

Rulemaking No.: 20-11-003 .

Exhibit No.: JDRP-4

Witnesses Jennifer A. Chamberlin  
Marc R. Monbouquette

Commissioner Marybel Batjer

ALJs Brian Stevens / Sara R. Thomas

**PHASE 2 – RELIABILITY FOR 2022-23 – UPDATE:  
REPLY PREPARED TESTIMONY OF  
JOINT DEMAND RESPONSE PARTIES  
(CPower and Enel X North America, Inc.)**

Rulemaking 20-11-003  
2021 Extreme Weather Event Reliable Electric Service  
Phase 2 – Reliability for 2022-23 - Update

*September 10, 2021*

R.20-11-003 (Extreme Weather)  
PHASE 2 – RELIABILITY FOR 2022-23 – UPDATE:  
REPLY PREPARED TESTIMONY OF JOINT DR PARTIES

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1 R.20-11-003 (Extreme Weather)  
2 PHASE 2 – RELIABILITY FOR 2022-23 – UPDATE:  
3 REPLY PREPARED TESTIMONY OF JOINT DR PARTIES  
4

5 I.  
6 **EXECUTIVE SUMMARY**  
7

8 Exhibit JDRP-4 is the reply prepared testimony of the Joint Demand Response  
9 (DR) Parties in “Phase 2 – Reliability for 2022-23 – Update” (Phase 2) of Rulemaking  
10 20-11-003 (2021 Extreme Weather Event Reliable Electric Service (“Extreme  
11 Weather”). Exhibit JDRP-4 builds on Exhibit JDRP-3, the Joint DR Parties’ Phase 2  
12 Opening Testimony, in providing the Joint DR Parties’ response to the Phase 2 Opening  
13 Testimony of certain other parties on ways to source additional peak and net peak  
14 demand reduction in 2022-2023. In doing so, Exhibit JDRP-4, like Exhibit JDRP-3,  
15 continues to follow the direction and scope of issues identified in the Phase 2 Amended  
16 Scoping Memo issued on August 10, 2021; the ALJ’s Email Ruling on Staff Guidance  
17 for Phase 2 testimony issued on August 11, 2021; and the ALJ’s Email Ruling on a Staff  
18 Concepts Proposal Document for Comment in Phase 2 testimony issued on August 16,  
19 2021.

20 By Exhibit JDRP-4, based on the Joint DR Parties’ experience, expertise, and  
21 analysis identified in Exhibit JDRP-3 and herein and as further supported by Exhibits  
22 JDRP-1 and JDRP-2, the Joint DR Parties continue to strongly recommend that the  
23 Commission adopt and/or take the actions identified in Exhibit JDRP-3 at pages 2  
24 through 4 and 29 through 31 in its Phase 2 decision in R.20-11-003 expected to be  
25 issued on November 18, 2021<sup>1</sup> and, in turn, incorporate those recommendations by  
26 reference herein. Based on the Joint DR Parties’ analysis of the Phase 2 Opening  
27 Testimony of other parties that follows in this Exhibit JDRP-4, the Joint DR Parties  
28 further recommend that the Commission *additionally* adopt or take the following actions  
29 in that decision:

- 30 1. Approve the SDG& proposals to offer a CBP Elect program option along with  
31 program incentive changes and order SCE to offer a CBP Elect program option.

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<sup>1</sup> Phase 2 Amended Scoping Memo, at p. 6.

- 1        2. Require all three IOUs to implement an uncapped adjustment factor in CBP  
2        baselines to better reflect DR customer contributions during extreme grid  
3        conditions
- 4        3. Adopt an ELRP pilot that provides monthly capacity payments, minimum  
5        dispatches, and performance requirements to encourage robust participation  
6        from customers with behind-the-meter resources, along the lines of California  
7        Solar & Storage Association's (CALSSA's) "Group C" proposal or California  
8        Energy Storage Alliance's (CESA's) "Enhanced Storage Backed Demand  
9        Response" proposal.
- 10       4. Pilot a DR qualifying capacity methodology for 2022 and 2023 that would  
11       collateralize unproven resources.
- 12       5. Adopt TeMix, Inc.'s (TeMix's) proposal to offer a white-labeled license to its  
13       "RATES" platform to provide expedited access to dynamic pricing options along  
14       the lines of Energy Division's "UNIDE" proposal.
- 15       6. Make changes to Resolution E-4906 that would remove resources that fuel  
16       switch to California Energy Commission (CEC) - approved renewable fuels from  
17       the prohibited resources categorization.

