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Informal Comments of the Center for Sustainable Energy® in response to Questions for Informal Comment
Demand Response Pilot for Disadvantaged Communities

The Center for Sustainable Energy® (CSE) appreciates the opportunity to provide these informal comments regarding the *Assigned Commissioner's Office Draft Straw Proposal for Pilots Targeting Demand Response to Benefit Disadvantaged Communities* (Draft Straw Proposal). CSE provides limited informal comments in response to the following questions:

- Definition of disadvantaged communities; and
- Proposal for pilots targeting disadvantaged communities, including strategies and customer classes.

1. **<u>Regarding the draft straw proposal:</u>**

   a. **Would you change the environmental and economic goals, the system and local objectives, or the definition of disadvantaged communities? If so, please describe and explain.**

   Pursuant to Senate Bill (SB) 535 (Stats. 2012, ch. 830) and CalEPA, "disadvantaged communities" are defined as "census tracts in the top 25 percent of CalEnviroScreen 3.0 scores, plus those census tracts that score in the highest 5 percent of CalEnviroScreen's Pollution Burden without an overall CalEnviroScreen score." Accordingly, CSE supports the definition of disadvantaged communities as outlined in the Draft Straw Proposal.

   b. **What would you propose for pilots targeting disadvantaged communities?**

   CSE supports the Draft Straw Proposal's direction to "leverage opportunities to expand or build upon forthcoming pilots, other funded research projects (e.g., EPRI projects), or completed demand response pilots that can provide useful launching-off points for follow-up study."[1]

   Ongoing efforts that could be leveraged to support the pilots include CSE's Automated Demand Response Workforce Development Project (energycenter.org/demand-response). Funded by the California Energy Commission

[1] *Assigned Commissioner's Office Draft Straw Proposal for Pilots Targeting Demand Response to Benefit Disadvantaged Communities* (Draft Straw Proposal), February 7, 2018, page 12.

under the Electric Program Investment Charge (EPIC), this pilot project aims to accelerate the adoption and installation of automated demand response (AutoDR) technology in disadvantaged communities by training a skilled workforce to perform installations statewide. Electrical apprentices from disadvantaged communities will have access to both classroom and on-the-job AutoDR training at seven Joint Apprenticeship Training Centers throughout California. CSE encourages the CPUC to consider pilot programs that leverage the use of skilled local labor as well as support workforce development in disadvantaged communities in order to provide greater economic benefits to these communities.

Additionally, a current CPUC-approved research effort for the Self-Generation Incentive Program (SGIP) could inform the creation of demand response pilots that aim to reduce greenhouse gas (GHG) emissions. On December 29, 2017, the CPUC established a working group to model whether a forward-looking GHG signal (i.e., a signal that forecasts future marginal GHG emissions rates) could be used to encourage energy storage systems to operate in ways that reduce GHG emissions.[2] For example, knowing in advance the marginal GHG emissions profile for the day, storage systems can charge during times of low marginal GHG emissions rates and discharge during times of high marginal GHG emissions rates. The working group is currently modeling different scenarios and will present its results to the CPUC via a final report in the coming months. CSE encourages the CPUC to consider the lessons learned through this effort, specifically by leveraging a forward-looking marginal GHG emissions forecast to reduce GHG emissions. As an active member of the GHG Signal Working Group, CSE is available to provide greater detail regarding the lessons learned in the working group.

2. <u>Regarding location:</u>

a. Which geographic area or community should these pilots target in each IOU service territory?

CSE proposes that the CPUC expand the analysis of generating capacity summarized in Table 1 of the Draft Straw Proposal to include the heat rate and average number of hours of dispatch for generation located in disadvantaged communities. By including these factors in selecting the specific geographic area or communities, the pilot projects will be more likely to target communities where the adoption of demand response (DR) will result in highest marginal reductions of GHG emissions and criteria air pollutants.

[2] R.12-11-005, *Assigned Commissioner's Ruling (1) Establishing an Energy Storage Greenhouse Gas Signal Working Group (2) Entering a Summary of the November 15, 2017 Energy Storage Workshop into the Record*, December 29, 2017.

3. <u>Strategy to test for possible large-scale implementation</u>:

a. What strategy or strategies should the pilots test? [e.g., targeted marketing, special incentive structure, use of storage, new DR (increase use to avoid curtailment)]

Based on CSE's experience implementing various incentive programs and managing the EPIC Automated Demand Response Projects, CSE recommends that the pilot projects incorporate the following strategies:

- Education and outreach to increase awareness and understanding of demand response
- Demand response tied to existing energy efficiency program outreach activities to increase program enrollment
- Integration of incentive programs for demand response with incentive programs for energy efficiency, including streamlined application processes for program participants
- Engagement of skilled local workforces to perform installation work
- Funding via incentives to cover the costs of facility assessments and equipment.

b. Which customers or customer classes should the pilot target? (e.g., residential customers, community organizations and small/medium businesses that serve the community, etc.)

CSE encourages the CPUC to consider pilot proposals that target customer classes, such as small and medium businesses, whose participation in demand response programs has been limited to date. Ongoing barriers to participation of small and medium businesses in Investor-Owned Utilities' (IOUs') AutoDR programs include a lack of understanding among contractors and utility customers of the AutoDR programs offered by the IOUs and inadequate technical support resources for project implementers targeting small and medium businesses. Investments in programs that educate contractors and consumers and provide technical assistance to support the deployment of AutoDR in small and medium businesses are critical to achieving the CPUC's DR goals.[3]

[3] Draft Straw Proposal at 5-7.