PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6871E
As of September 30, 2024

Subject: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company Updates to Demand Response Prohibited Resources Policy Verification Plan, Pursuant to D.22-12-004, Ordering Paragraph 4

Division Assigned: Energy

Date Filed: 03-03-2023

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Disposition:	**Signed**
Effective Date:	**09-12-2024**

Resolution Required: Yes

Resolution Number: E-5321

Commission Meeting Date: 09-12-2024

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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

Advice Letter Number
Name of Filer
CPUC Corporate ID number of Filer
Subject of Filing
Date Filed
Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
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The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
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San Francisco, CA 94177

Fax: 415-973-3582

March 3, 2023

Advice 6871-E
(Pacific Gas and Electric Company ID U 39 E)

Advice 4979-E
(Southern California Edison Company ID U 338 E)

Advice 4169-E
(San Diego Gas & Electric Company ID U 902 E)

Public Utilities Commission of the State of California

Subject: **Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company Updates to Demand Response Prohibited Resources Policy Verification Plan, Pursuant to D.22-12-004, Ordering Paragraph 4**

Purpose

Pursuant to Ordering Paragraph (OP) 4 of Decision (D.) 22-12-004 ("the Decision"), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) (collectively, the IOUs) submit this joint advice letter (AL) to update the Demand Response Prohibited Resources Policy Verification Plan (PR Verification Plan) in accordance with the directives included in D.22-12-004.

Background

On December 5, 2022, the Commission issued D.22-12-004, which directs the IOUs to implement an "incremental modification"[1] to the existing PR Verification Plan (in effect since Energy Division issued Resolution E-4906 in 2018) by installing a data logger and a current transformer on the prohibited resources (PRs) of a random set of Scenario 2 demand response (DR) customers that are subject to the annual audit conducted pursuant to the PR Verification Plan. Scenario 2 customers are DR customers who attest that they have a PR on their premises but will not use it to defer load during a DR event. D.22-12-004 establishes that this monitoring will commence in 2024 to coincide with that

[1] D.22-12-004 at 2.

year's verification audit as a supplement to the attestations and audits currently performed in the Verification Plan.

The Decision also clarifies that the IOUs should purchase a fleet of 60 data loggers and current transformers for the annual monitoring and explains that "the installed quantity will vary from year to year, based upon the quantity and the nature of the prohibited resources operated by the Scenario 2 customers who are randomly selected by the existing process described in the Verification Plan." [2]

The Decision required that within 60 days of the Decision's issuance, the IOUs submit a Tier 3 Advice Letter recommending a process for DR customers selected to be audited and monitored to request monitoring of their PRs through an on-board meter. The IOUs complied with this obligation with the filing of a joint advice letter on January 30, 2023.[3]

The Decision also directs the IOUs to submit a Tier 2 AL within 90 days of the Decision's issuance that updates the Verification Plan pursuant to the directives in the Decision and proposes an implementation plan, which includes:

1. The proposed assignment of new tasks to either the Verification Administrator or the IOUs;
2. A proposal for how and when additional data loggers and current transformers will be procured when the need arises;
3. The approximate annual cost to conduct the modified Verification Plan; and
4. A proposal for communicating the Verification Plan modifications to non-residential DR program customers subject to the PR Policy.

Discussion

The IOUs describe their implementation plan for the directives in D.22-12-004 in further detail below and include relevant updates to the Verification Plan in Attachments 1 (redlined) and 2 (clean).

A. Proposed Assignment of New Tasks to Either the Verification Administrator or IOUs

The IOUs intend to retain Resource Innovations as the Verification Administrator (VA) for PR monitoring based on that company's experience as the VA in prior years. In addition, the IOUs propose that the VA will be responsible for implementing the new tasks associated with the deployment of data loggers and current transformers because the VA was previously responsible for these activities in the 2019 Metering Pilot that the Commission directed the IOUs to administer in Resolution E-4906. The IOUs intend to host regular meetings with the VA to assess its progress on the activities described in

[2] Id. at 46.
[3] See SDG&E Advice 4161-E, SCE Advice 4973-E, PG&E Advice 6851-E.

D.22-12-004, including but not limited to: purchasing the data loggers and current transformers; storing and maintaining equipment not in use; contacting customers; scheduling installations and retrievals; training and dispatching field staff; installing and retrieving equipment; and receiving and reviewing data.

As described in the IOUs' Joint AL submitted January 30, 2023 (see fn 3, supra) the IOUs propose to administer a process that allows customers whose PRs have on-board meters to request that those meters be used for monitoring instead of a data logger.

B. Proposal for How and When Additional Data Loggers and Current Transformers will be Procured when the Need Arises

The IOUs propose that the VA will be responsible for procuring the fleet of 60 data loggers and current transformers no later than March 1, 2024, pursuant to D.22-12-004, OP 1. As described in D.22-12-004, it is possible that not all of the 60 data loggers and current transformers procured may be needed in any given year. In these instances, the VA will act on behalf of the IOU to store and maintain the equipment for use in future audits.

C. The Approximate Annual Costs to Conduct the Modified Verification Plan

The IOUs anticipate that the approximate cost of implementing the modified Verification Plan in 2024 will be approximately $323,000. The IOUs anticipate that the annual costs of implementing the Verification Plan may decrease slightly from 2025-2027 once the loggers and current transformers have been purchased. Table 1 includes the forecasted annual costs to implement the modified Verification Plan. Pursuant to D.22-12-004, the IOUs will track the costs of implementing these new requirements in the same accounts used to implement the Verification Plan.[4]

Table 1: Forecasted Verification Plan Budget

Category	2024 Forecast	Assumptions
DR PR Verification Audit – Core Activities	$130,000	Represents costs for the annual audit as implemented prior to D.22-12-004. The IOUs anticipate that the Scenario 2 audit procedures will be similar in terms of notifying participants that they will be audited and making them aware of deadlines, etc.
Logger Field Study	$110,000	Includes logger fleet management (inventory and storage of loggers, testing the loggers at the start of the study season), scheduling installation and removal, and doing the installations/removals, data extract and organization and transfer to DR PR VA. Primary assumptions are 1) 1.13 cost increase factor for most budget items over 2019 costs 2) 40 sampled sites (current average is 30-40) and 3) 1.5 loggers installed per site.
Logger Data Analysis	$44,000	Represents data analysis and reporting of the data coming out of the loggers, including additional contingency to process data coming from customers with on-board metering.

