**Demand Flexibility OIR (R.22-07-005) Workshop on Track B Working Group Proposals-20231017\_093950-Meeting Recording 1**

October 17, 2023, 8:10PM

14m 19s

 **Baird Brown** 0:17
Terms.

 **kay aikin (Guest)** 0:17
The effect the system is the same for lowering your load versus using your battery to export or use.
You know, so this the same effect to the grid happens, so the incentives should be the same whether you have a battery resource, whether you have a ability to turn down air conditioning load, that should be the same incentive on both sides.
Yeah.
Well, I I agree with what?

 **Grygier, Jan** 0:47
What you said, Kay and I, they got agree with what?
What bed was saying?
It's this.
I I I I think that the other proposals are also.

 **Campi, Hannah L** left the meeting

 **Grygier, Jan** 1:01
I'm assuming symmetric prices so that it doesn't matter what your option level would be or what your subscription level was, or for that matter, whether you're importing or exporting from the grid itself.
Yeah.
So that that they should be in in fact the same prices.
So I think we're, I think we're in violent agreement, but again maybe I'm confused I I if you if you really.

 **kay aikin (Guest)** 1:26
If you lay out how it would actually work with the subscription versus the the.
And option you you you'll find and if you just do the do the math of the way the prices would go back and forth, you'll find that Dr is actually in a quote penalized versus export.
OK.
Yeah, I'll have to get back on that one.

 **Grygier, Jan** 1:55
Yeah.
And and we'd be happy to.

 **Baird Brown** 1:58
Talk offline and just make sure.
I mean, you may not agree with us in the end, but to the extent there's any confusion, we're we're more than happy to try and straighten it out.

 **Sabrinna Soldavini** joined the meeting

 **Sabrinna Soldavini** left the meeting

 **Baird Brown** 2:06
I also note that Sam asked him the chat.
And this is a conversation we've had before.
Umm, isn't the value of Dr and exports not just energy value but also the reduced Gen and capacity value?
And I guess what we're saying is that that a real time, umm, offer of energy is not really reducing capacity costs.
You know it.

 **Sabrinna Soldavini** joined the meeting

 **Baird Brown** 2:36
It's it's only having, I mean while in the aggregate the tariff over time will reduce them.
You know, one person's promise to read, you know, you know, in real time or or the day ahead to reduce isn't really reducing the long term planning costs of the utility or even the short term planning costs.
So, UM, you know that's a that's a longer economic discussion to have anything and to add on what?

 **kay aikin (Guest)** 3:06
Paired said, I think I think one of the.
So I I'm I'm a great theorist.
I'm a, you know, a grid architecture person.
So I think one of the things that we should be looking to move toward is where we have flexible response on 8760, we shouldn't be trying to only focus on flexible response for 60 hours or 80 hours or 100 hours.
If we can build a system that is flexible all the time, we're going to lower that.
We're gonna make that duck curve disappear on every circuit.
We're going to level the entire system, which is going to bring capacity charges down for the entire system.
So the benefit of it is going may not be today, but the benefit is going to be next year's rate plan when capacity is cheaper and the year after that when capacity is cheaper.
So that's where the benefit is to the entire region rather than a single customer.
I I I would say that.

 **Grygier, Jan** 4:09
But I I think the I use agree with you in general it's question of.
How many customers do you think are gonna be ready for that full blown solution when and sort of in the in the interim to get used to it?
So that's the idea of the stepping stones is, you know, get them used to TRU.
Some of them haven't been out to you for more than a year or two.
Get them used to the other dynamic thing and then move to RTP, but we certainly see that an 8760 kind of thing or even 8760 \* 12 Right is is sort of a an optimal solution at the end it's question of how to get there best and and what customers along the Fair fair fair.

 **Jean** joined the meeting

 **kay aikin (Guest)** 4:51
Fair enough.
We we want what's best for the system.
I just.
I'm.
I'm.
I'm I'm terribly worried that if we continue to study this to end effect and be so I've done a lot of work in Department of Defense and it's it's an interesting thing.
The Department of Defense wants AI.

 **Marisa Williams** joined the meeting

 **kay aikin (Guest)** 5:12
They want things that will think for themselves, but they want them perfectly predictable.
You can't have both.
Yeah.
That's the old it's the old sore, you know.

 **Grygier, Jan** 5:25
Umm.
Quality budget schedule.

 **Stephen Gunther** joined the meeting

 **Grygier, Jan** 5:30
Choose any two.
Choose any two, that's.
OK.
Well, thank you.
Thank you for that.

 **Madduri, Parimalram "Achintya"** 5:36
Present mission and we will be shifting on to.
Working Group 2 proposals, so to kick things off we have a little Gupta with the energy division proposal for the price machine and transactive system and subscription manager.

