



# California Public Utilities Commission

April 27, 2023

## Guide to CPUC's Load Impact Protocols (LIP) Process

Redlined Version 3.1

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## A. Introduction and Purpose of This Guide

The Guide to the California Public Utilities Commission's (CPUC's) Load Impact Protocols (LIPs) Process (Guide) is a compilation of the Energy Division's interpretation of the CPUC's Decisions in Resource Adequacy (RA) and Demand Response proceedings. This Guide is intended to serve as a convenient reference point for Demand Response Providers (DRPs) and Load Serving Entities (LSEs) interested in seeking Resource Adequacy (RA)-eligible Qualifying Capacity (QC) for their Demand Response (DR) resources.

A key step in the determination of RA-eligible QC of DR resources is a review by Energy Division, in collaboration with California Energy Commission staff, of applicable CPUC policies and the LIP data to establish the load impact levels that could be counted for reliability. RA is one of the most important responsibilities of the CPUC, as it is the cornerstone program to ensure reliable electricity service to California ratepayers. The RA rules set by the CPUC and the California Independent System Operator only function if it is demonstrated that resources with assigned capacity values are, in fact, able to perform. Pursuant to Decision 08-04-050,<sup>1</sup> the CPUC delegated authority to Energy Division to establish the DR capacity that can be counted on with confidence for RA.

This Guide is updated periodically to reflect current Decisions and requirements. Although the Guide is organized for quick reference, the filing party is encouraged to review the Guide *and* the actual LIPs in their entirety to become familiar with the requirements. To the extent that this Guide may be incomplete or may not address a particular issue, the reader is encouraged to consult the related CPUC Decisions.

Inquiries related to the Load Impact Protocols, applicable DR policies, or this Guide can be directed to [Andrew.Magie@cpuc.ca.gov](mailto:Andrew.Magie@cpuc.ca.gov) and [LoadImpactProtocolsInfo@cpuc.ca.gov](mailto:LoadImpactProtocolsInfo@cpuc.ca.gov).

## B. Background

The Load Impact Protocols (LIPs) and the LIP filing requirements to estimate ex-ante Qualifying Capacity (QC) and establish RA-eligible QC for DR resources were adopted by [D.08-04-050](#),<sup>2</sup> which prescribe a set of guidelines for estimating

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<sup>1</sup> D.08-04-050, Protocol 27, 10.4 at 148-149: "Joint Staff (CPUC and CEC) is responsible to resolve any disputes that arise related to evaluation plans or evaluation results. For example, if a party disagrees with a chosen baseline method for evaluation of a particular program, the Joint Staff should have the authority to decide how to resolve it. Elevating these types of technical disputes to the Commission will be too time-consuming and these technical disputes do not need formal venues such as advice letters for resolution."

<sup>2</sup> "Decision Adopting Protocols for Estimating Demand Response Load Impacts," in R. 13-09-011. The Load Impact Protocols themselves can be found in the D.08-04-050 Attachment A here: [https://docs.cpuc.ca.gov/PublishedDocs/WORD\\_PDF/FINAL\\_DECISION/81979.PDF](https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/81979.PDF).

the load impact (or load change) resulting from DR activities. These guidelines established a consistent method for measuring program performance across DR resources on ex-post basis and for forecasting anticipated performance (or available capacity) on ex-ante basis. Additionally, the resulting capacity estimates are used to analyze the cost-effectiveness of DR programs managed by the IOUs and for other CPUC activities such as the RA framework and long-term integrated resource planning.

The LIPs define the minimum data outputs needed to understand the impact of a DR resource and statistical measures to assist in determining the accuracy of these impact estimates. The LIPs allow flexibility on the part of the load impact evaluators to choose methodologies which are both feasible for and suitable to the type of DR activity or program being analyzed. The protocols allow the evaluators to define any additional purposes and needs of a particular evaluation beyond the minimum required data. To the extent appropriate, the protocols provide direction and guidance on what methods might be appropriate in different situations and raise issues that evaluators should consider when choosing their methods.

The LIP filing requirements were subsequently modified by [D.10-04-006](#),<sup>3</sup> which required parties to submit all LIP-associated filings to the Energy Division and to serve them to parties of the specified service list, instead of filing to the proceeding.

As directed by [D.14-03-026](#), DR resources bid into the CAISO's wholesale market are considered supply-side DR resources (SSDR). These resources can be counted for RA and receive RA capacity payments, accompanied by a Must-Offer Obligation.

In [D.16-06-045](#), the CPUC granted a temporary exemption from the LIPs for all market-integrated DR resources that were being bid into the market by third-party DRPs for the 2017-2019 RA compliance years. During that period, contract capacity was used in lieu of LIPs, to establish RA-eligible QC values for the above resources.