[4] D.22-12-004, Conclusion of Law 18.

Equipment Purchase Cost	$38,520	Includes the cost to purchase the fleet of loggers, modules, and current transformers. Beyond 2024, the IOUs anticipate that any spending to purchase equipment will be limited to cases where it is necessary to maintain the required fleet of loggers when the need arises.
Total	**$322,520**	

D. Proposal for Communicating the Verification Plan Modifications to Non-Residential Demand Response Customers Subject to the Prohibited Resources Policy

The IOUs propose to communicate the Verification Plan modifications through communications from IOU account or program managers to customers who are selected for the PR audits. The communications will include information on the new requirements adopted in D.22-12-004 and provide an opportunity for selected customers to confirm whether their PRs have on-board metering or if they will require a data logger and current transformer.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than March 23, 2023, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

PG&E
Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
San Francisco, California 94177
E-mail: PGETariffs@pge.com

SCE:
Connor Flanigan
Managing Director, State Regulatory Operations
E-mail: AdviceTariffManager@sce.com

Tara S. Kaushik
Managing Director, Regulatory Relations
c/o Karyn Gansecki

E-mail: Karyn.Gansecki@sce.com

SDG&E: Greg Anderson
Regulatory Tariff Manager
E-mail: GAnderson@sdge.com
SDGETariffs@sdge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 4 of D.22-12-004, PG&E submits this advice with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, April 3, 2023, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.18-10-008, et al. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/
Sidney Bob Dietz II
Director, Regulatory Relations

cc: Service List A.18-10-008, et al.

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:
☑ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Annie Ho
Phone #: (415) 973-8794
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6871-E, et al

Tier Designation: 2

Subject of AL: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company Updates to Demand Response Prohibited Resources Policy Verification Plan, Pursuant to D.22-12-004, Ordering Paragraph 4

Keywords (choose from CPUC listing): Compliance

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.22-12-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date: 4/3/23

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidney Bob Dietz II, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

Advice 6871-E, et al
March 3, 2023

Attachment 1

Updates to the Verification Plan

(Redlined)

Appendix A: Final Prohibited Resources Verification Plan for Audits Starting in 2024

Resolution E-4906 and Resolution E-4838 require non-residential customers in affected DR programs to attest to their use of prohibited resources (PRs) to reduce load during demand response (DR) events. The Resolutions present a three-part attestation, as well as recommended consequences for non-compliance for customers of both Utilities (IOUs) and demand response providers (DRPs). The three-part attestation provides guidance for dividing the verification plan into the following three scenarios.

1. The customer attests to not owning a prohibited resource;
2. The customer attests to owning a prohibited resource, but promises not to use it for load reduction during DR events; and
3. The customer attests to owning a prohibited resource that they may need to use for health, safety, or operational reasons during DR events.

Attestations are subject to verification by a third-party administrator or the Utility. The Utilities will retain a Verification Administrator for Utility-wide verification tasks across all affected DR programs and pilots, including the Demand Response Auction Mechanism (DRAM).[1]

Audit-related customer communications will differ if the respective Utility or a third-party aggregator or DRAM Seller manage the relationship with the customer. The Verification Administrator is required to contact the Utility when making requests associated with directly enrolled customers. The Verification Administrator is also required to include the third party (aggregator or DRAM Seller) when making requests for information from a third party's customer. The Verification Administrator is required to sign and comply with a standard non-disclosure agreement as part of its contract with the Utilities, specifying that third party customers' market-sensitive, proprietary information is under seal and not available to the Utilities, but would be made available to the Commission upon request. In its capacity as the Verification Administrator for the Utilities, the Verification Administrator is authorized to conduct the following.

- Request additional supporting documentation and site access from audited customers within 20 days of notice.
- Take photos of the prohibited resources, as applicable, for relevant visual confirmation.
- Request and store relevant supporting documents collected during the course of conducting a random sample audit.

[1] Pursuant to Decision (D.) 16-09-056 and modified by D. 18-06-012, the following resources and programs are exempt from the prohibition under the Verification Plan. Resources: pressure reduction turbines, waste-heat-to-power bottoming cycle CHP, energy storage resources not coupled with fossil-fueled generation. Programs: AC cycling programs, permanent load shifting programs, schedule load reduction programs, optional binding mandatory curtailment (OBMC), time-of-use rates, critical peak pricing, real-time pricing, and peak-time rebates.~~, the following programs are exempt from the prohibition: Residential and Non-Residential Smart ACTM, Optional Binding Mandatory Curtailment (OBMC), Scheduled Load Reduction Program (SLRP), Permanent Load Shift (PLS), Peak Day Pricing (PDP), SmartRate™, and time-of-use (TOU) rates.~~

- Verify changes to Scenario 3 customer's DAVs due to operational changes, subject to approval, based on supporting documentation (work orders, invoices, or inspection reports).

Decision 22-12-004, issued on December 5, 2022, provided new guidance regarding the original verification plan adopted in 2018 (E-4906). The 2022 Decision makes incremental changes to the Verification Plan for the annual audit procedures undertaken for customers who attest to Scenario 2. Under the original verification plan, sampled Scenario 2 customers were required to provide photographs and copies of operating manifests for all PRs connected to their electric service point selected for audit. Starting with the 2024 audit, sampled Scenario 2 customers ~~instead~~ will be required to permit the Verification Administrator to install data loggers on all PRs connected to the electric service point selected for audit instead, where the loggers will remain in place to record the date and time of PR operations for one year. These changes are detailed in Section C.

