Attachment D: Application of the Reliability Cap to RDRR Offers

Background

D.10-06-034 adopted a settlement that stated that (as of 2014) the Utilities may only meet 2% of its Resource Adequacy (RA) obligation with reliability (emergency) demand response. PG&E’s share of the statewide cap is 32.8%, which translates to 330 MW. The cap can be revised after 2015, but the current cap was reaffirmed in D.16-06-029, OP 18, where the Commission decided that it is not necessary to suspend the cap, stating that this issue may require evidentiary hearings.

Why Now?

- As stated in PG&E’s 2018-2022 Application testimony, PG&E reached its cap in late 2016 (consisting of ~300 MW of both BIP aggregators’ and direct enrolled customers and ~30 MW of 2017 DRAM RDRR contracts, based on August capacity), and now has a waitlist for prospective BIP customers.
- How the reliability cap is shared between BIP and DRAM RDRR is an open topic in the DR Application proceeding, which is expected to be decided this year.
- Therefore, PG&E worked with the CPUC Energy Division to develop an interim solution to how the 2018-2019 DRAM RFO solicitation would work, given a number of uncertainties associated to the calculation of the headroom.
- The Energy Division provided guidance based on a “first come, first served” principle, which prioritizes the customer experience for existing customers on these programs.

“First Come, First Served” Guidance Principles

This principle is to be applied at the time of the 2018-2019 DRAM RFO bid evaluation:

- Category 1: BIP customers (~300 MW)
- Category 2: 2017 DRAM RDRR customers (~30 MW), if they meet these conditions:
  - Customers enrolled in the CAISO DRRS and part of an active CAISO RDRR registration with a resource ID that matches the supply plan used for the 2017 DRAM contract may be part of a 2018-2019 DRAM RFO bid for the same August MW of RDRR as the customer provided within a current 2017 DRAM RFO contract, as of April 10, 2017, the date evaluation begins.
  - Customers must also meet the selection criteria already approved for the 2018-2019 DRAM RFO, including the prohibited resources requirements reflected in the pro forma contract on the RFO website (as may be subsequently modified, consistent with D.16-09-056).
  - Customers (or bidders on their behalf) offering RDRR must provide written (or electronic) evidence to PG&E’s Rule 24 team of their existing 2017 and proposed 2018-2019 DRAM August MW participation level and Service Agreement IDs by April 10, 2017, to be considered in the evaluation of the 2018-2019 DRAM bidder’s offer, and to be eligible for inclusion under PG&E’s reliability cap in 2018 and 2019. The customer’s current participation in the 2017 DRAM will be subject to verification, including without limitation checking the associated CAISO registration.
  - A bidder who is awarded a 2018-2019 DRAM contract that includes RDRR bids, will be limited for the term of the contract to the RDRR MWs that were approved in its accepted bid. The DRAM contract will include language, via a rider or letter agreement, to reflect that RDRR MW amount and the related limitations on such RDRR MWs.
- Category 3: Customers currently on a BIP waitlist as of April 9, 2017.
- Category 4: Category 2 customers that wish to increase the MW bid in the 2018-2019 DRAM RFO.
- Category 5: Customers that wish to be part of the 2018-2019 DRAM, but are not currently in BIP or a 2017 DRAM RDRR contract, as of April 9.
Preparing for Bid Submission and Evaluation in the 2018-2019 DRAM RFO

- Evaluation will not change; there will just be an extra step to qualify RDRR bids for the first come, first served treatment offered to Category 2 and 4 customers.

- Bidders should self-identify the category of their RDRR bids, and PG&E reserves the right to verify Category 1, 2, and 4 bids. Bidders should label the category of their bids using the offer name field of the offer form; otherwise, PG&E will assume that the bid is Category 5.

- PG&E recommends bidders segment bids by existing customers and new customers, and by category of customers. For example, bidders could segment Category 2 and Category 4 bids and list such bids as “individual offers”, not “exclusive” offers.

- Bidders submitting Category 1, 2, and 4 bids will be required to submit additional materials directly to the Rule 24 team, outside of the Power Advocate system, in order to maintain the firewall between PG&E’s DRAM team and the Rule 24 team: list of customer identifiers (UUID, SAID, CAISO Location ID), associated 2017 and 2018/2019 August MW load reduction for each ID (based on which years bids are provided for), and CAISO Resource ID and Registration ID. A spreadsheet has been provided in Attachment E.

- PG&E’s has the right to verify contracts labeled with Category 1, Category 2, and Category 4 customers.

- PG&E reserves the right to add a rider to the contract and/or a letter of agreement, when and if applicable, based on implementation of this policy.

Submission of Supplemental Bid Materials

RDRR Offers with existing BIP or 2017 DRAM RDRR customers (i.e., Category 1, 2, or 4 customers) must submit a spreadsheet with additional materials directly to the Rule 24 team via their secure ESFT system. If a bidder does not already have an ESFT folder set up with the Rule 24 team, please reach out to the Rule 24 team via DRPrelations@pge.com.

Do not submit customer-specific information to Power Advocate or the DRAMRFO@pge.com mailbox.