050. [↑](#footnote-ref-5)
6. [D. 14-06-050](http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx) at 19, [D. 09-06-028](http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx) at 20, and the [Qualifying Capacity Manual](file:///C%3A%5CUsers%5CMM5%5CAppData%5CRoaming%5COpenText%5COTEdit%5CEC_cpuc%5Cc326290013%5CAdopted_QC_methodologymanual_2017.pdf) at 16. [↑](#footnote-ref-6)
7. The schedule in Table 1 reflects the revisions approved in items 1-3. [↑](#footnote-ref-7)
8. OP 4 at 35 in [D. 08-04-050](http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx). [↑](#footnote-ref-8)