CPUC Reliability DR Workshop

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CPUC Reliability DR Workshop

- Proposed Allocation Methodology for capacity under the cap

- Proposal for Alignment of Open Window and DRAM
D.10-06-034 adopted a settlement that capped the amount of DR capacity that was not price-triggered, and used for reliability purposes.

As of 2015, the cap is equal to 2% of the all-time CAISO System Peak.

In 2006, CAISO hit an all-time peak of 50,270 MW.

Therefore, the cap on reliability DR programs is 1,005 MW.

The cap was allocated among the 3 IOUs in this proportion:
- SCE - 70%
- PG&E - 29%
- SDG&E - <1%

BIP/RDRR is the largest reliability DR program.

No 3rd party DR participation in w/s market; Settlement at footnote 4, page 9, leaves this up to the CPUC.
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<table>
<thead>
<tr>
<th></th>
<th>Cap</th>
<th>Program Capacity (MW)/1</th>
<th>3rd Party BIP/3 &amp; DRAM RDRR (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE</td>
<td>700</td>
<td>636</td>
<td></td>
</tr>
<tr>
<td>PG&amp;E</td>
<td>300</td>
<td>297</td>
<td>30/2</td>
</tr>
<tr>
<td>SDG&amp;E</td>
<td>5</td>
<td>&lt;1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,005</td>
<td>933</td>
<td></td>
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</tbody>
</table>

/1 November 2017 Ex Ante Figures IOU Monthly Reports
/2 from PG&E DRAM 2018 and 2019
/3 until last year, no BIP participation by 3rd parties
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- DRAM Pilot authorized in D.14-12-024; first DRAM auction for June 2016-December 2016 conducted in Fall 2015. Still in pilot period.
- Cap became an issue during DRAM.
- Certain other DR programs ended, as of 2017 (AMP and DBP); DR program enrollments in CBP declined due to frequent dispatch.
- Enrollments in BIP increased. Why?
  - High capacity payment, balanced with a high energy penalty for failure to perform
  - Low dispatch frequency
  - Reliable performance
  - Counted in TPP and for local RA
How Are We Doing in Terms of Reaching DR Goals?

DR Participation is Declining

Data from December Monthly IOU Reports, for August Ex-Ante
In D.16-09-056, the CPUC established goals for DR:

Demand response customers shall have the right to provide demand response through a service provider of their choice and Utilities shall support their choice by eliminating barriers to data access;

Demand response shall be market-driven leading to a competitive, technology-neutral, open-market in California with a preference for services provided by third-parties through performance-based contracts at competitively determined prices, and dispatched pursuant to wholesale or distribution market instructions, superseded only for emergency grid conditions.
In advance of 2018-2019 DRAM, ED and PG&E established a method for allocating capacity under the cap in the following manner:

- PG&E BIP
- 3rd party with customers currently participating in DRAM/RDRR
- PG&E BIP waitlist
- 3rd party who wants to increase capacity (above)
- 3rd party who has not previously participated in RDRR
EnerNOC/Cpower Proposal

- Any excess capacity under the reliability cap will first be offered to 3rd parties in this order:
  - 3rd parties with existing customers enrolled in BIP/RDRR
  - 3rd parties with existing customers seeking to increase its capacity in BIP/RDRR
  - 3rd parties seeking to enroll in BIP/RDRR for the first time

- If these third parties do not accept all of the offered, available capacity, then IOU can include it in its BIP program.

- This allocation will remain in place until such time as 3rd parties share of BIP/RDRR capacity is equal to IOU’s share
Why is this approach fair?

- It supports expansion of 3rd party growth in providing Reliability DR Programs, which supports the Commission’s goal.
- It eliminates a bias toward the utility first.
- It will allow customers more of an opportunity to participate with 3rd parties of their choice.
- It allows for continuous customer relationships.
- It will re-examine the allocation once the playing field is more level.
Synchronize BIP and DRAM Enrollment with BIP Open Window
BIP open window occurs in November
- This allows customers to leave BIP; but, enrollment can occur throughout the year
- If customers do not leave in November, remain with provider through next year

DRAM cycles do not coincide with BIP cycle
- In 2019, DRAM process is complete by June with a possibility of supply plans being due by October 1; prior to open window.

Following chart is an example of how coordination could occur
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1. Offered to aggregator-enrolled BIP customers → 6 MW filled
   **Direct enrolled customers skipped over and stay on a waitlist**

2. Remaining 4 MW available in DRAM auction → 1 additional MW filled

3. Remaining 3 MW available to all customer in BIP on a first-come, first-served basis
   **Aggregator-enrolled customers will not be skipped over**

Result of BIP Open Enrollment
1-2 months after BIP Open Enrollment
1-2 months after step #1
After DRAM auction awards