



Stakeholder Comments Template

RAAIM Exemption Options for Demand Response Resources

This template has been created for submission of stakeholder comments on the final proposal and draft tariff language that was published on June 10, 2021. The proposal, Stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 23, 2021**.

Submitted by	Organization	Date Submitted
Lauren Carr lauren@cal-cca.org	California Community Choice Association (CalCCA)	6/23/21

Please provide your organization's comments on the following issues and questions.

CalCCA supports a Resource Adequacy Availability Incentive Mechanism (RAAIM) exemption for demand response resources with variable load reduction capability. Rather than limit the RAAIM exemption to resources with an Effective Load Carrying Capability (ELCC), however, the CAISO should provide the RAAIM exemption to demand response resources with variable capability valued in a manner that the CAISO and the local regulatory authority determine effectively measures their capability.

1. Variable-Output Demand Response (DR)

Please provide your organization's feedback on the proposal to treat demand response as a variable-output resource, as previously vetted through the Energy Storage and Distributed Energy Resources (ESDER) Phase 4 initiative, and consistent with anticipated changes by the California Public Utilities Commission (Commission). Please explain your rationale and include examples if applicable.

The CAISO correctly states that because the load of underlying customers within a demand response resource changes with time of day, weather, and other factors, the load reduction capability of the resource changes day to day or hour to hour. Similarly situated resources such as wind, solar, and hydro also have variable capabilities and

are also offered a RAAIM exemption. As such, it is prudent to exempt demand response resources with this variability from RAAIM.

2. RAAIM Exemption Option for Variable-Output DR

Please provide your organization's feedback on the propose to exempt variable-output DR from the Resource Adequacy Availability Incentive Mechanism (RAAIM). Please explain your rationale and include examples if applicable.

The CAISO's Final Proposal states the CAISO will exempt Proxy Demand Resource (PDR) or Reliability Demand Response Resources (RDRR) from RAAIM if they are valued under an ELCC methodology or similar methodology that meets the following principles:

- Assesses Demand Response's (DR's) contribution to reliability across the year or seasons as a variable-output resource, and;
- Assesses DR's interactive effects with other similarly-situated resources.¹

Determination of whether a variable demand response resource receives a RAAIM exemption should not lie solely on the local regulatory authority's adoption of an ELCC. In its Track 3B1 and 4 Proposed Decision, the California Public Utilities Commission (Commission) recognized demand response as a variable resource but did not adopt the CAISO's principles or an ELCC counting methodology. Instead, the Commission requests the California Energy Commission (CEC) begin a stakeholder process to explore and make a recommendation on demand response capacity counting including, "(1) Whether CAISO's ELCC proposal is reasonable and appropriate to determine DR QC and/or what modifications, if any, should be considered; (2) Whether the LIP + ELCC proposal is reasonable and appropriate to determine DR QC and/or what modifications, if any, should be considered; [and] (3) Whether other proposals that may be presented in the CEC's stakeholder process are reasonable and appropriate to determine DR QC..."² This leaves considerable room in the stakeholder process for parties to introduce new or modified principles for demand response counting and make alternative proposals for determining DR's QC value beyond an ELCC.

Given this, it is premature for the CAISO to tie the RAAIM exemption to an ELCC or declare the CAISO as the sole entity that determines whether an alternative methodology meets the criteria for a RAAIM exemption. There are many ways to measure the resource adequacy value of resources with variable output. While wind and solar resources are currently valued under an ELCC by the Commission, run-of-river hydro resources are valued under an exceedance methodology. Rather than limit the RAAIM exemption to resources with an ELCC, the CAISO should provide the RAAIM exemption to demand

¹ *Resource Adequacy Availability Assessment Mechanism (RAAIM) Exemption Option For Variable-Output Demand Response Valued Under an Effective Load Carrying Capability (ELCC) or Similar Methodology*, June 10, 2021 (Final Proposal), at 2.

² *Proposed Decision Adopting Local Capacity Obligations for 2022-2024, Flexible Capacity Obligations for 2022, and Refinements to the Resource Adequacy Program*, May 21, 2021, at 35.

response resources with variable capability valued in a manner that the CAISO and the local regulatory authority determine effectively measures their capability.

Additional comments

Please offer any additional feedback your organization would like to provide on the final proposal and draft tariff language.

The tariff language limits the RAAIM exemption to only those DR resources with a Qualifying Capacity (QC) set by an ELCC or something “similar”. The tariff language gives CAISO sole discretion over whether an alternative methodology is similar enough to warrant a RAAIM exemption. Because the CEC stakeholder process is yet to commence, it is not clear the process will result in the same principles outlined by the CAISO in its Final Proposal. The working group may result in modifications to those principles or a new QC methodology that is not tied to an ELCC. As such, CalCCA makes the following recommended modifications to the draft tariff language:

40.9.2.b.1.(D) Demand Response Resources whose Qualifying Capacity is established using an effective load carrying capability methodology (as that term is used in Section 399.26(d) of the California Public Utilities Code, or a successor provision) or a methodology that the CAISO determines in ~~its sole discretion~~ is substantially similar to the effective load carrying capability methodology conjunction with the local regulatory authority effectively measures resource capability.