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**II.**  
**REPLY OF JOINT DR PARTIES TO PHASE 2 TESTIMONY**  
**OF OTHER PARTIES ON 2022-23 DEMAND REDUCTION**

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**A. BASE INTERRUPTIBLE PROGRAM**

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Q. *Describe Pacific Gas and Electric's (PG&E's) proposal to increase incentives for the Base Interruptible Program (BIP).*

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A. PG&E proposes to increase BIP compensation by \$1/kWh from May to October for at least the 2022 and 2023 delivery season. Similar to the Joint DR Parties' observations, PG&E reasons that such an increase is needed to encourage enrollment, recognize greater opportunity costs facing customers, and to reduce program attrition.<sup>2</sup>

26  
27  
28

Q. *Do you agree with this recommendation?*

29  
30  
31  
32

A. The Joint DR Parties agree with the direction of this recommendation, but instead recommend that the Commission adopt its proposal to increase incentives for all investor-owned utility (IOU) BIP tariffs by 30%, and decrease Excess Energy Charges by 75%. This will address the enrollment and attrition challenges that both the Joint DR Parties and PG&E have identified, while increasing the program's attractiveness for large consumers relative to the Emergency Load Reduction Program and encouraging robust performance across a multi-day grid emergency. This is because, under the current penalty regime, a single instance of poor performance can erase most of a customer's program earnings, which in turn removes the financial incentive to curtail on subsequent event days.

Q. *Do other parties also propose a reduction in BIP penalties (Excess Energy Charges)?*

A. Yes. This recommendation is echoed by Polaris Energy Services (Polaris), which identified BIP penalties as contributing to program attrition within the agricultural DR segment following the 2020 outages.<sup>3</sup> Similarly, Voltus, Inc. (Voltus) identifies the disparity between BIP penalties for third-party aggregated resources – ranging

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<sup>2</sup> PG&E Phase 2 Opening Testimony, at p. 4-2 (PG&E (Thorne)).

<sup>3</sup> Polaris Phase 2 Opening Testimony, at pp. 4, 7 (Polaris (Meyers)).

1 between \$6 - \$8.40 / kWh – and penalties faced by BIP customers that direct-enroll  
2 with IOUs – set at the locational marginal price (LMP) – and argues that all BIP  
3 penalties be set at the LMP.<sup>4</sup>

4 Q. *Do you support Voltus’s recommended LMP Excess Energy Charge?*

5  
6 A. Applying the Joint DR Parties’ proposed 75% derate to the \$6-\$8.40 / kWh penalty  
7 range would result in Excess Energy Charges of \$1.50 - \$2.10 / kWh. With the  
8 California Independent System Operator (CAISO) seeking to increase the energy  
9 market price ceiling from \$1,000 to \$2,000 / MWh, this would effectively put our  
10 recommendation in line with that of Voltus.

## 11 **B. CAPACITY BIDDING PROGRAM**

12 Q. *First, do you continue to support the analysis and recommendations made by the*  
13 *Joint DR Parties on the IOU Capacity Bidding Program (CPB)?*

14  
15 A. Yes. However, the Joint DR Parties’ have additional recommendations in response  
16 to the Phase 2 Opening Testimony of other parties on the CBP.

17 Q. *What are those?*

18 A. To begin with, the Joint DR Parties applaud San Diego Gas and Electric Company’s  
19 (SDG&E’s) proposal to add an Elect option to SDG&E’s CBP program.<sup>5</sup> However,  
20 however, while the Joint DR Parties are not opposed to SDG&E’s proposed  
21 methodology for implementing its CBP Elect program option, we note that SDG&E  
22 witness Mantz inaccurately characterizes how PG&E’s CBP Elect program is  
23 implemented. In this regard, SDG&E witness Mantz testifies: “The set price options  
24 offered by PG&E allows the aggregator to select a price of \$200, \$400, or \$600 for  
25 the customers they are nominating for the Elect Day-Ahead or Day-Of option; the  
26 utility can, in turn, bid that resource into the corresponding CAISO market at those  
27 prices.”<sup>6</sup> Yet, in fact, PG&E’s CBP Elect program option actually allows the  
28 aggregator to set a market bid price for each Proxy Demand Resource (PDR)

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<sup>4</sup> Voltus Phase 2 Opening Testimony, at pp. 5-6 (Voltus (Guernsey)).

<sup>5</sup> SDG&E Phase 2 Opening Testimony on Demand-Side Demand Reductions (Exhibit (Ex.) SDGE-8), at pp.9-11 (SDG&E (Mantz)).

<sup>6</sup> *Id.*, at p. 9.

1 resource, and this price can be changed with three days' notice – there are no  
2 preset market integration price options as SDG&E proposes.