The Verification Administrator shall complete four tasks associated to verification, as described in the following sections:

A. Task One: Conducting the Random Sample

The first step of verification requires the Utilities and their DRAM Sellers to provide the Verification Administrator with a count of affected customer service agreements/accounts.[2] The Verification Administrator is to conduct a random sample of the service agreements per program, across all attestation scenarios, across all Utilities, with a 90% confidence level. These customers will be considered the sampled or audited customers.

This randomly selected sample of customers will be used to estimate the proportion of customers who make an accurate attestation. The number of customers that should be randomly selected into the sample depends on:

1. The number of customers in the sampling population. Call this value N.
2. A starting assumption as to the true proportion of customers who make a correct attestation. Call this value P.

The sample size is calculated directly as a function of N and P, and varies according to the desired level of precision of the estimate and the desired level of confidence in the estimate. The sample size, n, is calculated using Equation 1:

Equation 1: Determining Sample Size for Estimating Population Proportions

$$n = \frac{N \times X}{(X + N - 1)}, where\ X\ = \frac{Z_{\propto/2}^{2}\ \times P\ \times (1 - P)}{MOE^{2}}$$

$Z_{\propto/2}$ *is the z statistic associated with the targeted confidence level, given the normal distribution.* MOE *is the relative margin of error.*

[2] Each Utility utilizes different nomenclature to represent a customer site. For PG&E, this is the service agreement. For SCE and SDG&E, this is the service account. This plan may utilize service agreement, which would apply to the service account for SCE and SDG&E.

As an example, a sample size that targets 90% confidence, assumes that α = 1 - 0.90 = 0.1. The critical value of the Normal distribution at $\alpha/2$ ($Z^2_{\alpha/2}$) is 1.65. Further, a sample size that targets 10% precision sets the MOE = 0.1.

The estimates of the proportion of customers who make accurate attestations would be estimated separately for each affected DR program. Given the varying nature of the programs and customers enrolled in them, it is possible that attestation accuracy may differ between programs. Attestation accuracy may vary as a function of: the amount of incentive put at risk by false attestation, load impacts (i.e., relatively large or small) delivered by the customer, number of events called per year, or how much the prohibited resource was used in the past during DR events.[3] ~~We cannot hypothesize any likely factors that would lead to systematic differences in attestation accuracy across IOUs, so we do not propose separate samples for each IOU. We also do not propose separate samples for aggregated vs. non-aggregated customers.~~ Overall, random selection of customers within each program reflects the program's native composition of aggregated and non- aggregated customers ~~. Overall, random sampling naturally reflects the~~We recommend sampling proportionally across IOU or ~~DRP within program, so that the sample reflects the programs'~~and distribution of participants across IOUs and DRPs.

At the time of the issuance of D. 22-12-004, ~~Currently,~~ there are five ~~three~~ DR programs and pilots affected by the prohibition: AP-I, BIP, CBP, LCR, and DRAM. As new DR programs and pilots are introduced by IOUs and DRPs, additional samples will be required for those programs as well.

The Verification Administrator will calculate sample sizes as a function of actual program enrollment concurrent with the verification activities. These figures will be provided by the Utilities and DRAM Sellers at the start of the sample determination period.

The sample sizes also require an assumption of the population proportion that is being estimated. In the estimation of population proportions, the larger the true proportion is, the smaller the sample required to make a good estimate of it. The original Verification Plan assumed~~We recommend that for the first implementation of the verification plan, sample sizes be calculated assuming~~ that 80% of customers make accurate attestations. ~~This percentage has been used since the first audit in 2019 and has varied~~The actual compliance rate observed in the 2019-2022 audits has ranged -between 81% and 87% ~~in past audits~~. If observed compliance rates continue to remain above 80%, the Verification Administrator and the IOUs can consider raising the assumed compliance rate above 80% at the start of each annual audit. ~~We recommend keeping the assumed attestation accuracy rate at 80% in case compliance drops in the future. The rationale behind that assumption is not mathematical, but merely a subjective judgement that most DR participants would want to "play by the rules" and that customers who either don't ensure accurate information is provided in the attestation or who don't adhere to the attestation may not (yet) understand the seriousness of the prohibition. It would be reasonable to update this assumption for all~~

[3] Concerns that there may be factors that lead to systematic differences in attestation accuracy across IOUs, aggregators, or DRPs have not been raised to date; they are not contemplated by the Verification Plan's audit procedure.

~~verification tasks in subsequent implementation of verification activities, given the findings of previous implementations. It may be that attestation accuracy is in fact found to vary across programs, or perhaps that it does not. In which case the need to sample separately by program can also be reassessed in future verification studies.~~

Finally, the final sample size will be determined by the margin of error and level of confidence that are desired to be achieved by the estimate. Generally speaking, sample sizes increase for higher confidence levels and the lower margins of error. The Verification Administrator shall use a 10% margin of error at a 90% confidence level – a benchmarked commonly referred to as "90-10" in utility fields of research such as load research or measurement and evaluation.

Specific to presenting example sample sizes for Verification Task 1, we consider program enrollments current as of August ~~2016~~2022. ~~We currently do not know how many customers are enrolled in the DRAM pilot, but to serve as a placeholder here, we assume that there are five DRPs participating in the pilot, with 100 enrolled service accounts each. Secondly, we make an assumption about the number of customers that are likely to attest that they have no prohibited resource. Our customer interviews found that 58% of service accounts enrolled in affected DR programs have prohibited resources. We assume for these example sample sizes, then, that 42% of each program's participating service accounts will attest that they have no prohibited resource onsite.~~ We present example sample sizes for Verification Task 1 below in Table 1. ~~Assuming that 42% of AP-I, BIP, CBP, and DRAM service accounts attest that they have no prohibited resource, the sample frame would have 1,562 service accounts.~~ The sample counts below are drawn from a total population of 7,400 customers. A 90-10 sample design would inform ~~156~~ 208 customers be randomly selected across ~~all three~~the five programs (4~~2~~0 from AP-I, 4~~1~~39 from BIP, 4~~3~~0 from CBP, 39 from LCR, and ~~37~~ 43 from DRAM), representing ~~10~~3% of the sampling population. Table 1 presents alternative sample sizes assuming higher and lower levels of confidence and margins of error; ~~our recommended~~the 90-10 sample sizes are highlighted in green.