In [D.19-06-026](#),<sup>4</sup> the CPUC recognized the expiration of this exemption and noted that LIPs were once again required for determination of QC values for all market-integrated DR resources, whether third-party DRP-, IOU-, or LSE-managed, except for DR resources participating in the Demand Response Auction Mechanism (DRAM) pilot in 2020-2023, where an alternative capacity counting method is in place.<sup>5</sup>

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<sup>3</sup> "Decision Modifying Demand Response Load Impact Report Annual Filing Requirements," in R. 07-01-041.

<sup>4</sup> "Decision Adopting Local Capacity Obligations for 2020-2022," in R. 17-09-020.

<sup>5</sup> D.19-06-26 at 41-42.

In the Fall of 2019, the Energy Division initiated a LIP process for third-party DRPs, in addition to the IOUs, to obtain RA-eligible QC values for their DR resources through LIP filings beginning in 2020. Based on comments from parties, the Energy Division released an updated LIP schedule and requirements on January 3, 2020.

On February 2, 2020, the Energy Division clarified that, for any current or future LSE solicitations for market-integrated DR capacity, the LIPs for the DR resources being bid into the solicitation need not be completed prior to the solicitations. However, after the solicitation, all contracted RA capacity on the year ahead and month ahead CPUC RA filings must be supported by the Energy Division-approved QC values established for the contracted year (N) via a completed LIP process in the prior year (N-1).

In [D.20-06-031](#),<sup>6</sup> the CPUC adopted a process to update the QC of market-integrated DR resources up to two times a year to reflect changes in customer enrollments *during* the RA compliance year, provided that the requested changes vary by more than 20 percent, or 10 MW, whichever is greater.

D.20-06-031 also established testing and dispatch requirements for “all third-party DR resources procured by non-IOU LSEs.” These resources “must demonstrate response over a four-hour period on a quarterly basis.”<sup>7</sup>

D.20-06-031 also directed a re-formation of the Supply Side Working Group (SSWG) to “(1) define the details of the biannual process; (2) further study the LIPs and potential enhancements to improve the accuracy, transparency, and applicability of the methodology; and (3) re-evaluate the QC update threshold (20 percent, 10 MWs) for potential future updates.”<sup>8</sup> The Decision directed the SSWG to submit its recommendation for items (2) and (3) into Track 4 of R. 19-11-009.

For item (1), the Energy Division and the California Efficiency and Demand Management Council (CEDMC) each submitted a proposal on the bi-annual QC update process on October 15, 2020. On October 19, 2020, Energy Division held a SSWG meeting, after which the CEDMC submitted a revised proposal on October 19, 2020.

On February 10, 2021, the Energy Division released the final process and schedule for the QC update process for filing year 2021 as part of this Guide

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<sup>6</sup> “Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program,” in R. 19-11-009.

<sup>7</sup> D.20-06-031, 3.5.1.1 Discussion, at 40.

<sup>8</sup> OP 16 at 93-94, “Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program,” in D.20-06-031.

(version 1.0). The Guide was subsequently updated on May 7, 2021. Later, version 2.0 was issued December 20, 2021.

In [D.21-06-029](#), the CPUC requested the California Energy Commission (CEC) “to develop recommendations for a comprehensive and consistent measurement and verification (M&V) strategy, including a new qualifying capacity (QC) counting methodology for demand response (DR) resources addressing ex post and ex ante load impacts for implementation as early as practicable.” The CEC was also “requested to launch a stakeholder working group process in the 2021 Integrated Energy Policy Report (IEPR) and make actionable recommendations... no later than March 18, 2022.”<sup>9</sup> This stakeholder working group is colloquially called the CEC Supply-Side Demand Response (SSDR) QC Working Group.

The CEC opened [Docket 21-DR-01](#) in response to the request and has been working with stakeholders since July 2, 2021 on a new methodology.<sup>10</sup> CEC’s recommendations are expected to be considered by the CPUC in the RA proceeding in early 2023. The outcome of this proceeding could potentially impact the DR QC methodology applicable for Filing Year (FY) 2024.

In [D.22-06-050](#), the CPUC clarified the quarterly testing report requirements and moved the RA measurement hours during the months of March and April from 4-9 PM to 5-10 PM. In addition, the CPUC established that RA Compliance Year 2024 (FY 2023) would be considered a “test year” for the 24-hour slice-of-day framework.

D.22-08-039 found it reasonable to use the existing LIP methodology for the test year. However, the CPUC recognized that LSEs would need further guidance on how to utilize the LIP outputs under the 24-hour slice-of-day framework, and parties were directed to submit proposals in Workstream 2 of R.21-10-002.<sup>11</sup> This process resulted in D.23-04-010, which made updates to the DR RA counting methodology under the 24-hour slice-of-day framework for the 2024 RA test year. D.23-04-010 also clarified that the year-ahead compliance showing for the test year would be due on November 30 and that test year filings would be limited to a year-ahead compliance showing and a sample of month-ahead compliance showings, so as not to overburden LSEs while they simultaneously comply with the current RA requirements and showings.<sup>12</sup>

In terms of various compliance obligations of LIP report filers and DR providers, the following points are notable:

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<sup>9</sup> D.20-06-029, OP 11, at 77. Seven issues were identified to be discussed in the stakeholder working group.  
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603561.PDF>.

