PG&E’s comments on CAISO’s Proposed Revision Request 1280

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PG&E opposes CAISO’s PRR 1280 as it exceeds the authority granted by the CAISO Board of Governors, conflicts with the rules of the California Public Utilities Commission (CPUC), usurps the CPUC’s authority over the Resource Adequacy program, negatively impacts demand response (DR) participation, and it does not result in increasing the reliability of demand response.

1. **PRR 1280 exceeds the authority granted by CAISO’s Board of Governors to include local on the supply plan, by also requiring that DR that counts for system resource adequacy also be on the supply plan.**

The CAISO Board authorized tariff language to enable a pre-dispatch option which would exceptionally dispatch slow DR in the day-ahead market, thereby allowing it to count for local resource adequacy. CAISO included in its board materials their implementation details which would require local DR to be on the supply plan in order for the California ISO Interface for Resource Adequacy (CIRA) Application to “see” these resources. CAISO has now exceeded what the CAISO board approved for local DR, by extending this implementation requirement to system resource adequacy.

1. **PRR 1280 conflicts with current CPUC rules and exceeds the jurisdictional authority of the CAISO.**

PRR 1280 would contradict CPUC guidance on how DR is counted. CAISO’s PRR results in a scenario in which DR not on a Load Serving Entity’s (LSE) supply plan does not count for resource adequacy. The CPUC has given the IOUs instructions which indicate that they intend to continue allocating resource adequacy credit for DR to all of its jurisdictional LSEs; this creates a challenge to putting DR on the supply plan for the CAISO. The CPUC’s guidance on DR RA allocation is also documented in the 2020 RA Users Guide.[[1]](#footnote-1) As the CPUC is the administrator of the resource adequacy program, any change should be decided by the CPUC and not the CAISO.

1. **PRR 1280 creates filing challenges and impacts the amount of DR counted.**

An abrupt transition to including all DR resources on CAISO’s supply plan creates a misalignment between compliance programs at the CPUC and CAISO. This discrepancy creates challenges with compliance showings, effectively requiring LSEs to show additional resources to offset the unrecognized DR credit to avoid a deficiency. In addition, this PRR unilaterally discounts IOU DR programs by hindering the amount of DR counted toward resource adequacy, which disincentivizes DR and negatively impacts the cost effectiveness of the DR program in its current form. This negative impact to DR is inconsistent with the loading order which states, “The electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.” [[2]](#footnote-2)

1. **If the aim of PRR 1280 is to make DR more reliable PG&E disagrees that it accomplishes that goal. PG&E provides CAISO information on the availability and reliability of its DR programs through PG&E’s bids, availability spreadsheets, and oversight by the CPUC.**

PG&E provides CAISO the availability of its non-supply plan DR resources through its bids and a spreadsheet that highlights availability during the DR season. PG&E’s demand respond programs are subject to the CPUC’s Least Cost Dispatch requirements and oversight as a part of the Energy Resource Recovery Account which requires all IOUs to justify DR opportunity costs and the rationale for when DR programs are not called. If the CAISO’s rationale for including DR on the supply plan is to make the resource more reliable, there are already processes in place to ensure availably and oversight without requiring resources to be on the supply plan.

1. R.17-09-020. 2020 Filing Guide for System, Local and Flexible Resource Adequacy (RA) Compliance Filings. July 21, 2020. Page 30. <file:///C:/Users/A3GJ/Downloads/Final%202020%20RA%20Guide%20Clean_20200721%20(1).pdf> [↑](#footnote-ref-1)
2. California Loading Order. Codified in California Public Utilities Code 454. [↑](#footnote-ref-2)