Table 1: Possible Sample Sizes for Verification Task 1
Recommended MOE 10% and 90% Confidence

MOE	AP-I			BIP			CBP			LCR			DRAM		
	Confidence Level			Confidence Level			Confidence Level			Confidence Level			Confidence Level		
	80%	90%	95%	80%	90%	95%	80%	90%	95%	80%	90%	95%	80%	90%	95%
1%	703	786	830	482	520	539	1,291	1,599	1,795	275	286	292	1,405	1,779	2,025
5%	95	147	196	90	135	174	101	163	225	79	111	137	102	164	228
10%	26	42	58	26	41	56	27	43	61	25	39	52	27	43	61
15%	12	19	27	12	19	27	12	20	28	12	19	26	12	20	28
25%	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10

B. Task Two: Validating the Submitted Attestation

~~The discrepancies between the phone interviews and onsite visits demonstrate the potential for misunderstandings or the potential for customers to have questions about the proposed three part attestation.~~ After taking a random sample of DR customers who submit an

attestation, the Verification Administrator shall contact each sampled customer to validate the submitted attestation to catch and correct potential administrative errors. If errors are found, the Verification Administrator shall report the error to either the IOUs for directly enrolled customers, aggregator for aggregated customers, or DRAM Seller for DRAM customers to resolve identified errors, using the processes approved in Resolution E-4906. See Section D for the description, sample scenarios, and resulting action for each type of violation.

This step actively engages DR participants in implementation of the Verification Plan and can help to reduce the number of resolution disputes, since it provides customers with a second chance to provide an accurate attestation for compliance with the resource prohibition.

C. Task Three: Attestation-Specific Verification

The third step of verification differs depending on the scenario to which the sampled customer attests. The following sections detail the recommended verification strategy for each of the above attestation scenarios, as well as a strategy for assessing overall compliance with the prohibition.

a. Scenario 1: Customer does not own a prohibited resource

The following verification strategy is employed when the customer submits the following attestation: "I do not have a Prohibited Resource on-site." The purpose of the audit activity in this case is to verify that the customer does not have a prohibited resource on the premise. The verification steps include:

1. Comparing the sample customers' attestations against IOU interconnection and notification records; and
2. If customers are not found in the IOU records, submit a data request to the relevant air quality management or air pollution control districts and compare the sample customers' attestation to permit records.

After validating attestations of the sampled service agreements with the customer and allowing them to make corrections, if requested, the sampled service agreements should be verified against the utility interconnection and notification records. For customers who are not found in the utility interconnection and notification records, the Verification Administrator shall submit a data request to the relevant air quality management or air pollution control district(s) and compare the remaining customers against the permit records. While these data requests will add to the overall costs of implementing the verification strategy, this step is especially important for identifying agricultural pumps, which are not interconnected to utility distribution systems.

b. Scenario 2: Customer does not use prohibited resource for DR

The following verification strategy is employed when the customer submits the following attestation: "I do have a Prohibited Resource on-site and I will not use the resource to reduce load during any Demand Response Event". The purpose of the audit activities in this case is to verify that the customer is not using their prohibited resource ~~during DR~~to reduce load during a DR event. The verification steps include:

1. For prohibited resources~~generators~~ of size greater than 50 hp (37 kW), the Verification Administrator will install a logger ~~and current transformer~~ on each prohibited resource on site that is connected to the electric service point enrolled in the ~~associated with the customer's demand response~~DR program. ~~The installation will take place before the beginning of the demand response season in April.~~ Once installed, the logger will detect and record the date, time, and duration of the connected PRs' operations. The Verification Administrator will ~~also arrange for the logger to be uninstalled after the demand response season is complete in November~~remove the logger after it has been in place for one year and will retrieve the data stored in the logger at that time.~~.~~[4]
   ~~1.~~a. ~~For generators greater than 50 hp (37 kW):~~During the logger ~~retrieval~~retrieval visit, the Verification Administrator ~~shall request written~~will also take pictures of operating logs or manifests that customers are required to maintain by the statewide Air Toxic Control Measure, as well as ~~and~~ a date and time-stamped photo of the generator's hour logger/meter and nameplate.[5]
2. For prohibited resources of size ~~generators~~ less than 50 hp[6]: the Verification Administrator shall request load curtailment plans, line diagrams, a photo of the generator's nameplate, and other documentation. Loggers are not installed on prohibited resources ~~Generators with a capacity~~ smaller in size than 50 hp ~~will not have a logger installed~~.
3. For all customers with prohibited resources, regardless of their capacity, the Verification Administrator will visually confirm the resource's nameplate capacity with the attestation. Administrative corrections will be required for any attestation with an incorrect nameplate capacity.
4. For ~~generators~~prohibited resources of size greater than 50 hp, the data collected from the loggers will be compared against DR event dates and outage data to ~~ensure no~~determine whether any ~~-~~violations or use of the PR resource during DR events~~have occurred~~.
5. ~~For all customers with generators greater or less than 50 hp, visually confirm the resource's nameplate capacity and compare the operation manifests to DR event dates and outage data, either through a date and time-stamped photo or a site visit.~~ Other information about the resource (e.g., single line diagrams, location, capacity, etc.), as required by CPUC Rule 21 and the California Health and Safety Code (HSC) ~~should~~ could also be requested ~~from the Utility~~ by the Verification Administrator on behalf of the IOU. If ~~such~~ documentations provided cannot demonstrate that the customer can provide DR other than with a prohibited resource output, the SAID falls under a Type II violation.

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[4] A limited number of sites may be selected for data retrieval visits at interim points during the year as a quality assurance measure to ensure loggers' continuous operation.

