

February 6, 2023

CPUC Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
EDTariffUnit@cpuc.ca.gov

Re: Protest of the California Energy Storage Alliance to Advice Letter 4950-E of Southern California Edison Company, Advice Letter 6826-E of Pacific Gas and Electric Company, and Advice Letter 4142-E of San Diego Gas and Electric Company

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”) hereby submits this Protest to the above-referenced Advice Letter 4950-E of Southern California Edison Company (“SCE”), Advice Letter 6826-E of Pacific Gas and Electric Company (“PG&E”), and Advice Letter 4142-E of San Diego Gas and Electric Company (“SDG&E”) *Joint Submittal of Proposed Modifications to the Emergency Load Reduction Program Pilot Pursuant to Decision 21-03-056, Decision 21-12-015, and Decision 21-12-069* (“Joint Advice Letter”) submitted on January 17, 2023.

I. INTRODUCTION.

This Joint Advice Letter submitted by the investor-owned utilities (“IOUs”) covers multiple modifications related to the Emergency Load Reduction Program (“ELRP”), which is designed to “allow the large electric IOUs and [the California Independent System Operator (“CAISO”)] to access additional load reduction during times of high grid stress and emergencies involving inadequate market resources, with the goal of avoiding rotating outages while minimizing costs to ratepayers.”¹ The ELRP was launched in 2021 and was approved as a pilot for the years 2021 through 2025.

After the initial launch of ELRP in 2021, the Commission discussed modifications to be made to ELRP for Summer 2022 and beyond. On December 6, 2021, the Commission issued Decision (“D.”) 21-12-015 along with attached guidance that adopted a number of proposals related to ELRP to increase participation and provide additional clarifications. CESA supported many of the modifications adopted by the Commission and believe that they have encouraged participation in ELRP and increased the availability of additional resources for grid emergencies, including the 10-day grid emergency that was experienced in 2022.

¹ D.21-03-056 at 18.

One element that was adopted was the establishment of minimum dispatch hours for three customer subgroups:

- Group A.2 Non-Residential Aggregator – 10 hours
- Group A.4 Virtual Power Plants (“VPP”) – 20 hours
- Group A.5: Electric Vehicle (“EV”) and Vehicle-Grid Integration (“VGI”) Aggregators – 30 hours

As a part of the pilot implementation, the IOUs are permitted to “seek to modify various aspects of ELRP design via an IOU-specific or joint IOU Tier 2 AL [...] by January 15 of each program year to manage program enrollment, improve program efficiency, increase potential load reduction available to ELRP, improve program value, and reduce program cost.”² In this Joint Advice Letter, among other changes, the IOUs ask to reduce the minimum dispatch hours for Groups A.4 and A.5 to 10 hours.

Upon review of the Joint Advice Letter, CESA generally supports the intent and specific proposed changes, including the allowance of dual participation in IOU Direct Enrolled demand response (“DR”) programs for A.4 or A.5 resources if device-level metering is used, which will serve to increase the value of ELRP resources and improve the participation rates of customers. Overall, many of the changes proposed in the Joint Advice Letter better position the ELRP to support summer reliability needs. However, CESA submits this protest on the basis of one specific issue: in contrast to the IOUs’ proposal, the minimum dispatch hours set by D.21-12-015 should be maintained for each sub-group in order to maintain and increase ELRP participation for Summer 2023 and beyond. In order to alleviate the IOUs concerns, CESA recommends having ELRP events dispatched for the purpose of meeting minimum dispatch hours not count towards the 60-hour event limit.

II. THE MINIMUM DISPATCH HOURS SET BY D.21-12-015 SHOULD BE MAINTAINED FOR EACH SUBGROUP.

D.21-12-015 established the minimum dispatch hours for Groups A.2, A.4, and A.5 in order to encourage customers to participate in the program, “since they would otherwise have no assurance of receiving compensation.”³ Some form of guaranteed revenue, in the form of capacity payments or dispatch guarantees, is “necessary for storage-backed resources to ensure sufficient revenue-generating opportunities to cover and offset capital expenditures and other soft costs associated with customer acquisition, interconnection, etc.”⁴ Other device-backed resources that require relatively higher upfront investment, such as VGI aggregations, similarly have higher costs but also higher grid benefits, particularly exporting EV resources (*i.e.*, V2X resources), that must go purchase more expensive equipment (*i.e.*, chargers with inverter capabilities built in) and go

² D.21-12-069 at Ordering Paragraph (“OP”) 1.