<sup>10</sup> CEC Docket 21-DR-01.

<sup>11</sup> D.22-08-039, OP 2-3, at 15.

<sup>12</sup> D.23-04-010 at 71-72.

- In the creation and submission of the LIP report, the CPUC expects filers to follow Title 20, Division 1, Chapter 1: Rules of Practice and Procedure, Article 1, Rule 1.1: “Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law.” <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf>
- When utilizing the RA-eligible QC (and the associated enrollment basis) determined through the LIP process for supply plans and CAISO market participation, DR providers are expected to follow CAISO Rules of Conduct 37.3.1.1: “Market Participants must submit Bids for Energy, RUC Capacity and Ancillary Services and Submissions to Self-Provide an Ancillary Service from resources that are reasonably expected to be available and capable of performing at the levels specified in the Bid, and to remain available and capable of so performing based on all information that is known to the Market Participant or should have been known to the Market Participant at the time of submission.” <https://www.caiso.com/Documents/Section37-Rules-of-Conduct-asof-Jan1-2021.pdf>

This Guide is now being re-issued as version 3.1 with updates for 2024 RA test year incorporating the changes made in D.23-04-010.

The Guide will be re-issued as version 4.0 later this year to incorporate the 24-hour slice-of-day methodology for RA-year 2025 when adopted by the Commission.

## C. Best Practices for LIP Filings

### Procedural

1. Follow all filing deadlines, content requirements, and reporting templates as directed in [Protocols 26 and 27](#).
2. The evaluation protocols for all DR resources are defined in the LIPs. Alternative methods to calculate LIPs are outside the scope of this document. Proposals for alternative methods should be filed in the relevant proceeding to obtain CPUC approval.
3. Consistent with reporting requirements established in Ordering Paragraph (OP) 4 of [D. 08-04-050](#), parties must submit their LIP-associated filings to the Energy Division and serve the files to the relevant service lists and to the Demand Response Measurement Committee (DRMEC).<sup>13</sup> Filings containing confidential information<sup>14</sup> can be served to the [Energy Division's KiteWorks Secure File Transfer Protocol \(SFTP\)](#) website by emailing them to [LoadImpactProtocolsInfo@cpuc.ca.gov](mailto:LoadImpactProtocolsInfo@cpuc.ca.gov).

### Data Requirements

1. Meeting the minimum data and analysis requirements is a pre-requisite for establishing confidence in the LIP Final Report:
  - a. Follow the LIP guidance on how to control for uncertainty that may result from the estimation methods and/or underlying variables when conducting evaluations (for example, appropriate sample sizes, sampling strategy, etc.)<sup>15</sup>
  - b. Understand that the goal of impact estimation is to establish a causal relationship between the DR resource and the load impact.
  - c. When creating a control group is not possible, utilize probability distributions associated with key drivers of the resource and reasonable assumptions, as prescribed by the LIPs.<sup>16</sup>

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<sup>13</sup> The service lists are R. 19-11-009, A. 17-01-012, and the DR and RA proceedings current to the LIP filing year (RA: R. 21-10-002, DR: A. 22-05-002, et al.). The e-mail for the DRMEC is [drmec@calmac.org](mailto:drmec@calmac.org). The emails for Energy Division are [Andrew.Magie@cpuc.ca.gov](mailto:Andrew.Magie@cpuc.ca.gov) and [LoadImpactProtocolsInfo@cpuc.ca.gov](mailto:LoadImpactProtocolsInfo@cpuc.ca.gov).

<sup>14</sup> Including materials that contain proprietary, market-sensitive information.

<sup>15</sup> Protocol 5, Section 4.1.2: "The mean change in energy use per year shall be reported for the average across all participants and for the sum of all participants on a DR resource option for each year over which the evaluation is conducted."

And Protocol 6: Estimates shall be provided for the 10th, 30th, 50th, 70th and 90th percentiles of the change in energy use in each hour, day and year, as described in Protocols 4 and 5, for each day-type and level of aggregation described in Protocol 8."

<sup>16</sup> Protocol 16, Section 6.1: "For regression based methods, the following statistics and information shall be reported: (1) Adjusted R-squared or, if R-squared is not provided for the estimation procedure, the log-likelihood of the model, (2) Total observations, number of cross-sectional units and number of time periods, (3) Coefficients for each of the parameters of the model, (4) Standard errors for each of the parameter estimates, (5) The variance-covariance matrix for the parameters, (6) The tests conducted and the specific corrections conducted, if any, to ensure robust standard errors, (7) How the evaluation assessed the accuracy and stability of the coefficient(s) that represent the load impact."