3 The SDG&E CBP Elect program option is less flexible than PG&E's option, but it is  
4 still a significant enhancement to SDG&E's CBP program. Additionally, SDG&E has  
5 proposed changes to the incentive levels that the Joint DR Parties believe will be  
6 well-received by customers in the service territory and support program growth.

7 *Q. Are there other CBP Proposals made in the Phase 2 Opening Testimony of other*  
8 *parties to which the Joint DR Parties also wish to respond?*  
9

10 *A. Yes. First, the Joint DR Parties join in the recommendation made in the Phase 2*  
11 *Opening Testimony of the Joint Parties (California Efficiency + Demand*  
12 *Management Council (CEDMC), ecobee, Inc., Leapfrog Power, Inc., and Oracle) for*  
13 *the Commission to order Southern California Edison Company (SCE) to also add a*  
14 *CBP Elect program option,<sup>7</sup> in addition to approving SDG&E's CBP Elect program*  
15 *proposals, as testified above. The Joint DR Parties' experience is that the PG&E*  
16 *CBP Elect program has been well-received by customers and that it has resulted in*  
17 *increased program enrollment and retention.<sup>8</sup>*

18 Second, the Joint DR Parties note and emphasize that the Joint Parties have offered  
19 a proposal that echoes the recommendation made by the Joint DR Parties in their  
20 Phase 2 Opening Testimony<sup>9</sup> regarding the use for CBP of the alternative baseline  
21 adjustment option allowed by CAISO that has been authorized for calculating  
22 Demand Response Auction Mechanism (DRAM) capacity performance in Decision  
23 (D.) 21-03-056 in this proceeding. Like the Joint Parties, the Joint DR Parties urge  
24 the Commission to direct that this alternative (uncapped) baseline adjustment factor  
25 option be utilized in the IOUs' CBP programs and strongly support the entirety of the  
26 Joint Parties' proposal in this regard, as follows:

27 "The Joint Parties request the Commission specify that the CAISO's  
28 alternative baselines are applicable to the calculation of CBP capacity

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<sup>7</sup> Joint Parties Phase 2 Opening Testimony, at p. 31 (Joint Parties (Wikler))

<sup>8</sup> PG&E Advice Letter 5799-E, Attachment 1, at pp. 16-17

<sup>9</sup> Joint DR Parties Phase 2 Opening Testimony, at pp. 12-13 (Joint DR Parties (Chamberlin/Monbouquette)).

1 incentive payment and DRAM contract payments. Because the alternative  
2 day-of adjustment factor is currently only approved by the CAISO for use  
3 in 2021, the Joint Parties request that the Commission request the CAISO  
4 to extend its alternative day-of adjustment factor for the May-October 2022  
5 and 2023 periods.”<sup>10</sup>  
6

### 7 **C. DEMAND RESPONSE AUCTION MECHANISM**

8

9 *Q. What is the Joint DR Parties’ position on the opposition stated by PG&E, SCE, and*  
10 *the Public Advocates Office (PAO) in their respective Phase 2 Opening Testimony to*  
11 *the Staff Concept Paper proposals on expanding the use of Demand Response*  
12 *Auction Mechanism (DRAM) in 2022 and 2023?*<sup>11</sup>  
13

14 *A.* The Joint DR Parties are not surprised to see PG&E, SCE, and PAO<sup>12</sup> oppose either  
15 a supplemental 2022 DRAM solicitation or an expanded budget for 2023  
16 solicitations. These three entities have been opposed to DRAM expansions both  
17 during Phase 1 of this proceeding and within proceedings specifically addressing  
18 Demand Response issues and programs, including DRAM.

19 In this regard, opposition by PG&E, SCE, and PAO to an expanded DRAM dates  
20 back to 2019, when these parties initially argued that there would be no resource  
21 need and DRAM budgets should not be expanded. The Commission responded to  
22 these positions by ultimately reducing DRAM budgets for the 2020-2023 period by  
23 nearly 50 percent.

24 As has been shown by the actions of this Commission in this proceeding and of the  
25 Governor’s office by Executive Order; California had in 2020, and continues today to  
26 have, a resource shortage. Further, actions authorized by the Commission in Phase  
27 1 of this proceeding have not yet produced the resource results, from DR or other  
28 resources, hoped for *and* needed to ensure no resource shortfalls for 2021-2023.

29 In these circumstances, the Joint DR Parties continue to reiterate their own findings,  
30 as well as the conclusions reached by other industry experts, including those who  
31 develop DR resources, that Commission authorization of additional DRAM

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<sup>10</sup> Joint Parties Phase 2 Opening Testimony, at p. 31 (Joint Parties (Wikler)).