 **Mathai-Jackson, Grady (Law)** left the meeting

 **Madduri, Parimalram "Achintya"** 5:58
Thank you, Cynthia.

 **Gupta, Aloke** 6:00
Let me load up the sliders.

 **Jeanne Armstrong** left the meeting

 **Gupta, Aloke** 6:20
Able to see something that's in here.
We can see it, but we're we're not seeing.

 **Madduri, Parimalram "Achintya"** 6:24
The full screen so ohh, how about this?
Yes, yeah.
Yeah.
Thank you. Umm.

 **Gupta, Aloke** 6:34
So as Argentina indicated, we will now start discussing Working Group 2 proposals which was focused on which is focused on systems and processes.
Umm, so I will start with the an overview of staff proposal for the various systems.

 **Albert Tapia** joined the meeting

 **Gupta, Aloke** 6:59
There you go.
It's just there are four systems that we identified price, portal, price machines, subscription manager and transactive platform.

 **Rose Monahan** left the meeting

 **Gupta, Aloke** 7:12
In the interest of the limited time available I I thought I would focus on a discussion of price machine and then take some questions and well and maybe we can discuss the other systems when the I use talk about it.
Umm.
So with respect to the price machine, this was in response to a question #4 part A uh, in the scoping memo, which I believe the question was.
Ohh what's systems and processes should the Commission authorized for computation of dynamic prices from bundle and unbundle customers?
Umm for the staff proposal of the joint proposal with the Team X UMM for for the price machine and there are some addendums from different.
I think that at least three different parties, including team mix and.
In response to party comments to the draft report, UMM we did make several amendments to the to the price machine proposal, so there's a red line version of that in the final working Group report in the.
In the appropriate, uh section.
Umm.
And a lot of the amendments were motivated by, I think there was at least one party request for more details and clarifications.

 **Alexis Rizo** joined the meeting

 **Gupta, Aloke** 8:50
So.
Umm, umm, that's what you will see the amendments focusing on is just providing more details than clarity.
So I hope that's been helpful.
Umm, so the price machine proposal itself has three parts.
First part definition so.
Basically the the function of or the proposal price machine is to compute a time dependent dynamic composite.
Umm.
Electricity prices based on time dependent grid conditions.
Another you know, some people might just say real time or current grid conditions.

 **Ainspan, Malcolm** joined the meeting

 **Gupta, Aloke** 9:31
Ohh and at least in staff proposal the price machine would you know, at least in the initial phase of the deployment exclude non dynamics, non volumetric price components such as fixed charges or subscriptions.
Ohh there didn't you know this price machine is not intended to substitute for a billing engine.
It's not supposed to. Umm.
And you know it's it's a, it's focused on providing a demand flex signal, not necessarily represent what the customer would pay.
And at the end of the month, for all the consumption, including fixed charges and other options.
By the way, the non volumetric is an errata here.
Rob Umm, we didn't catch that in the written version, so this added here.
Moving on to the next slide.
So the second part of the proposal is focused on the required functionality and there are three parts to the required functionality.
So let me try to summarize that.
So first part of the required functionality is to simply.
Compute.
So simply compute the time dependent dynamic capacity components based on predefined price functions where the time dependent grid conditions, inputs and so capacity here would be capacity for generation capacity for distribution as well as potentially transmission.
Later on you you'll see that we talk about the administrator of the price machine as the price machine administrator.
So the presumption here that the PM A would define the required formats for the price functions and the grid condition inputs.
Umm, the and so a couple of details that provided for the down the slide umm the first point is that umm, but the the the price function could include not the non marginal cost recovery.
I'm on the time dependent volumetric basis.
Umm, I know the are you the joint?
Are you proposal proposal that the volumetric component be only marginal cost?
Ohh here the price question is simply we will we are lying for the option of you know the ability to include non marginal cost recovery in the volumetric grid and I think the staff proposal that Cynthia summarized for Working Group 1.
Umm in that include that optionality of including non marginal cost second point all these price functions that we refer to for generation distribution and transmission would be defined by the appropriate entity and in particular in the case of unbundled LLC's, umm, you know, they get to define the generation capacity price function.
There would be no involvement by UTC or the distribution company in that case.
And you know, a critical aspect of a computing the prices is obviously a grid conditions then for so .3 here is that the appropriate entity whether it's the LDC or UDC or in time the transmission operator would be responsible for providing the respective time dependent grid conditions as inputs to the price machine.
And these, you know, this could be a forecaster, a set of inputs, or this could be based on SCADA where the inputs are automatically being fed from scatter into the price machine.
So that's part.
That's part of the functionality, Part B of the functionality is to now compute the time dependent composite electric electricity prices, and so that involves adding up the three different capacity prices that we discussing the first slide and add to that the wholesale market energy price coming from kaiso.
And so the entire compilation the, the entire composite price stream would be associated with the unique rate identification number.
This is the vocabulary borrowed from CC's load management standards.
Uh, so these so the price machine could be computing the prices associated with the rent on a day ahead basis or optionally on a real time basis ohm.

 **Madduri, Parimalram "Achintya"** stopped transcription