



## Stakeholder Comments Template

### Energy Storage and Distributed Energy Resources Phase 4

This template has been created for submission of stakeholder comments on the Second Revised Straw Proposal and associated March 2 & 3 meeting discussions, for the Energy Storage and Distributed Energy Resources (ESDER) Phase 4 initiative. The paper, stakeholder meeting presentation, and all information related to this initiative is located on the [initiative webpage](#).

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business **March 16, 2020**.

Submitted by	Organization	Date Submitted
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**Please provide your organization's general comments on the following issues and answers to specific requests.**

The California Efficiency + Demand Management Council ("Council") appreciates this opportunity to provide comments in response to the CAISO's ESDER 4 Second Revised Straw Proposal and associated March 2, 2020 stakeholder meeting. These comments are limited to the Demand Response ELCC Study Preliminary Results and Operational Processes and Must Offer Obligations for Variable Output DR but the Council reserves the rights to comment on other aspects of the ESDER 4 initiative in the future.

As a preliminary matter, by virtue of commenting on the ELCC methodology, this does not indicate the Council's agreement that ELCC is an appropriate methodology to be applied to demand response (DR) resources for several reasons. First, ELCC has historically been applied to wind and solar resources that are, for all intents and purposes, must-take resources that are not dispatched by CAISO, but are accepted onto the grid by CAISO because they are not controllable except for when CAISO issues curtailment instructions. DR is a dispatchable resource, as is energy storage. Therefore, as a foundational matter, the Council continues to question why ELCC should be applied to DR.

#### 1. Demand Response (DR) ELCC Study Preliminary Results

The Council appreciates E3's presentation on its preliminary ELCC analysis. It is clear that, based on the wide range of ELCC values across the IOU programs modeled, developing a single or even a handful of representative ELCC values with any degree of

accuracy will be extremely challenging. E3's analysis has not yet considered third-party DR, which will likely add to the variability among DR types. Any ELCC value is sure to over-value some DR resources and under-value others. This threatens to cause a downward spiral of performance and supply of DR resources if the best performing DR is consistently under-valued. This would incentivize the use of poorer performing, over-valued DR over better performing DR. The poorer performing DR would then push the ELCC factor down and further incentive the elimination of any under-valued DR. The CAISO should seriously consider the implications of this on the supply of DR in California and address it in their next straw proposal.

## **2. Operational Processes and Must Offer Obligations for Variable-Output DR**

### **A. Maximum Daily Run Time Parameter**

The CAISO proposes to implement a maximum daily run time parameter so that the market can optimize DR resources with daily hourly limitations that may not be manageable utilizing the current maximum daily energy limitation parameter. The Council supports the CAISO's proposal for several reasons. First, it allows a great deal of flexibility to a scheduling coordinator to regardless of the DR type (PDR or RDRR), is optional for each resource, and allows the specification of start-ups and maximum daily run times for each individual DR resource. Ideally, the 1 MW eligibility floor would be lower, but the Council understands the CAISO's concerns regarding the impact of so many PDRs on the resolution of the day-ahead market. The Council recommends that the CAISO look for opportunities to reduce this threshold in the future.

### **B. Must Offer Obligations for Variable-Output DR and Qualifying Capacity Valuation**

The Council supports the CAISO's proposal to allow variable-output proxy demand resources bid to their full capability in the day-ahead market in all hours it is available and for all products it is eligible for and required to provide, and the flexibility for scheduling coordinators to determine which DR resources will utilize this option.

However, the Council disagrees with any attempt to connect the capability of variable-output DR, as reflected in their bids, to the ELCC value of DR. There is a great deal of variability among DR resources in the underlying technology, load type, and load patterns used to provide load reduction. Any attempt to develop to a generic ELCC value for such a heterogeneous resource is virtually guaranteed to be highly inaccurate and discriminatory toward those DR resources whose performance exceeds the CAISO's ELCC value.

In response to the CAISO's request for stakeholder input for its recommendations to the CPUC regarding the appropriate methodology for establishing qualifying capacity values for variable-output demand response, the Council refers the CAISO to the Council's March 23 opening comments on Track 1 proposals in R.19-11-009. In them, the Council puts forth a revised version of its own qualifying capacity counting proposal and comments on the CAISO's ELCC proposal.

In response to the CAISO's request for input on the definition of "nameplate", the Council recommends the CAISO use the NQC value as indicated in each DRP's monthly supply plan because that is most reflective of the expected capability of each DR resource.

3. **End-of-Day State of Charge**

The Council reserves comment on this issue.

4. **End-of-Hour State of Charge**

The Council reserves comments on this issue.

5. **Default Energy Bid for Storage Resources**

The Council reserves comment on this issue.

6. **Minimum Charge Requirement**

The Council reserves comment on this issue.

7. **Additional comments**

N/A