<sup>11</sup> Staff Concepts Proposal Document, Section 2A (ALJ’s Email Ruling (August 16, 2021)).

<sup>12</sup> PG&E Phase 2 Opening Testimony, at p. 6-1 (PG&E (Oreizy)); SCE Phase 2 Opening Testimony, at p. 69 (SCE (Coher)); PAO Phase 2 Opening Testimony, at pp. 2-1 – 2-3 (PAO (Castello)).



1 procurements is one of the best ways to bring additional DRAM capacity both to  
2 market and to CAISO for economic integration in the dispatch stack.<sup>13</sup>

3 In response to concerns raised by PG&E, SCE, and PAO that resources might not  
4 show up if contracted, the Joint DR Parties believe that those concerns are  
5 addressed by the Staff Concepts Proposal Document proposing penalties to be  
6 applied in these incremental procurements for capacity contracted for that does not  
7 materialize on supply plans.<sup>14</sup> Moving forward with supplemental DRAM  
8 procurements with penalties for not providing contracted capacity balances a least-  
9 regrets, clean capacity procurement with incentives for resources to show up. The  
10 Joint DR Parties also note that it is just DR that is accused of not always being  
11 available on time after being contracted for, but, in fact, it is utility-scale procured  
12 generation (fossil and renewable) and storage that also suffer from not being  
13 developed as planned or face unplanned outages. Nevertheless, it is only Demand  
14 Response, and not any other resource, that these parties say simply should not be  
15 procured. Such a position, based on resources not showing up, is not justified for  
16 DR alone, and, again, is adequately remedied by the Staff Concepts Proposal  
17 Document proposal.

#### 18 **D. QUALIFYING CAPACITY FOR DEMAND RESPONSE**

19  
20 Q. *What is your position on the proposal by Voltus, Inc., that, for summer 2022, the*  
21 *Commission should pilot allowing aggregators to qualify new resources and post*  
22 *financial assurance when non-LIP resources are utilized for Resource Adequacy for*  
23 *summer 2022?*  
24

25 A. The Joint DR Parties find Voltus's proposal intriguing and believe it has merit, as it is  
26 similar to the Joint DR Parties' proposal to relax the Load Impact Protocol  
27 requirement to qualify resources for non-DR program RA. Collateralizing unproven  
28 resources, rather than going through a lengthy Load Impact Protocol process, is a  
29 method used in most organized markets. It provides both a financial incentive for a

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<sup>13</sup> See, e.g., Joint Parties Phase 2 Opening Testimony, at pp. 14-18 (Joint Parties (Wikler)); California Energy Storage Alliance (CESA) Phase 2 Opening Testimony, at p. 55 (CESA (Noh)); CEERT Phase 2 Opening Testimony, at pp. 1, 3 (CEERT (Caldwell)); Voltus Phase 2 Opening Testimony, at p. 3 (Voltus (Guernsey)); Advanced Energy Economy (AEE) Phase 2 Opening Testimony, at p. 6 (AEE (Garcia)).

<sup>14</sup> Staff Concepts Proposal Document, *supra*, Section 2.b, iv.

1 DR provider to only take positions it feels confident it can recruit performing  
2 customers to deliver on, as well as allows for a rapid resource development and  
3 market integration.

4 As Voltus testifies:

5 “Voltus proposes that the collateral commitment be \$2,500/MW and that  
6 the collateral be forfeited if resources do not perform or otherwise cover  
7 their obligation to provide Resource Adequacy. This is comparable to the  
8 \$2,400 financial assurance posted in MISO [MidAtlantic Independent  
9 System Operator] for an untested load-modifying resource.”<sup>15</sup>

10  
11 The Joint DR Parties, therefore, support the piloting of this methodology as an  
12 addition to capacity already applied for and established in the 2022 LIP process and  
13 further recommend that the pilot be expanded to 2023 as well so that more certainty  
14 about DR resource development and procurement can be brought to the market.

#### 15 **E. EMERGENCY LOAD REDUCTION PROGRAM**

16  
17 Q. *What was your main recommendation in Opening Testimony regarding the*  
18 *Emergency Load Reduction Program (ELRP)?*

19  
20 A. The Joint DR Parties argue that the main improvement to attract meaningful  
21 participation in the ELRP would be to ensure a predictable revenue stream, through  
22 either a capacity or reservation payment or a minimum number of dispatches. .

23 Q. *Did other parties make similar recommendations?*

24  
25 A. Yes. California Solar & Storage Association (CALSSA),<sup>16</sup> California Energy Storage  
26 Alliance (CESA),<sup>17</sup> AEE,<sup>18</sup> Sunrun, Inc. (Sunrun),<sup>19</sup> and Voltus<sup>20</sup> similarly identify  
27 ELRP’s lack of predictable compensation as a barrier to meaningful participation in  
28 ELRP.