[5] Per California Air Resources Board (CARB) Air Toxic Control Measure (ATCM) for Stationary Compression Ignition Engines § 93115.10(a), customers with generators greater than 50 hp are required to maintain operation manifests and to have a non-resettable hour logger to show the aggregate number of hours the generator has been operated. ATCM compliance requirements are enforced by financial penalty fees depending upon the type, duration, and history of violations at the facility.

[6] Based on ~~Nexant's review of utility interconnection and notification data~~past audits, the ~~frequency of~~number of sampled customer sites with ~~-~~generators smaller than 50 hp (37 kW) ~~seems to be~~is ~~-~~represents a small fraction of the overall prohibited resource population.

~~3.~~

a. On-site resources that are not connected to a Utility's distribution system are not required to enter into an interconnection agreement but are nevertheless subject to Rule 21 requirements when the resource is operating in momentary parallel operation mode. In such cases, the resource must be reviewed and approved by the Utility. Per California Health and Safety Code (HSC) § 119085(b), customers with resources operating in isolated mode are not required to enter into an interconnection agreement, but must submit information, including location, to satisfy the Utility's notice requirements.

~~a.~~

i. Agricultural pumps may not be covered under these records.

b. For non-bypassable resources: inspection of operation data against power outage data

~~b.~~

i. In the simplest case, the customer's prohibited resource that does not have a bypass switch but has an automatic transfer switch that closes under loss of power will not be able to operate a prohibited resource during a DR event. These types of generators are designed and used for the safe shutdown of the facility and to support only essential controls and emergency lighting."[7]

~~i.~~6. For fuel cell prohibited resources: One type of PR that Scenario 2 customers may have is a fuel cell. D.22-12-004 finds that these Scenario 2 customers, when selected for audit, should have their PRs monitored for audit by way of the onboard metering integral to the fuel cell. Fuel cell onboard metering ~~capabilities allow~~capabilities allow the customer to download historical data on the cell's generation output. Upon selection for audit, the VA will request ~~in their initial communications to Scenario 2 customers~~for types of PR and whether they are integrated with an on-board meter in its initial communication with the Scenario 2 customers. ~~that the customer identify whether any of their PRs are fuel cells.~~ If the customer responds that any of their PRs are fuel cells, they will be advised that there will not be a logger installation appointment needed. These customers can indicate whether they prefer not to receive a data logger and instead, use their own on-board meter for the audit. ~~Instead,~~Note that a year's worth of ~~and that, instead,~~ data from the fuel cell(s)' onboard metering will need to be provided by the customer, or the customer's agent, ~~for one year,~~ a year after selection for audit, with minimum 15-minute interval granularity. Data must be provided in machine-readable format (e.g., MS Excel, .csv) to the VA in a manner that ensures that the data is not altered – either by permitting the VA to visit and download the data directly from the fuel cell itself or to attend a screen-sharing session (e.g., Zoom, MS Teams, etc.) to observe the customer download the data from the fuel cell dashboard and immediately provide via email to the VA.

[7] Nexant, Inc., Prohibited Resources Verification Plan for Demand Response Programs, (September 1, 2017), p. 8.

If the Commission approves the Tier-3 advice letter filed by the joint IOU to provide a process for customers to request monitoring of their PR with on-board meters, the VA will also undertake several measures to ensure that the meters work as they should. First, the VA will conduct two (2) required test events to show that any such on-board meter is working properly, and can provide the needed data. Secondly, throughout duration of the audit, the customer will be required to provide their data at three (3) distinct intervals – before, during, and end of the DR season. Failure to abide by the schedule for conducting test events and to provide data to ensure data quality and accuracy may result in a data logger being installed for the PR, in order for the sampled customer to continue its participation in the chosen DR program. If the sampled Scenario 2 customer refuses to receive a data logger, then the VA will refer the customer to its IOU, which would then determine whether the customer can continue to participate in the DR program that prohibits use of PR during events.

~~After validating the attestations of the sampled service agreements and allowing customers to make corrections, if necessary, the sampled customers with generators greater than 50 hp should be directed to submit their operating logs for all months in the verification year. For example, if the IOUs request operating logs from customers on September 1 of a given year, customers should submit operating logs from January of that year through September 1. The reason that operating logs from customers with generators greater than 50 hp are more likely to accurately reflect generator usage is because these customers are legally bound to the operating restrictions in their permits. Any customer found in violation of their operating permit is subject to penalty fees that are based on the type of violation, its duration, and the history of violations at the facility. In serious cases, the violating customer may be subject to civil or criminal prosecution.~~

c. Scenario 3: Customer may use prohibited resource during DR events

The following verification strategy is employed when the customer submits the following attestation: "I do have a Prohibited Resource on-site and I may have to run the resource(s) during Demand Response events for safety reasons, health reasons, or operational reasons. My Prohibited Resource(s) have a total nameplate capacity of ___ kW. I understand that this value will be used as the Default Adjustment Value (DAV) to adjust the Demand Response incentives / charge for my account". The purpose of the audit activity in this case is to verify the nameplate capacity of the customer's generator against documented and verified nameplate capacity values. The verification steps include:

1. Comparing the sample customers' attested nameplate capacities against IOU interconnection and notification records; and
2. If the customers are not found in the IOU interconnection or notification records, submitting a data request to the relevant air quality management or air pollution control district~~s~~ and comparing the sample customers to the permit records.
3. ~~The Verification Administrator will r~~Requesting ~~ask for~~ photos of the generator(~~'~~s)' nameplate by the Verification Administrator~~.~~

D. Task Four: Notification and Reporting

In all cases, the applicable party managing the relationship with the customer must be notified upon discovery of a violation of the prohibited resources policy. This party is then responsible for notifying the applicable IOU and the California Public Utilities Commission (CPUC) Energy Division of the violation and resulting actions taken.