2. All ex-post measurements or ex-ante projections of DR resource capacity or energy must be reported as measured at the premise meter level and exclude any adjustments for loss factors or Planning Reserve Margin (PRM).
3. Ex-ante and ex-post table generators must provide a breakdown for each hour according to each Local Capacity Area (LCA) matched to sub-Load Aggregation Points (sub-LAPs) at both the program and portfolio levels.
4. Ex-ante table generators must provide projections under both CAISO and utility weather 1-in-2 and 1-in-10 conditions.<sup>17</sup>
5. All ex-post and ex-ante tables must include a separate tab containing the raw data inputs that inform the table generators.
6. At minimum for consistency, all data referenced and analysis discussed within the LIP narrative must be based on IOU 1-in-2 weather conditions, portfolio level impacts, and medium enrollment scenario (if multiple growth scenarios are presented). Optionally, additional data/analysis based on other scenarios could be included if desired.
7. In the ex-ante section of the LIP report (as well as the table below), the customers (meters) who are expected to provide the ex-ante projected capacity (associated with the DR program for which the RA-eligible QC is being requested) in a specific month must be distinct from and incremental to the customers counted by the DR Provider for any other DR program commitments (such as, DRAM, IOU CBP/BIP, other DR procurement contracts) in the same month. In other words, the ex-ante projection must represent any ONE of the following categories (but not blend multiple categories):<sup>18</sup>
  - a. DRAM (Demand Response Auction Mechanism)
  - b. IOU CBP (Capacity Bidding Program)
  - c. IOU BIP (Base Interruptible Program)
  - d. IOU API (Agricultural-Pumping Interruptible)
  - e. Other IOU procurement contracts for supply-side DR as RA
  - f. Non-IOU LSE procurement contracts for supply-side DR as RA

### ***Executive Summary Requirements (Third Party DRP requirements)***

1. The following summary information must be included within the first page of the Executive Summary of the LIP report (please include additional rows for each local area and repeat the table as needed if the report data is separated for different or program types – such as, battery vs. HVAC):

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<sup>17</sup> Per Protocol 22, Section 6.1

<sup>18</sup> "Distinct from and incremental to" ex ante capacity is known as "program ex ante" as opposed to "portfolio ex ante"

Ex-Ante Projections for Qualifying Capacity (Insert Year Here) Under 1-in-2 Utility Weather Conditions						
As of August	Scenario #1		Scenario #2		Scenario #...	
Local or System Capacity Allocation	Number of Customers (meters)	MWs	Number of Customers (meters)	MWs	Number of Customers (meters)	MWs
(If local, state the utility name; if system, state the TAC area <sup>19</sup> )						

2. In case of LIP reports for DR resources contracted with non-IOU LSEs, the executive summary must include a section with a summary of key program attributes of DR contracts with non-IOU LSEs related to resource availability (# of hours in a day/month/year, min/max limits on number of dispatches/events, consecutive days, days of the week), performance obligations, energy and capacity invoicing and payment terms, and penalties for under performance or not meeting commitments.
3. Third-party DRPs should include the following information in the report's executive summary, as well as in a separate tab in the ex-ante table generator (*MWs should exclude any adders or adjustments*):

	DRP (below) = Third-party DRP <sup>20</sup>	2020	2021	2022	2023	2024
1	Total August capacity awarded to DRP by the IOUs under DRAM					
2	Total August DRAM capacity shown by the DRP on month-ahead supply plans				N/A	N/A
3	Total August customer (meter) enrollment (related to #2 above) estimated by the DRP in the month-ahead supply plans				N/A	N/A
4	How much of the August DRAM capacity in #2 above was invoiced by the DRP as Demonstrated Capacity (%)				N/A	N/A
5	Total August customer (meter) enrollment (related to #4 above) estimated by the DRP in the year-ahead supply plans (submitted in October of the prior year)					N/A
6	Total August DR capacity contracted by the DPR with non-IOU LSEs					

<sup>19</sup> [Transmission Access Charge](#) area

<sup>20</sup> As a reminder, the non-IOU LSE MW must be incremental for all other commitments per Executive Summary Requirements point #2.

7	Total August capacity (related to #6 above) shown by the DRP on month-ahead supply plans***					N/A
8	Total August customer (meter) enrollment (related to #6 above) estimated by the DRP in month-ahead supply plans***					N/A
9	Total August capacity nominated (or to be nominated) by the DRP into the IOU CBP					
10	Total August capacity enrolled (or to be enrolled) by the DRP into IOU BIP					
11	Total DR August capacity contracted by the DRP under other IOU procurement programs (as of April of the filing year)					