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<sup>15</sup> Voltus Phase 2 Opening Testimony, at p. 10 (Voltus (Guernsey)).

<sup>16</sup> CALSSA Phase 2 Opening Testimony, at pp. 2-3(CALSSA (Heavner)).

<sup>17</sup> CESA Phase 2 Opening Testimony,, at 49 (CESA (Noh)).

<sup>18</sup> AEE Phase 2 Opening Testimony, at pp. 3-4 (AEE (Garcia)).

<sup>19</sup> Sunrun Phase 2 Opening Testimony, at p. 16 (Sunrun (Sherman)).

<sup>20</sup> Voltus Phase 2 Opening Testimony, at p. 7 (Voltus (Guernsey)).

1 Q. *Did any of these parties put forth detailed proposals on how this situation could be*  
2 *ameliorated?*

3  
4 A. Yes. CALSSA for instance proposes an ELRP “Group C” for customers with BTM  
5 solar and storage to participate individually or through an aggregator on an opt-in  
6 basis. Group C would entail 50 hours of guaranteed dispatch, effectuated through a  
7 fixed day-ahead energy price trigger (ranging from \$255 to \$290 / MWh depending  
8 on the IOU), and would extend options for a capacity-style payment as either a fixed  
9 monthly \$/kW payment (set at the Cost of New Entry) based on an aggregator’s  
10 committed load reduction within a portfolio, or a \$1/kWh energy payment to the  
11 aggregator on top of the performance payment that accrues to the individual  
12 customer.<sup>21</sup>

13 CESA proposes two out-of-market / non-RA programs that seek to bolster demand-  
14 side contributions to net peak. First, an Enhanced Storage-Backed Demand  
15 Response (ESB-DR) program that would entail a \$1.20 / W capacity reservation  
16 payment (reflecting the Cost of New Entry) for a “base” four-hour storage system,  
17 split 50/50 between up0front and ongoing incentives similar to the Self-Generation  
18 Incentive Program (SGIP) structure, a \$750 / MWh trigger, dual enrollment, and  
19 open to any customer with battery energy storage, thermal energy storage,  
20 permanent load-shifting, V2X, and other DERs that can meet the performance  
21 requirements.<sup>22</sup> Second, a Permanent Load Reduction Incentive Program that  
22 would provide incentives to DERs that can permanently reduce customer load during  
23 the net load peak hour to a specified load level in support of identified emergency  
24 reliability needs.<sup>23</sup>

25 Both the CALSSA Group C proposal and CESA ESB-DR proposal, along with other  
26 parties, recommend settlement by data at the battery inverter, similar to the CAISO’s  
27 Meter Generator Output baseline methodology.<sup>24</sup> Both proposals would also entail a  
28 performance obligation in exchange for the monthly capacity payment, and would be

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<sup>21</sup> CALSSA Phase 2 Opening Testimony, at pp. 4-11 (CALSSA (Heavner)).

<sup>22</sup> CESA Phase 2 Opening Testimony, at pp. 56-72 (CESA (Noh)).

<sup>23</sup> *Id.*, at pp. 72-79.

<sup>24</sup> CESA Phase 2 Opening Testimony, at pp. 53-55 (CESA (Noh)), CALSSA Phase 2 Opening Testimony, at p. 7 (CALSSA (Heavner)).

1 “penalized” for non-performance in the form of an aggregator not being able to  
2 collect the latter in the case of non-performance during events.<sup>25</sup>

3 Q. *Do you support these approaches?*

4 A. Yes. The CALSSA Group C proposal (with the fixed monthly capacity option) and  
5 CESA ESB-DR proposal appear to be very similar in nature. Both would entail a  
6 monthly capacity payment based on the Cost of New Entry and a set strike price  
7 that, depending on the exact price target, would result in a predictable amount of  
8 dispatches.

9 The Joint DR Parties recommend that the Commission adopt this basic program  
10 design as a standalone pilot, to be available throughout the same ELRP pilot term,  
11 through 2026. We also see this providing a comparable venue for Staff’s proposed  
12 EV / VGI aggregation pilot, given the latter’s proposed minimum number of  
13 dispatches. For all intents and purposes, the VGI pilot could be combined with this  
14 offering, with the up-front incentive to support V2X-capable EVSE deployment (as  
15 called for in the Joint DR Parties’ Phase 2 Opening Testimony) instead achieved by  
16 a monthly bill credit proposed by VGIC, which mimics a capacity payment though is  
17 more structured as a technology incentive.<sup>26</sup>

18 Q. *Would you make any modifications?*

19  
20 A. The Joint DR Parties would make a few suggested modifications or clarifications to  
21 the envisioned, “combined” CALSSA-CESA program, based on certain inclusions or  
22 omissions in those parties’ testimony. First, the Commission should clarify that the  
23 program is available to all customer segments, and not just residential customers, as  
24 (seemingly) suggested by CALSSA.<sup>27</sup> Second, it should be clarified that BTM  
25 storage exports are eligible to collect compensation as part of the program, which  
26 was not imminently clear through CESA’s description of the program as being  
27 Enhanced Storage-Backed “Demand Response.”