Violations are classified accordingly:

	Type I Violation	Type II Violation
Description	Minor clerical or administrative errors that may be resolved with an updated attestation and do not involve the use of a prohibited resource to reduce load during a DR event.	1. Using prohibited resource(s) to reduce load during a DR event despite attesting to not doing so, and / or 2. Submitting an invalid nameplate capacity for a prohibited resource(s) under Attestation Scenario 3.
Scenario(s)	1. Existing customer attests to not having a prohibited resource on site, but in fact has a resource on site. However, customer did not use the resource to reduce load during a DR event. 2. Customer reports a higher-than actual nameplate capacity.	1. Customer attests to not using a prohibited resource on site. However, customer used the resource to reduce load during a DR event. 2. Customer reports a lower-than actual nameplate capacity.
Resulting Action	Existing customer has 60 days from date of notice to cure noncompliance. If an attestation is not submitted within 60 days (uncured non-compliance), the customer will be removed from the utility's tariff schedule and / or the aggregator's portfolio until an attestation is provided.	A single instance of noncompliance will result in customer removal from the schedule and ineligibility to enroll in any DR program for 12 calendar months from the removal date. Two or more instances will result in the same removal and ineligibility terms for three years.

The Verification Administrator is responsible for annual reporting of:

- Verification results to utilities and third parties for timely submission to the CPUC.
- Instances of operational changes involving fuel switching from renewable to non-renewable fuels and violations involving reverse fuel-switching.

~~Annual reporting is due December 1 of each year for timely filing on December 31.~~

Advice 6871-E, et al
March 3, 2023

Attachment 2

Updates to the Verification Plan

(Clean)

Appendix A: Final Prohibited Resources Verification Plan for Audits Starting in 2024

Resolution E-4906 and Resolution E-4838 require non-residential customers in affected DR programs to attest to their use of prohibited resources (PRs) to reduce load during demand response (DR) events. The Resolutions present a three-part attestation, as well as recommended consequences for non-compliance for customers of both Utilities (IOUs) and demand response providers (DRPs). The three-part attestation provides guidance for dividing the verification plan into the following three scenarios.

1. The customer attests to not owning a prohibited resource;
2. The customer attests to owning a prohibited resource, but promises not to use it for load reduction during DR events; and
3. The customer attests to owning a prohibited resource that they may need to use for health, safety, or operational reasons during DR events.

Attestations are subject to verification by a third-party administrator or the Utility. The Utilities will retain a Verification Administrator for Utility-wide verification tasks across all affected DR programs and pilots, including the Demand Response Auction Mechanism (DRAM).[1]

Audit-related customer communications will differ if the respective Utility or a third-party aggregator or DRAM Seller manage the relationship with the customer. The Verification Administrator is required to contact the Utility when making requests associated with directly enrolled customers. The Verification Administrator is also required to include the third party (aggregator or DRAM Seller) when making requests for information from a third party's customer. The Verification Administrator is required to sign and comply with a standard non-disclosure agreement as part of its contract with the Utilities, specifying that third party customers' market-sensitive, proprietary information is under seal and not available to the Utilities, but would be made available to the Commission upon request. In its capacity as the Verification Administrator for the Utilities, the Verification Administrator is authorized to conduct the following.

- Request additional supporting documentation and site access from audited customers within 20 days of notice.
- Take photos of the prohibited resources, as applicable, for relevant visual confirmation.
- Request and store relevant supporting documents collected during the course of conducting a random sample audit.

[1] Pursuant to Decision (D.) 16-09-056 and modified by D. 18-06-012, the following resources and programs are exempt from the prohibition under the Verification Plan. Resources: pressure reduction turbines, waste-heat-to-power bottoming cycle CHP, energy storage resources not coupled with fossil-fueled generation. Programs: AC cycling programs, permanent load shifting programs, schedule load reduction programs, optional binding mandatory curtailment (OBMC), time-of-use rates, critical peak pricing, real-time pricing, and peak-time rebates.

- Verify changes to Scenario 3 customer's DAVs due to operational changes, subject to approval, based on supporting documentation (work orders, invoices, or inspection reports).

Decision 22-12-004, issued on December 5, 2022, provided new guidance regarding the original verification plan adopted in 2018 (E-4906). The 2022 Decision makes incremental changes to the Verification Plan for the annual audit procedures undertaken for customers who attest to Scenario 2. Under the original verification plan, sampled Scenario 2 customers were required to provide photographs and copies of operating manifests for all PRs connected to their electric service point selected for audit. Starting with the 2024 audit, sampled Scenario 2 customers will be required to permit the Verification Administrator to install data loggers on all PRs connected to the electric service point selected for audit instead, where the loggers will remain in place to record the date and time of PR operations for one year. These changes are detailed in Section C.

The Verification Administrator shall complete four tasks associated to verification, as described in the following sections:

A. Task One: Conducting the Random Sample

The first step of verification requires the Utilities and their DRAM Sellers to provide the Verification Administrator with a count of affected customer service agreements/accounts.[2] The Verification Administrator is to conduct a random sample of the service agreements per program, across all attestation scenarios, across all Utilities, with a 90% confidence level. These customers will be considered the sampled or audited customers.

This randomly selected sample of customers will be used to estimate the proportion of customers who make an accurate attestation. The number of customers that should be randomly selected into the sample depends on:

1. The number of customers in the sampling population. Call this value N.
2. A starting assumption as to the true proportion of customers who make a correct attestation. Call this value P.

The sample size is calculated directly as a function of N and P, and varies according to the desired level of precision of the estimate and the desired level of confidence in the estimate. The sample size, n, is calculated using Equation 1:

Equation 1: Determining Sample Size for Estimating Population Proportions

$$n = \frac{N \times X}{(X + N - 1)}, where\ X\ = \frac{Z_{\propto/2}^{2}\ \times P\ \times (1 - P)}{MOE^{2}}$$

$Z_{\propto/2}$ *is the z statistic associated with the targeted confidence level, given the normal distribution.* MOE *is the relative margin of error.*

[2] Each Utility utilizes different nomenclature to represent a customer site. For PG&E, this is the service agreement. For SCE and SDG&E, this is the service account. This plan may utilize service agreement, which would apply to the service account for SCE and SDG&E.