\*\*\*for 2023, report April supply plan

## Analysis

1. The Protocols require a forecast exercise using the relevant Utility's 1-in-2 and 1-in-10 weather scenarios. To obtain these scenarios, please contact the following:  
 Gil Wong, PG&E: [gil.wong@pge.com](mailto:gil.wong@pge.com)  
 Nery Navarro, Yi Liu, and Jenny Chen, SCE: [nery.navarro@sce.com](mailto:nery.navarro@sce.com), [yi.liu@sce.com](mailto:yi.liu@sce.com), and [jennychienyi.chen@sce.com](mailto:jennychienyi.chen@sce.com), respectively  
 Leslie Willoughby and Lizzette Garcia-Rodriguez, SDG&E: [leslie.willoughby@sdge.com](mailto:leslie.willoughby@sdge.com) and [lgarcia-rodriguez@sdge.com](mailto:lgarcia-rodriguez@sdge.com).
2. A reference load measured at the premise level should attempt to establish a causal relationship between a load reduction and the dispatch of a DR event.<sup>21</sup>
3. If estimates are needed for scenarios that differ from those that have already occurred, refer to the guidance on alternative methods and explain them.<sup>22</sup>
4. Current (2023 and beyond) "measurement hours" are 4-9 PM in all months except March-April, which are 5-10 PM.<sup>23</sup>
5. 24-Hour Slice-of-Day Test Year Requirements: A four consecutive hour dispatch is required in ex ante within Availability Assessment Hours (AAH) on the "worst day"<sup>24</sup> of each month unless the DR resource is required by contract or tariff to be capable of dispatching for more than four hours (if more than four, ex ante must include all of AAH).<sup>25</sup>

<sup>21</sup> For example, an energy dispatch from a storage device could be responding to time-of-use management, instead of a DR event. Alternately, a premise's load may increase, which would reduce the portion of the load measured from the storage device. In either case, direct metering would not be able to establish causality.

<sup>22</sup> Protocol 16, Section 6.1

<sup>23</sup> D.22-06-050 OP 5.

CPUC's RA "Measurement Hours" were modified to align with CAISO's "Availability Assessment Hours."

<sup>24</sup> Per D.22-06-050, Appendix A, at 1: "The "worst day" is defined as the day of the month that contains the hour with the highest coincident peak load forecast."

<sup>25</sup> D.23-04-010, OP 11.

- a. The value of DR resources will vary by hour based on the resources' capabilities, and the LSE will show DR availability in the same hours that were used in ex ante LIP filing.<sup>26</sup>
  - b. Snapback effects must be included in the ex-ante LIP filings but will not be reflected in RA capacity counting.<sup>27</sup>
6. Transmission Loss Factor (TLF) and Distribution Loss Factor (DLF) adders will be retained and used during the 2024 RA test year.<sup>28</sup>

### **New DR Resources**

1. If submitting a study on new DR resources, the filing party may reference the available data that best approximates the anticipated performance of the new resources, either published data or the historical performance of similar resources operated by the filing party.<sup>29</sup>
2. When proposing new market integrated DR resources, a preferred practice is for the DRP to conduct pilots or participate in a Utility program as an aggregator to establish market dispatch history that is specific to California.
3. Day matching and regression methods are preferred over engineering analysis, especially if there is sufficient ex post data. "[E]ngineering analysis is much less useful for estimating the impacts associated with most DR resources because impacts are driven much more by consumer behavior than by technology implementation."<sup>30</sup>

### **Data Quality Considerations**

1. If no data exists, follow the guidelines on how to turn unobservable characteristics into observable ones.<sup>31</sup>
2. When sufficient data from the DR resource for the LIP filing doesn't exist, considerations as to whether alternative data planned to be use are "reasonable"
  - a. California data should be used unless all other options are exhausted.
  - b. Only like-for-like comparisons should be made. E.g., a resource previously performing under a BIP tariff is unlikely to have the same performance in a CBP-like program.

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<sup>26</sup> D.23-04-010, OP 11.

<sup>27</sup> D.23-04-010, OP 11.

<sup>28</sup> D.23-04-010, OP 12.

<sup>29</sup> Protocol 17, Section 6.1: "Whenever possible, ex ante estimates of DR impacts should be informed by ex post empirical evidence from existing or prior DR resource options. Evidence from resource options and customer segments most relevant to the ex ante conditions being modeled should be used, regardless of whether they come from the host utility or some other utility. If ex post estimates or models are not used as the basis for ex ante estimation, an explanation as to why this is the case shall be provided."

<sup>30</sup> Protocols 10-11, Section 4.2.2, at 77.

<sup>31</sup> Protocol 16, Section 6.2.2

3. If, per the evaluator's determination, the existing data is not sufficient, document the differences and explain why the estimation was not possible.<sup>32</sup>
4. Ideally, to establish confidence in a DR resource's ability to meet the minimum RA requirements: 1) the ex-post data should include evidence of load impacts sustained over multi-hour events, multiple times per year, under different conditions, including performance over RA measurement hours and three consecutive days, with 2) ex-ante data that includes fatigue considerations.
5. In building the ex-ante regression model from the ex-post data, a weighted regression model should be used which weights events with much larger sample sizes and smaller confidence intervals over events with small sample sizes.
6. Ideally, a performance track record of DR resources should be developed through the LIP reports over the years, so that subsequent LIP filings can more accurately project future performance.
  - a. When possible, the report should discuss how discrepancies between prior ex-ante forecast submitted two years ago and last year's actual performance reported in the current filing are being addressed to increase confidence in the latest ex-ante projection in the current filing.
  - b. When the current resource portfolio is substantially different (such as, enrollment, end use load type, total capacity achieved) from that assumed in the prior ex-ante projection, the current LIP filing should explain these differences.