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<sup>25</sup> CESA Phase 2 Opening Testimony, at p. 66 (CESA (Noh)), CALSSA Phase 2 Opening Testimony, at pp. 8-9 (CALSSA (Heavner)).

<sup>26</sup> VGIC Phase 2 Opening Testimony, at pp. 14-15 (VGIC (Burgess)).

<sup>27</sup> See, e.g., CALSSA Phase 2 Opening Testimony, at pp. 5, 7, 8 (CALSSA (Heavner)).

1 Finally, CALSSA suggests that “customers with dual enrollment will be compensated  
2 only under ELRP for performance during ELRP events.”<sup>28</sup> This makes sense, and  
3 would effectively cap a PDR’s bids for the curtailment portion of the load drop at the  
4 “Group C” strike price. However, it also makes sense to cap a dual participating  
5 customer’s Group C capacity payment at the incremental election above any supply-  
6 side DR commitment.

7 Q. *Do you have any final points on the ELRP?*

8  
9 A. Yes. The Joint DR Parties strongly support CESA’s call for the Commission to order  
10 an expedited interconnection review for provisional export permits for existing non-  
11 exporting storage sites, to enable full participation in ELRP.<sup>29</sup> We also support  
12 CESA’s general call for increased interconnection staffing at the IOUs to oversee  
13 swift integration of new resources that can provide much needed supply through  
14 Summer 2023.<sup>30</sup>

15 **F. UNIDE**

16  
17 Q. *Are you familiar with the concept of “UNIDE” and can you explain its*  
18 *meaning?*

19  
20 A. Yes. “UNIDE” stems from work by the Commission’s Energy Division to develop a  
21 proposal to facilitate widespread flexible demand management through a dynamic  
22 rate solution called UNIDE. “UNIDE” stands for a rate signal that is “unified,  
23 universal, dynamic, and economic.”

24 Q. *In the Joint DR Parties’ Phase 2 Opening Testimony, you expressed support for the*  
25 *Staff’s Agriculture Flexible Demand Pilot and recommended that any experimental*  
26 *rate is offered more broadly, to other customer classes and enabling technologies.*  
27 *Do any other parties share this opinion?*

28  
29 A. Yes. TeMix, Inc. (TeMix) proposes to license its “RATES” platform  
30 architecture server to any load serving entity to enable access to UNIDE-  
31 informed dynamic prices,<sup>31</sup> in service of the Commission’s quest to decrease

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<sup>28</sup> CALSSA Phase 2 Opening Testimony, at p. 9 (CALSSA (Heavner)).

<sup>29</sup> CESA Phase 2 Opening Testimony, at pp. 39-44 (CESA (Noh)).

<sup>30</sup> *Id.*, at p. 38-39.

<sup>31</sup> TeMix Phase 2 Opening Testimony, at pp. 2-4 (TeMix (Cazalet)).

1 demand during net peak hours. The RATES platform was used in a CEC-  
2 funded EPIC pilot with SCE that provided the basic structure for the Energy  
3 Division's UNIDE proposal.

4 Q. *Do the Joint DR Parties support this approach and do you have an opinion on how*  
5 *this could be implemented?*

6  
7 A. Yes. The RATES platform could provide a relatively turn-key / quick turn "rate  
8 engine" to handle the computation of load serving entity (LSE)-specific time  
9 varying rate schedules that are pushed to both customers and devices, and  
10 also used for customer billing purposes. At a minimum, the RATES server  
11 could be used to generate hourly generation prices based on CAISO  
12 wholesale energy market prices, and replace the generation component of  
13 customers' Otherwise Applicable Tariffs. Of course, integrating this with  
14 LSEs' billing systems could be challenging, but the Commission should  
15 consider temporary manual billing pathways to enable this on an expedited  
16 basis, until necessary system upgrades could be completed.