As an example, a sample size that targets 90% confidence, assumes that α = 1 - 0.90 = 0.1. The critical value of the Normal distribution at $\alpha/2$ ($Z^2_{\alpha/2}$) is 1.65. Further, a sample size that targets 10% precision sets the MOE = 0.1.

The estimates of the proportion of customers who make accurate attestations would be estimated separately for each affected DR program. Given the varying nature of the programs and customers enrolled in them, it is possible that attestation accuracy may differ between programs. Attestation accuracy may vary as a function of: the amount of incentive put at risk by false attestation, load impacts (i.e., relatively large or small) delivered by the customer, number of events called per year, or how much the prohibited resource was used in the past during DR events.[3] Overall, random selection of customers within each program reflects the program's native composition of aggregated and non- aggregated customers and distribution of participants across IOUs and DRPs.

At the time of the issuance of D. 22-12-004, there are five DR programs and pilots affected by the prohibition: AP-I, BIP, CBP, LCR, and DRAM. As new DR programs and pilots are introduced by IOUs and DRPs, additional samples will be required for those programs as well.

The Verification Administrator will calculate sample sizes as a function of actual program enrollment concurrent with the verification activities. These figures will be provided by the Utilities and DRAM Sellers at the start of the sample determination period.

The sample sizes also require an assumption of the population proportion that is being estimated. In the estimation of population proportions, the larger the true proportion is, the smaller the sample required to make a good estimate of it. The original Verification Plan assumed that 80% of customers make accurate attestations. The actual compliance rate observed in the 2019-2022 audits has ranged between 81% and 87%. If observed compliance rates continue to remain above 80%, the Verification Administrator and the IOUs can consider raising the assumed compliance rate above 80% at the start of each annual audit.

Finally, the final sample size will be determined by the margin of error and level of confidence that are desired to be achieved by the estimate. Generally speaking, sample sizes increase for higher confidence levels and the lower margins of error. The Verification Administrator shall use a 10% margin of error at a 90% confidence level – a benchmarked commonly referred to as "90-10" in utility fields of research such as load research or measurement and evaluation.

Specific to presenting example sample sizes for Verification Task 1, we consider program enrollments current as of August 2022. We present example sample sizes for Verification Task 1 below in Table 1. The sample counts below are drawn from a total population of 7,400 customers. A 90-10 sample design would inform 208 customers be randomly

[3] Concerns that there may be factors that lead to systematic differences in attestation accuracy across IOUs, aggregators, or DRPs have not been raised to date; they are not contemplated by the Verification Plan's audit procedure.

selected across the five programs (42 from AP-I, 41 from BIP, 43 from CBP, 39 from LCR, and 43 from DRAM), representing 3% of the sampling population. Table 1 presents alternative sample sizes assuming higher and lower levels of confidence and margins of error; the 90-10 sample sizes are highlighted in green.

Table 1: Possible Sample Sizes for Verification Task 1
Recommended MOE 10% and 90% Confidence

MOE	AP-I			BIP			CBP			LCR			DRAM		
	Confidence Level			Confidence Level			Confidence Level			Confidence Level			Confidence Level		
	80%	90%	95%	80%	90%	95%	80%	90%	95%	80%	90%	95%	80%	90%	95%
1%	703	786	830	482	520	539	1,291	1,599	1,795	275	286	292	1,405	1,779	2,025
5%	95	147	196	90	135	174	101	163	225	79	111	137	102	164	228
10%	26	42	58	26	41	56	27	43	61	25	39	52	27	43	61
15%	12	19	27	12	19	27	12	20	28	12	19	26	12	20	28
25%	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10

B. Task Two: Validating the Submitted Attestation

After taking a random sample of DR customers who submit an attestation, the Verification Administrator shall contact each sampled customer to validate the submitted attestation to catch and correct potential administrative errors. If errors are found, the Verification Administrator shall report the error to either the IOUs for directly enrolled customers, aggregator for aggregated customers, or DRAM Seller for DRAM customers to resolve identified errors, using the processes approved in Resolution E-4906. See Section D for the description, sample scenarios, and resulting action for each type of violation.

This step actively engages DR participants in implementation of the Verification Plan and can help to reduce the number of resolution disputes, since it provides customers with a second chance to provide an accurate attestation for compliance with the resource prohibition.

C. Task Three: Attestation-Specific Verification

The third step of verification differs depending on the scenario to which the sampled customer attests. The following sections detail the recommended verification strategy for each of the above attestation scenarios, as well as a strategy for assessing overall compliance with the prohibition.

a. Scenario 1: Customer does not own a prohibited resource

The following verification strategy is employed when the customer submits the following attestation: “I do not have a Prohibited Resource on-site.” The purpose of the audit activity in this case is to verify that the customer does not have a prohibited resource on the premise. The verification steps include:

1. Comparing the sample customers’ attestations against IOU interconnection and notification records; and

2. If customers are not found in the IOU records, submit a data request to the relevant air quality management or air pollution control districts and compare the sample customers' attestation to permit records.