³ D.21-12-015 at 40.

⁴ CESA Opening Brief at 11.

through additional interconnection processes to unlock exporting capabilities. This idea was discussed by many other parties in testimony and briefs on ELRP for summers 2022 and 2023, with multiple aggregators explaining how minimum dispatch hours help enable customer participation.⁵

The IOUs argue that meeting the minimum dispatch hours can “potentially [...] exhaust available dispatches for future grid emergencies.”⁶ In support of this claim, the IOUs share that in 2022 they had lowered the dispatch trigger for Groups A.2, A.4, and A.5 to a CAISO Flex Alert. This led to one five-hour event dispatch in mid-August before the extreme grid emergency that spanned from August 31, 2022 through September 9, 2022.

D.21-03-056, which established the ELRP as a pilot, included rules around program event limitations, including:

- Program availability: May – October; seven days a week; 4 pm – 9 pm
- Event duration: 1-hour minimum; 5-hour maximum
- Annual dispatch limit: Up to 60 hours

The IOUs claim that dispatches for Flex Alerts or other grid needs early in the ELRP season could cause customers to hit their 60-hour maximum dispatch and be unable to participate in grid emergencies later in the season. For this reason, the IOUs state that the minimum dispatch hours should be reduced to 10 hours for Groups A.4 and A.5.

In 2022, there were 11 days where CAISO called Flex Alerts, and therefore, calling ELRP events during all of those days from 4-9pm would have amounted to 55 hours of events in 2022.⁷ It is worth noting that only two days of Flex Alerts, August 17 and September 2, did not also include the issuance of an Energy Emergency Alert (“EEA”). When looking at only EEA events, including EEA Watch, EEA 1, EEA 2, and EEA 3, thirty-three (33) hours of ELRP events would have occurred.⁸ In 2021, only eight (8) Flex Alerts were called (maximum 40 hours of events), and in 2020, ten (10) Flex Alerts were called (or 50 hours).⁹ CESA acknowledges that it will be hard

⁵ See *Opening Prepared Testimony of Voltus* submitted in Rulemaking (“R.”)20-11-003 at 3 and 8; *Prepared Direct Testimony of Carl Lenox, Senior Director, Electrification and Advanced Product Management Alexander Sherman, Director, Sunrun Energy Services on Behalf of Sunrun Inc.* submitted in R.20-11-003 at 16; *Phase 2 – Reliability For 2022-23 – Update: Opening Prepared Testimony of Joint Demand Response Parties (CPower and Enel X North America, Inc.)* submitted in R.20-11-003 at 24; *Prepared Direct Testimony of the California Solar & Storage Association* submitted in R.20-11-003 at 9.

⁶ Joint Advice Letter at 3.

⁷ In 2022, all Flex Alerts were called for a minimum of 5 hours between either 4-9pm or 4-10pm. Data from *Grid Emergencies History Report* published by CAISO on December 20, 2022. Available at: <http://www.caiso.com/Documents/Grid-Emergencies-History-Report-1998-Present.pdf>

⁸ Data includes all EEA events in 2022. Hours with multiple EEA events (e.g., both an EEA 1 and EEA 2) were only counted as one event hour. EEAs called for the hours outside of 4-9pm were not counted as ELRP event hours. Data from *Grid Emergencies History Report* published by CAISO on December 20, 2022.

⁹ Data from *Grid Emergencies History Report* published by CAISO on December 20, 2022.

for the IOUs to perfectly predict grid conditions across the summer season; however, at this point, even the most extreme years have yet to lead to 60 hours' worth of Flex Alerts.