### ***Third-Party DRP Contract and Market Participation***

1. DRPs may enter into a contract with an LSE that is not subject to the Central Procurement Framework<sup>33</sup> for three years of Local Resource Adequacy based on the Qualifying Capacity (QC) assigned to them for the first year.<sup>34</sup>
2. Consistent with the Energy Division Guidance on applying LIPs to [IRP Solicitations](#) released on February 18, 2020, LIPs for the DR resources being bid into the solicitation need not be completed prior to the solicitations. However, subsequent to the solicitation, all contracted RA capacity on the year ahead and month ahead CPUC RA filings must be supported by Energy Division-approved QC values established for the contracted year (N) via a completed LIP process in the prior year (N-1).

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<sup>32</sup> Protocol 17, Section 6.1

<sup>33</sup> D. 20-06-002 in R. 17-09-020, "Decision on Central Procurement of the Resource Adequacy Program."

<sup>34</sup> The three-year forward Year Ahead local Resource Adequacy requirement was adopted in [D. 19-02-022](#). This capacity is granted in the first year is based on the DRP's LIP Final Report filing on April 1, 2020.

Parties offering DR resources into current and future solicitations are advised to complete their LIPs in anticipation of any future solicitations of interest.

3. While the Energy Division is providing the above guidance, it is each DRP's responsibility to ensure that its potential countersigners or partners are aware of potential risks associated with the outcome of the LIP process.

During the RA compliance year, a DRP must not shift resources required to meet DRAM and IOU program commitments to meet non-LSE capacity commitments.

## D. Filing Schedule for LIP Reports

Beginning in 2022, all filing deadlines are the same for IOUs and third-party DRPs.

**Table 1: Schedule for Obtaining DR QC Through the LIP Review Process**

Filing Requirement (Third-Party DRPs and/or LSEs <sup>35</sup> )	Deadline for Filing Year 2023+ (RA Year 2024+)
1. Draft Evaluation Plan distribution to service lists <sup>36</sup> and to the DRMEC <sup>37,38</sup>	October 29 – January 3, 2023
a. Stakeholders and DRMEC comment on Draft Evaluation Plan via service lists	15 days after submission of Item 1.
b. Filing Party publishes a summary of comments from the DRMEC and stakeholders, and how they are addressed. <sup>39</sup>	No date requirement.
2. Draft LIP Report due to service lists, filing to include item 1b <sup>40</sup>	March 10, 2023
a. Stakeholders, parties, and DRMEC comment on draft LIP Report via service lists	March 24, 2023
3. Final LIP Report due (including responses to comments <sup>41</sup> ) via service lists	April 3, 2023
a. Host IOU LIP Report workshop	May 1-2, 2023
b. Host DRP and SCE LCR LIP Report Workshop	May 10: 1-2 weeks after first workshop
4. Energy Division DR Section begins review of LIP filings	May 2023
5. Initial RA requirements assigned to Load Serving Entities (LSEs)	June 2023

<sup>35</sup> Load Serving Entities including Investor-Owned Utilities (IOUs)

<sup>36</sup> R. 19-11-009, A. 17-01-012, and the DR and RA proceedings current to the LIP filing year.

<sup>37</sup> The email address for the Demand Response Measurement and Evaluation Committee is [drmec@calmac.org](mailto:drmec@calmac.org).

<sup>38</sup> Protocol 27, Section 10.1.

<sup>39</sup> The party filing the evaluation plan is responsible for publishing a small summary of comments received and how or if they were incorporated into the final evaluation plan for each load impact study. The final evaluation plan will be made available to Joint Staff and parties upon request. (LIP 27, Section 10.1.3 at 147.)

<sup>40</sup> Protocol 27, Section 10.2.

<sup>41</sup> Protocol 27, Section 10.3.

6. Energy Division DR Section finalizes DR QC assignments	September 2023
7. Energy Division RA section assigns final RA requirements to LSEs	
8. Third-Party DRPs submit names of capacity buyers and associated MWs to Energy Division RA and DR Sections	October 2023
9. LSEs submit RA Year-Ahead compliance filing for current RA requirements to the Energy Division RA and DR Sections	October 31, 2023
10. LSEs submit RA Year-Ahead compliance filing for the 24-hour slice-of-day framework test year to the Energy Division RA and DR Sections	November 30, 2023 <sup>42</sup>

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<sup>42</sup> D.23-04-010, OP 18.