17 To help prove out the state's vision, and as highlighted in TeMix's Opening  
18 Testimony,<sup>32</sup> customers and devices would be able to access those time  
19 varying rate schedules through the CEC's Market Informed Demand  
20 Automation Server, or MIDAS, platform, which was recently launched.<sup>33</sup>

## 21 **G. PROHIBITED RESOURCES**

22  
23 Q. *What is your position on proposals by PG&E and Enchanted Rock, LLC (Enchanted*  
24 *Rock)<sup>34</sup> that fossil resources be at least temporarily allowed in the Base Interruptible*  
25 *Program (BIP)?*

26  
27 A. The Joint DR Parties certainly agree with these parties that utilization of prohibited  
28 resources in BIP and potentially other DR programs would result in more capacity

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<sup>32</sup> TeMix Phase 2 Opening Testimony, at p. 2 (TeMiX (Cazalet)).

<sup>33</sup> See, e.g., Staff Webinar Market Informed Demand Automation Server (MIDAS) Presentation, August 25, 2021, at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=239454&DocumentContentId=72917>.

<sup>34</sup> PG&E Phase 2 Opening Testimony, at p. 4-3 (PG&E (Thorne)); Joint Parties Phase 2 Opening Testimony, at p 30 (Joint Parties (Wikler)); Enchanted Rock Phase 2 Opening Testimony, at p. 2 (Enchanted Rock (Yu)).

1 available in 2022 (Enchanted Rock) and 2023 (PG&E and Enchanted Rock).  
2 However, the Joint DR Parties also recognize that this is antithetical for the  
3 greenhouse gas (GHG) emission reduction goals set by the State. Given the  
4 resource constraints, a temporary lifting of this ban, in order to capture the use of  
5 existing generation resources in a reliable and committed manner in a DR program,  
6 rather than a voluntary manner as provided for in the Emergency Load Reduction  
7 Program (ELRP), may be appropriate.

8 Q. *Are there other, more environmentally sensitive ways to capture the resiliency of*  
9 *these behind-the-meter generators in DR programs?*

10  
11 A. Yes. The Joint DR Parties, Joint Parties and Enchanted Rock recommended in their  
12 respective Phase 2 Opening Testimony that California Energy Commission (CEC) -  
13 approved renewable fuels used in behind the meter generators should per permitted  
14 in DR programs and that these resources should be removed from the “prohibited  
15 resources” lists<sup>35</sup>.

16 Resolution E-4906 calls for generation using renewable fuels approved by the  
17 California Air Resource Board (CARB) to be exempt from Prohibited Resources  
18 status.<sup>36</sup> Unfortunately, CARB has never taken any action on renewable fuels for  
19 generation. The CEC, however, has a robust process for certifying renewable fuels  
20 under the Renewable Portfolio Standard. This Commission could easily adopt these  
21 CEC-approved renewable fuels, instead of relying on CARB to take action.

22 To achieve that end, only two small modifications would need to be made, and  
23 should be made by the Commission, to Resolution E-4906. Namely, the Joint DR  
24 Parties recommend that Finding of Fact 102 could be modified, with a corresponding  
25 change on page 78 in the discussion section, as follows:

26 102. If a fuel has received renewable certification from the California  
27 **Energy Commission Air Resources Board**, it is exempt from the  
28 prohibited resource policy in D.16-09-056.

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<sup>35</sup> Joint DR Parties Phase 2 Opening Testimony, at pp. 27-28 (Joint DR Parties (Chamberlin/ Monbouquette); Enchanted Rock Phase 2 Opening Testimony, at pp. 2-3 (Enchanted Rock (Yu)).

<sup>36</sup> Resolution E-4906, Finding of Fact 102.

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### **III.** **CONCLUSION**

The Joint DR Parties, as supported by their Phase 2 Opening Testimony (Exhibit JDRP-3) and this Phase 2 Reply Testimony (Exhibit JDRP-4), continue to strongly recommend that the Commission adopt and/or take the actions identified in Exhibit JDRP-3 at pages 2 through 4 and 29 through 31, in its Phase 2 decision in R.20-11-003 expected to be issued on November 18, 2021. In addition, based on the above analysis of the Phase 2 Opening Testimony of certain other parties, the Joint DR Parties would *additionally* recommend the following actions also be taken in that decision:

