

Fact Sheet on the Emergency Load Reduction Program (ELRP)

In March 2021 the California Public Utilities Commission (CPUC) created the Emergency Load Reduction Program (ELRP) to pilot a new Demand Response approach to help avoid rotating outages in the summers of 2021 and 2022.

What is ELRP?

ELRP is a pilot program designed to allow the state's investor-owned utilities (IOUs) and the California Independent System Operator (CAISO), which manages the state's electric grid, to rely on additional reductions in electric demand during times of peak usage when there may be limited generation available. The program helps eliminate the need for rotating outages while minimizing costs to ratepayers associated with building additional standby resources that are seldom used.

ELRP will function as an insurance layer on top of the existing resource adequacy reliability planning and separate from the CAISO wholesale market, giving grid operators a new tool to address unexpected power system conditions. The pilot program is designed to compensate customers for voluntarily reducing demand on the grid when called upon by the CAISO in the event of a grid emergency.

When will ELRP be available?

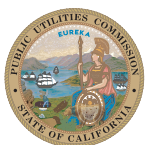
The initial duration of the ELRP pilot will be five years, 2021-2025, with years 2023-2025 subject to review and revision in a separate demand response proceeding that is expected to commence in November 2021. General ELRP program parameters include the following:

Program availability	May – October; seven days a week; 4 p.m. – 9 p.m.
Event duration	1-hour minimum; 5-hour maximum
Annual dispatch limit	Up to 60 hours
Consecutive day dispatches	No constraints

When will an ELRP event be triggered?

ELRP is triggered as a last resort, if the additional procurement and other measures the CPUC and CAISO have put in place in response to the August 2020 rotating outages prove to be insufficient.

ELRP is triggered only following a CAISO Alert, Warning, or Emergency (AWE) declaration. CAISO AWE declarations involve multiple stages: Alert (different from a “Flex Alert” and issued in the day-ahead), Warning,



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and a Stage 1, 2, or 3 Emergency (issued in real time), per the CAISO Operating Procedure 4420. ELRP may be triggered by the IOUs only following a CAISO AWE declaration, and enrolled customers may be called to reduce load in the day-ahead or day-of timeframe. An ELRP event may not be triggered by an IOU for a localized transmission or distribution emergency.

For any ELRP event, enrolled customers may choose not to participate, as there is no requirement to shed load during these events (although ELRP payment is contingent on demonstrated load shed). If customers are unable to participate for any reason, including other regulatory restrictions, they will not be penalized.

How does ELRP differ from Flex Alert?

ELRP is triggered following a CAISO AWE declaration, which is distinct from and rarer than a CAISO Flex Alert event. A Flex Alert is a call by the CAISO for consumers to voluntarily conserve electricity when there is a predicted shortage of energy supply, especially if the CAISO needs to dip into reserves to cover demand.

Prior to last summer, the CAISO issued a total of 20 Flex Alerts over a 10-year period. By comparison, the CAISO issued a total of eight AWE declarations that would have triggered ELRP over the same period, if ELRP had existed in those earlier years.



Which customers may participate in ELRP?

There are two distinct groups of customers eligible to participate in ELRP:

- **GROUP A:** Non-residential customers that are not currently participating in a CAISO market-integrated Demand Response program (except the Base Interruptible Program). Customers with distributed energy resources that can generate energy (e.g., behind-the-meter solar plus storage, electric vehicles, cogeneration, etc.) are eligible to participate in ELRP, as well as the Virtual Power Plants that aggregate batteries across multiple customers.
- **GROUP B:** Customers enrolled in the CAISO market-integrated Demand Response resources operated by third-party providers or IOUs are automatically eligible if their Demand Response operator elects to participate in ELRP.

Certain size, permitting, and other eligibility criteria apply to each group. Interested customers should contact their utility for more information. Customers who have an existing arrangement with a third-party demand response provider should contact that entity for more information.



Are customers allowed to use diesel backup generators (BUGs) under ELRP?

A customer may use any self-generation technology, including BUGs, to help offset their energy consumption during an ELRP event and receive compensation. Customers using BUGs must still comply with their permits.

How do enrolled customers get notified of an ELRP event?

ELRP will utilize both **DAY-AHEAD** and **DAY-OF** event notifications to reduce load.

The **DAY-AHEAD** trigger is tied to a day-ahead Alert declaration by the CAISO per its AWE escalation process, which is declared by 3pm the day before the day of concern.

- Following the Alert, the IOUs have complete discretion to activate Group A customers—either all participants simultaneously or in a selectively staggered manner—and ask them to prepare to reduce electricity demand during the designated event period.
- In parallel, Group B customers will be activated by the operator of the demand response program they are enrolled in and asked to reduce electricity demand during the ELRP event.

The **DAY-OF** trigger follows any Warning or Emergency declaration by the CAISO and applies only to Group A customers. As with the day-ahead trigger, the IOUs will exercise discretion in calling an ELRP event based on anticipated grid conditions and activating participants to reduce electricity demand during the event.

How will ELRP participants be compensated?

Participants will be compensated after-the-fact at a prefixed compensation rate of \$1,000/megawatt-hour for every megawatt-hour of electricity consumption they reduce voluntarily during an ELRP event. The reduction in consumption during an ELRP event is measured relative to how much energy the customer typically used on other days preceding the event day during hours similar to the event hours. There are no penalties for not reducing energy consumption.

ELRP coordination between the IOUs and the CAISO

The IOUs have been directed to form a “Joint ELRP Operations Board” with representatives from each IOU’s grid operations group and an invited representative from the CAISO’s grid operations group. The Board will facilitate continuous dialogue and coordination among the IOUs and the CAISO in the exercise of discretion for declaring an ELRP event and activating Group A customers. Following an AWE declaration by the CAISO, the Board will periodically assess the current and forecasted grid conditions and provide guidance on target electricity demand reductions to be sought by the IOUs from ELRP-enrolled customers.

More information

For more information, please see the [CPUC’s Decision creating the ELRP program](#) and its [attachment](#), or visit www.cpuc.ca.gov/ELRP.