## E. Quarterly Testing Requirements

All DR resources must abide by the testing requirements set in [D.14-06-050](#). These testing results should be included in the ex-post data that is used to make ex-ante projections.<sup>43</sup>

Beginning with 2021, [D.20-06-031](#) established specific testing requirements for third-party DR resources procured by all non-IOU LSEs.<sup>44</sup> [D.22-06-050](#) further clarified testing requirements and exemptions for third party DR resources starting in RA year 2023.<sup>45</sup> The testing requirements for third-party DR resources procured by all non-IOU LSEs include:

1. The DR resources must be dispatched for four consecutive hours during the RA measurement hours at least once every quarter.<sup>46</sup> ED staff recommends that dispatching the DR resources during the hours used in the ex ante LIP filing.
2. This requirement can be fulfilled either through a CAISO market dispatch or an out-of-market test with a preference for market dispatches.<sup>47</sup>
3. The quarterly dispatch must be done at the Resource ID (RID) level and all resources within the same Sub-Load Aggregation Point (Sub-LAP) must be dispatched concurrently. The test shall be done in the month with the highest qualifying capacity for each Sub-LAP.<sup>48</sup> When possible, ED staff recommends all resources within a DRP's portfolio to be dispatched concurrently, to provide stronger evidence of available capacity.
4. Performance must be averaged over the four consecutive hours for each day.<sup>49</sup>

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<sup>43</sup> Per D.20-06-031 at 38: "All test results would be provided to the Commission and be used to determine QC values."

<sup>44</sup> Per D.22-06-050, OP 12 (testing requirements) and 13 (submitting results of test).

OP 12(a): "The DR resource must dispatch for four consecutive hours during the Resource Adequacy measurement hours in every quarter of the delivery year."

OP 12(b): "The test must be done at the resource ID level and all resources within the same sub-Load Aggregation Point must be dispatched concurrently. If qualifying capacity values vary by month, within each quarter, the test shall be done in the month with the highest qualifying capacity for each sub-Load Aggregation Point."

OP 13(a): "The scheduling coordinator shall submit the test results to the DR buyer, DR provider, Energy Division, and the California Independent System Operator by the end of the quarter following the quarter in which the test dispatch occurs."

OP 13(b): "Third-party DR providers shall submit the test results in their Load Impact Protocol analysis and reports submitted to the Commission."

<sup>45</sup> Per D.22-06-050 OP 12: "The testing requirements do not apply to: (1) third-party DR resources procured via investor-owned utility (IOU) programs, such as the Capacity Bidding Program and Base Interruptible Program, or contracted by an IOU under Commission-approved contracts prior to the effective date of this decision; and (2) third-party DR resources in the 2023 Demand Response Auction Mechanism pilot."

<sup>46</sup> Per D.22-06-050, OP 12(a).

<sup>47</sup> Per D.20-06-031, p.40.

<sup>48</sup> Per D.22-06-050, OP 12(b).

<sup>49</sup> Per D.20-06-031, p.41.

5. The Scheduling Coordinator (SC) must submit the performance result for the quarterly dispatch to the DR buyer, DR provider, Energy Division, and the CAISO by the end of the quarter following the quarter in which the dispatch occurs.<sup>50</sup>
  - a. Please submit quarterly dispatch results and/or documentation of efforts to acquire the supporting data to Energy Division at [LoadImpactProtocolsInfo@cpuc.ca.gov](mailto:LoadImpactProtocolsInfo@cpuc.ca.gov).
6. The third-party DRPs must include the performance results of 4-hour dispatches in the LIP Reports submitted to the CPUC in an hourly format.<sup>51</sup>
7. All DR resources belonging to a third party DRP for which results are not timely provided will be ineligible for RA showings until the results are submitted. If the DRP is unable to provide results by the appointed date due to inability to access the required meter data, they may submit documentation showing efforts to acquire the supporting data.<sup>52</sup>

All quarterly dispatch reports should use the template available [here](#).

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<sup>50</sup> Per D.22-06-050, OP 13(a).

<sup>51</sup> Per D.22-06-050, OP 13(b).

<sup>52</sup> Per D.20-06-031, p.41.

## F. Process for Updating DR Resource QC During RA Compliance Year

Beginning with 2021, two opportunities are available *during* the RA compliance year to update the QC values for DR resources qualified through the LIP process in the previous year:<sup>53</sup>

- April 1 (for delivery beginning in July of the RA compliance year)
- July 1 (for delivery beginning September of the RA compliance year)

The update process is described below and summarized in Table 2.

For third-party DRPs:

1. An update filing during the RA compliance year is *required* when the current capacity of the DRP's DR resource portfolio falls below the threshold of 20% below or 10 MW less than the QC value of the resource portfolio assigned through the prior year LIP process.
2. An update filing is also *required* during the RA compliance year when:
  - a. The current capacity of the DRP's DR resource portfolio increases above the threshold of 20% or 10 MW greater than the assigned QC value, **and**
  - b. The DRP plans to sell the incremental capacity to an LSE during the RA compliance year.
3. An update filing is *optional* when:
  - a. The current capacity of the DRP's DR resource portfolio increases above the threshold of 20% or 10 MW greater than the assigned QC value **and**
  - b. The DRP has no plans to sell the incremental capacity to an LSE during the RA compliance year.