- 11 1. Approve the SDG& proposals to offer a CBP Elect program option along with  
12 program incentive changes and order SCE to offer a CBP Elect program option.
- 13 2. Require all three IOUs to implement an uncapped adjustment factor in CBP  
14 baselines to better reflect DR customer contributions during extreme grid  
15 conditions
- 16 3. Adopt an ELRP pilot that provides monthly capacity payments, minimum  
17 dispatches, and performance requirements to encourage robust participation  
18 from customers with behind-the-meter resources, along the lines of California  
19 Solar & Storage Association's (CALSSA's) "Group C" proposal or California  
20 Energy Storage Alliance's (CESA's) "Enhanced Storage Backed Demand  
21 Response" proposal.
- 22 4. Pilot a DR qualifying capacity methodology for 2022 and 2023 that would  
23 collateralize unproven resources.
- 24 5. Adopt TeMix, Inc.'s (TeMix's) proposal to offer a white-labeled license to its  
25 "RATES" platform to provide expedited access to dynamic pricing options along  
26 the lines of Energy Division's "UNIDE" proposal.
- 27 6. Make changes to Resolution E-4906 that would remove resources that fuel  
28 switch to California Energy Commission (CEC) - approved renewable fuels from  
29 the prohibited resources categorization.



R.20-11-003 (Extreme Weather)  
PHASE 2 – RELIABILITY FOR 2022-23 – UPDATE:  
REPLY PREPARED TESTIMONY OF JOINT DR PARTIES

**APPENDIX A**

**Rule 13.7(e) Compliance Statements**

**Jennifer A. Chamberlin**

**Marc R. Monbouquette**

**RULE 13.7(e) COMPLIANCE STATEMENT OF JENNIFER A. CHAMBERLIN**

Q1 *Please state your name and business address.*

A1 My name is Jennifer A. Chamberlin, and my business address is 2475 Harvard Circle, Walnut Creek, California 94597

Q2 *Are your statements regarding your employment, professional, and educational background and your participation in California Public Utilities Commission proceedings the same as you testified in Appendix A of the Joint DR Parties' Opening Prepared Testimony in Phase 2 – Reliability for 2022-23 – Update in Rulemaking (R.) 20-11-003 (Exhibit JDRP-3) served in this proceeding on September 1, 2021?*

A2 Yes, they are.

Q3 *What is the purpose of your testimony today?*

A3 The purpose of my testimony today is to jointly sponsor with Joint DR Parties' witness Marc R. Monbouquette (Enel X North America, Inc.) Exhibit JDRP-4, the Reply Prepared Testimony of the Joint DR Parties in Phase 2 – Reliability for 2022-23 – Update of R.20-11-003 (Extreme Weather).

Q4 *Was Exhibit JDRP-4 prepared by you or under your supervision jointly with Mr. Monbouquette?*

A4 Yes.

Q5 *Are the statements made in your testimony, Exhibit JDRP-4, including your answer to Question 2 above, true and correct to the best of your knowledge and belief?*

A5 Yes.

Q6 *To the extent that Exhibit JDRP-4 contains expressions of opinion, do they represent your best professional judgment?*

A6 Yes.

Q7 *Under penalty of perjury, do you adopt Exhibit JDRP-4 as your sworn testimony in Phase 2 of R.20-11-003 (Extreme Weather)?*

A7 Yes.

Q8 *Does this conclude your Rule 13.7(e) compliance statements?*

A8 Yes, it does.

**RULE 13.7(e) COMPLIANCE STATEMENT OF MARC R. MONBOUQUETTE**

Q1 *Please state your name and business address.*

A1 My name is Marc R. Monbouquette, and my business address is 360 Industrial Road, San Carlos, CA 94070.

Q2 *Are your statements regarding your employment, professional, and educational background and your participation in California Public Utilities Commission proceedings the same as you testified in Appendix A of the Joint DR Parties' Opening Prepared Testimony in Phase 2 – Reliability for 2022-23 – Update in Rulemaking (R.) 20-11-003 (Exhibit JDRP-3) served in this proceeding on September 1, 2021?*

A2 Yes, they are.

Q3 *What is the purpose of your testimony today?*

A3 The purpose of my testimony is to jointly sponsor with Joint DR Parties' witness Jennifer Chamberlain (CPower) Exhibit JDRP-4, the Reply Prepared Testimony of the Joint DR Parties in Phase 2 – Reliability for 2022-23 – Update of R.20-11-003 (Extreme Weather).

Q4 *Was Exhibit JDRP-4 prepared by you or under your supervision jointly with Ms. Chamberlin?*

A4 Yes.

Q5 *Are the statements made in your testimony, Exhibit JDRP-4, including your answer to Question 2 above, true and correct to the best of your knowledge and belief?*

A5 Yes.

Q6 *To the extent that Exhibit JDRP-4 contains expressions of opinion, do they represent your best professional judgment?*

A6 Yes.

Q7 *Under penalty of perjury, do you adopt Exhibit JDRP-4 as your sworn testimony in Phase 2 of R.20-11-003 (Extreme Weather)?*

A7 Yes.

Q8 *Does this conclude your Rule 13.7(e) compliance statements?*

A8 Yes, it does.