Generally, CESA believes that the IOUs' discretion to use Flex Alerts as the initial dispatch trigger for these ELRP events and then transitioning to using EEA triggers was appropriate in 2022. As the IOUs gain additional experience in dispatching these resources, and as the CAISO works with the Commission on establishing more transparent and concrete Flex Alert criteria, CESA believes that the IOUs, in conjunction with CAISO and state agencies, can coordinate on when to dispatch different resources and can successfully use ELRP resources across grid emergencies. CESA also encourages the IOUs to think of how to dispatch different groups (e.g., Group A.2 versus Groups A.4 and A.5) during different Flex Alert events to ease grid stress while maintaining resources for future events later in the season. Enrolling additional customers to ELRP will also help to provide additional flexibility in group dispatch, as dispatching only certain groups will still provide significant capacity during Flex Alerts or other times of grid needs. However, reducing minimum dispatch hours will only reduce ELRP participation and this flexibility in coming years.

III. HOURS DISPATCHED FOR THE PURPOSE OF MEETING MINIMUM DISPATCH HOURS SHOULD NOT COUNT TOWARDS THE 60-HOUR SEASON LIMIT.

Traditionally, DR programs have included limitations around dispatch to: (1) increase predictability for customers surrounding when DR events will occur so that preparations could be made accordingly and (2) reduce customer fatigue that commonly occurs when customers create load reduction by reducing electric usage. If customers are asked to repeatedly reduce electric usage by altering business operations or modifying the use of home appliances, the ability for them to do so can decrease over time and lead to unenrollment from the DR program, particularly if underperformance is penalized.

On the other hand, DR enabled by the discharge of a stationary or mobile energy storage device mitigates these historic issues by providing both load reduction and exports without the customer inconvenience experienced with other load control measures. With the use of a storage device, customers can participate in DR events with minimal or no change to their electricity usage and often through automated controls that do not require customer action, thus allowing storage-backed DR resources to be dispatched more frequently, and perhaps for longer periods, than traditional DR. For example, PG&E conducted a VPP study within its DR Emerging Technologies ("DRET") pilot, partnering with Tesla to enroll residential battery storage systems in a VPP. The study showed that over 92% of customers responded to event calls, with most events having a response of over 95%, and that storage-backed DR could be dispatched for three consecutive days at different times and deliver consistent positive load impacts.¹⁰

Generally, the device-backed and storage-backed DR provided by Group A.4 VPPs and Group A.5 VGI aggregations benefit from more frequent dispatch and additional revenue certainty,

¹⁰ *DR Emerging Technology (DRET) Tesla Battery Study Results* published by PG&E at 22.

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as discussed above. This, combined with reduced customer fatigue, means that these customers can dispatch for more than 60 hours of ELRP events across a season. Especially since ELRP is a voluntary program without penalties for underperformance against predicted response, CESA believes it is appropriate to dispatch ELRP more frequently if additional energy is needed.

Therefore, events that are called at the discretion of the IOUs for the purposes of meeting minimum dispatch hours (*i.e.*, events that are called during Flex Alerts or instances outside of the EEA ELRP event triggers), should *not* count towards the 60-hour annual dispatch limit. This will ensure that resources are available during EEA periods and will alleviate the IOUs' concerns surrounding the contribution of minimum dispatch hours towards that cap. It is within the IOUs' discretion to request this modification as a part of this Joint Advice Letter to “increase potential load reduction available to ELRP” and “improve program value.”¹¹

IV. CONCLUSION.

CESA appreciates the opportunity to submit this Protest in response to the Joint Advice Letter and looks forward to collaborating with the Commission and the IOUs to better enable participation in the ELRP in the Summers of 2023 and 2024.

Respectfully submitted,



Jin Noh
Policy Director
California Energy Storage Alliance

cc: Connor Flanigan, SCE (AdviceTariffManager@sce.com)
Tara S. Kaushik c/o Karyn Gansecki, SCE (Karyn.Gansecki@sce.com)
Sidney Bob Dietz II c/o Megan Lawson, PG&E (PGETariffs@pge.com)
Greg Anderson, SDG&E (GAnderson@sdge.com, SDGETariffs@sdge.com)
Service lists of R.20-11-003, A.17-01-012, et al., and R.13-09-011

¹¹ D.21-12-069 at OP 1.