For IOUs:

4. An update filing is *optional* when:
  - a. The current capacity of the LSE's DR resource portfolio increases above the threshold of 20% or 10 MW greater than the assigned QC value **and**
  - b. The IOU has no plans to increase the RA allocation assigned to the DR resources in the RA compliance year.

For All DR Providers:

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<sup>53</sup> OP 15 D. 20-06-031: "The following clarifications to the Load Impact Protocol (LIP) process for third-party demand response (DR) resources are adopted: (a) Ex post and ex ante load impacts are required at the subLoad Aggregation Point level. (b) Mid-year updates are permitted to reflect changes in customer enrollment if the change is reasonably large. In the compliance year, on a biannual basis, Energy Division shall update qualifying capacity (QC) values based on the actual customer enrollment volume associated with that resource in the California Independent System Operator's Demand Response Registration System. LIP results will be updated if QC values vary by more than 20 percent, or 10 MW, whichever is greater."

5. An update filing must utilize the “QC Update” standardized template and include the following information:
  - a. Average per-customer ex-ante load impact for each sub-Load Aggregation Point (sub-LAP) from the last approved LIP results for the applicable RA delivery months.
  - b. Current customer enrollment in the CAISO Demand Response Registration System (DRRS) at the time of QC update request (in aggregate and by sub-LAP).
  - c. The ex-ante enrollment forecast from the last approved LIP results for the applicable RA delivery months.
  - d. Updated enrollment forecast, including all active and inactive locations as indicated by the CAISO DRRS.
6. The QC update request for the applicable RA delivery months shall be made as follows:
  - a. Updated QC (in RA month N) = Actual customer enrollment (from CAISO DRRS in month of request) + Projected enrollment growth (for RA month N, per the last approved LIP results)) x Average ex-ante load impact per customer (from the last approved LIP results).
  - b. Updated QC allocation aggregated by sub-Load Aggregation Point (sub-LAP) level, mapped to individual resource IDs.<sup>54</sup>
  - c. Indicate the proportion by which the MW value has changed on a portfolio level.

**Table 2: Schedule for Submitting Bi-Annual Updates for Qualifying Capacity**

Applicable to All IOUs and Third-Party DRPs	Updates for 2023 RA Year
1. Table of revised information as prescribed earlier, containing changes that meet either an increase or decrease of 20% or 10 MW of a portfolio's QC value.	April 3, 2023 (for delivery beginning in July 2023)
2. Table of revised information containing changes that meet either an increase or decrease of 20% or 10 MW of a portfolio's QC value since the filing in Item 1.	July 3, 2023 (for delivery beginning September 2023)

<sup>54</sup> Per D. 20-06-031 at 45. This information is used by CAISO to update its Customer Interface for Resource Adequacy (CIRA) system.

## G. Using Templates

Protocol 26<sup>55</sup> of the LIPs details the required content of the reports, while Protocols 4-25 describe the output requirements and formats. Table 9-1 contains a template for ex-post estimation; Table 9-2 displays a template for ex-ante estimates.<sup>56</sup>

In Table 1 below we provide an example of a preferred table generator format for ex-post and ex-ante results. This format allows for more efficient review of report outputs. A few elements are important to note:

1. The primary “Results” tab displays the underlying data found in the Summary, Lists, Enrollment, and Data tabs.
2. Underlying data tabs that support the primary “Results” tab must be included in the filing.
3. Pull-down menu options under each category shows several options:
  - Type of Results: Aggregate or average
  - Portfolio: Portfolio or Program Specific
  - Electric System: Relevant Utility or CAISO
    - Ex-ante projections should include an “all” or “CAISO” option
  - Day Type: Monthly System Peak Day, Typical Event Day, and Worst Day (if different than the Monthly System Peak Day).<sup>57</sup>
  - Weather Year: 1-in-2 or 1-in-10
  - Forecast Year: Begins with Resource Adequacy Year (N) and (N+X, where X is each year thereafter for ten years [years 1-10]).
  - LCA: Relevant Local Capacity Areas for the relevant Utility
  - Sub-LAP: Sub-Load Aggregation Points for the relevant Utility
  - Month: Each month of the year

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<sup>55</sup> Per Protocol 26 at 42.

<sup>56</sup> At 143 and 144, respectively.

<sup>57</sup> Per D.22-06-050, Appendix A, at 1: “The “worst day” is defined as the day of the month that contains the hour with the highest coincident peak load forecast.” Worst day is required in ex ante projections per D.23-04-010, OP 11.

**Table 3: Sample Table Generator**

