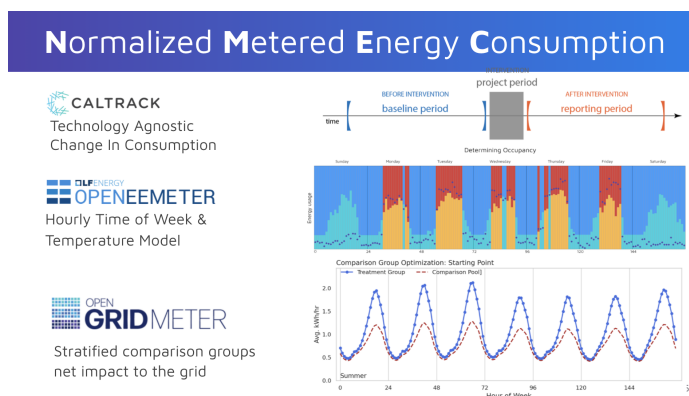


Right now, the **Commission can adopt the equivalent to a unified field theory by pointing all DERs at a common system value stack with consistent M&V.** This will help break down barriers of funding, program rules, and cost-effectiveness to enable demand flexibility. These primary barriers to historical integration of demand-side resources are now also blocking demand flexibility:

The program administrators were asked to indicate the level of significance associated with a list of regulatory barriers to offering or expanding IDSM programs and portfolios found in the literature. A majority of the respondents identified the separation of existing utility DSM program budgets as the most significant barrier to the successful implementation of IDSM. A lack of effective metrics for evaluating cost-effectiveness was considered as being a very significant or the most significant barrier by roughly half of the respondents. Five of the 11 respondents felt that a lack of integrated EM&V rules, as well as the diversity of entities delivering DSM, were also very significant barriers. ² ~ LBNL, 2018

California already has the essential elements to enable advanced demand flexibility. AMI and meter-based analytics underpin the key elements of tracking changes in normalized metered energy consumption (with open source M&V). It is foundational for enabling streamlined paths for aggregators to deliver value to customers and the grid and scale investments in the demand-side with confidence. We are not, however, executing with these elements because of the historic silos and legacy policies that, in many cases, have outlived their usefulness.



Many proceedings are trying to tackle these issues independently. For example, the Commission's recent adoption of the **Total System Benefits metric in the energy efficiency proceeding³** represents a major step toward reconciling efficiency with the broader

² J. Potter, E. Stuart, P. Cappers; Barriers and Opportunities to Broader Adoption of Integrated Demand Side Management at Electric Utilities: A Scoping Study, 02/2018 LBNL: [LBNL-200111](https://www.lbnl.gov/publications/LBNL-200111)

³ In [D.21-05-031](#) stakeholders agreed that energy "savings" was **no longer the most important metric** to forecast potential and set goals for energy efficiency when decarbonization was such an important factor.

demand flexibility value proposition that could be an essential stepping stone to models that recognize the full integration of DERs - like the outline of rate reform proposals presented by staff at the May workshop are intended to do.

The Advanced DER & Demand Flexibility Management workshop could seed a new proceeding or a track in an existing proceeding that would **focus on enabling a future of demand flexibility inclusive of but not limited to rate design**. The recently initiated rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers (R.20-08-022) is one example of cross-cutting consideration of how DER initiatives inter-operate. While the IDER was intended as a path for integration - it has focused more on treating resources separately and sequentially in their historic silos than from a cross-cutting perspective. We encourage the Commission to recalibrate and take steps to align the multiple proceedings affecting DER deployment.

The Commission adopted (and annually updated in the IDER proceeding) avoided costs already serve as a master price signal to aggregators and load-serving entities delivering and procuring demand flexibility resources. Recurve supports considering other value streams as part of that equation - locational marginal price, for example - but believes it is crucial that short-and long-term planning are considered transparently. Open source tools help make the agreed-upon value signals accessible.⁴ More importantly it is incumbent upon the Commission to ensure that the signal is an accurate, clear and a stable reflection of the long term policy goals that DERs can help achieve in addition to enabling short term responsiveness. Aligning the value-stack with retail prices and greater visibility and access to prices, would be complementary to aggressive efforts to move customers to adopt new technologies, manage load, and adapt their behaviors to grid needs. But a customer price signal alone is not enough.

Aggregators play an essential role in building the bridge between customers' needs for quality energy-related products and services and the system value. Utilities, CCAs and other load-serving entities will be better able to tap into the demand flexibility they need to enhance reliability, and decarbonize at reasonable rates for all - with strong

⁴ The [FLEXvalue](#) engine is an open source package of tools to simplify and bring to life the valuation of demand-side resources with the ACC value stack at it's core.

engagement of innovative aggregators. Retail rate discovery and disclosure will enable them to better make the value proposition, and design and implement solutions that will optimize customer's energy bills. Since rates alone will not likely be the final solution, we recommend the Commission stay focused on core barriers to enabling existing solutions to meet the state's climate objectives.

We recommend the Commission focus on the core issues that need to be addressed to enable Advanced DER & Demand Flexibility Management:

- Reconsider **data access rules** to overcome existing barriers enabling future demand flexibility⁵
- **Consider full integration** of budgets, potential analyses, goals, program rules, and M&V to enable demand flexibility solutions for customers.⁶
- Cost-tests **should not penalize external investments**, including those of participants, for any demand flexibility resource.⁷
- **Update Resource Adequacy accounting rules** for qualifying capacity to recognize the value of the short and long term, dispatchable, and non-dispatchable resources on a consistent, transparent basis.⁸
- **Keep it simple**, by streamlining access for aggregators to deliver system value with demand flexibility.⁹

Respectfully Submitted,



Carmen Best

VP of Policy & Emerging Markets

⁵ See recent briefs of [Mission:data](#) and [CEDMC, OhmConnect and LEAP](#) OhmConnet and LEAP on A.18-11-015 click-through-proceeding for discrete challenges.

⁶ The [Demand Response potential study](#) could be fully integrated with the energy efficiency potential study to enable consumption-focused analytics and combined impacts.

⁷ [Whitepaper: Evolving Cost-Effectiveness Policy and Tools to Enable Modern Energy Efficiency and Demand-Side Management](#), October 2019

⁸ Recurve supports CEDMC's more detailed comments on this recommendation.

⁹ [Recurve comments on proposed energy efficiency decision](#) prior to adoption of [D.21-05-031](#)