After validating attestations of the sampled service agreements with the customer and allowing them to make corrections, if requested, the sampled service agreements should be verified against the utility interconnection and notification records. For customers who are not found in the utility interconnection and notification records, the Verification Administrator shall submit a data request to the relevant air quality management or air pollution control district(s) and compare the remaining customers against the permit records. While these data requests will add to the overall costs of implementing the verification strategy, this step is especially important for identifying agricultural pumps, which are not interconnected to utility distribution systems.

b. Scenario 2: Customer does not use prohibited resource for DR

The following verification strategy is employed when the customer submits the following attestation: "I do have a Prohibited Resource on-site and I will not use the resource to reduce load during any Demand Response Event". The purpose of the audit activities in this case is to verify that the customer is not using their prohibited resource to reduce load during a DR event. The verification steps include:

1. For prohibited resources of size greater than 50 hp (37 kW), the Verification Administrator will install a logger on each prohibited resource on site that is connected to the electric service point enrolled in the DR program. Once installed, the logger will detect and record the date, time, and duration of the connected PRs' operations. The Verification Administrator will remove the logger after it has been in place for one year and will retrieve the data stored in the logger at that time.[4]
    a. During the logger retrieval visit, the Verification Administrator will also take pictures of operating logs or manifests that customers are required to maintain by the statewide Air Toxic Control Measure, as well as a date and time-stamped photo of the generator's hour logger/meter and nameplate.[5]
2. For prohibited resources of size less than 50 hp[6]: the Verification Administrator shall request load curtailment plans, line diagrams, a photo of the generator's nameplate, and other documentation. Loggers are not installed on prohibited resources smaller in size than 50 hp.
3. For all customers with prohibited resources, regardless of their capacity, the Verification Administrator will visually confirm the resource's nameplate capacity

[4] A limited number of sites may be selected for data retrieval visits at interim points during the year as a quality assurance measure to ensure loggers' continuous operation.

[5] Per California Air Resources Board (CARB) Air Toxic Control Measure (ATCM) for Stationary Compression Ignition Engines § 93115.10(a), customers with generators greater than 50 hp are required to maintain operation manifests and to have a non-resettable hour logger to show the aggregate number of hours the generator has been operated. ATCM compliance requirements are enforced by financial penalty fees depending upon the type, duration, and history of violations at the facility.

[6] Based on past audits, the number of sampled customer sites with generators smaller than 50 hp (37 kW) represents a small fraction of the overall prohibited resource population.

with the attestation. Administrative corrections will be required for any attestation with an incorrect nameplate capacity.

4. For prohibited resources of size greater than 50 hp, the data collected from the loggers will be compared against DR event dates and outage data to determine whether any violations or use of the PR resource during DR events.
5. Other information about the resource (e.g., single line diagrams, location, capacity, etc.), as required by CPUC Rule 21 and the California Health and Safety Code (HSC) could also be requested by the Verification Administrator on behalf of the IOU. If documentations provided cannot demonstrate that the customer can provide DR other than with a prohibited resource output, the SAID falls under a Type II violation.

    a. On-site resources that are not connected to a Utility's distribution system are not required to enter into an interconnection agreement but are nevertheless subject to Rule 21 requirements when the resource is operating in momentary parallel operation mode. In such cases, the resource must be reviewed and approved by the Utility. Per California Health and Safety Code (HSC) § 119085(b), customers with resources operating in isolated mode are not required to enter into an interconnection agreement, but must submit information, including location, to satisfy the Utility's notice requirements.

        i. Agricultural pumps may not be covered under these records.

    b. For non-bypassable resources: inspection of operation data against power outage data

        i. In the simplest case, the customer's prohibited resource that does not have a bypass switch but has an automatic transfer switch that closes under loss of power will not be able to operate a prohibited resource during a DR event. These types of generators are designed and used for the safe shutdown of the facility and to support only essential controls and emergency lighting."[7]

6. For fuel cell prohibited resources: One type of PR that Scenario 2 customers may have is a fuel cell. D.22-12-004 finds that these Scenario 2 customers, when selected for audit, should have their PRs monitored for audit by way of the onboard metering integral to the fuel cell. Fuel cell onboard metering capabilities allow the customer to download historical data on the cell's generation output. Upon selection for audit, the VA will request for types of PR and whether they are integrated with an on-board meter in its initial communication with the Scenario 2 customers. If the customer responds that any of their PRs are fuel cells, they will be advised that there will not be a logger installation appointment needed. These customers can indicate whether they prefer not to receive a data logger and instead, use their own on-board meter for the audit. Note that a year's worth of

[7] Nexant, Inc., Prohibited Resources Verification Plan for Demand Response Programs, (September 1, 2017), p. 8.

data from the fuel cell(s)' onboard metering will need to be provided by the customer, or the customer's agent, a year after selection for audit, with minimum 15-minute interval granularity. Data must be provided in machine-readable format (e.g., MS Excel, .csv) to the VA in a manner that ensures that the data is not altered – either by permitting the VA to visit and download the data directly from the fuel cell itself or to attend a screen-sharing session (e.g., Zoom, MS Teams, etc.) to observe the customer download the data from the fuel cell dashboard and immediately provide via email to the VA.
If the Commission approves the Tier-3 advice letter filed by the joint IOU to provide a process for customers to request monitoring of their PR with on-board meters, the VA will also undertake several measures to ensure that the meters work as they should. First, the VA will conduct two (2) required test events to show that any such on-board meter is working properly, and can provide the needed data. Secondly, throughout duration of the audit, the customer will be required to provide their data at three (3) distinct intervals – before, during, and end of the DR season. Failure to abide by the schedule for conducting test events and to provide data to ensure data quality and accuracy may result in a data logger being installed for the PR, in order for the sampled customer to continue its participation in the chosen DR program. If the sampled Scenario 2 customer refuses to receive a data logger, then the VA will refer the customer to its IOU, which would then determine whether the customer can continue to participate in the DR program that prohibits use of PR during events.

c. Scenario 3: Customer may use prohibited resource during DR events

The following verification strategy is employed when the customer submits the following attestation: "I do have a Prohibited Resource on-site and I may have to run the resource(s) during Demand Response events for safety reasons, health reasons, or operational reasons. My Prohibited Resource(s) have a total nameplate capacity of ___ kW. I understand that this value will be used as the Default Adjustment Value (DAV) to adjust the Demand Response incentives / charge for my account". The purpose of the audit activity in this case is to verify the nameplate capacity of the customer's generator against documented and verified nameplate capacity values. The verification steps include:

1. Comparing the sample customers' attested nameplate capacities against IOU interconnection and notification records; and
2. If the customers are not found in the IOU interconnection or notification records, submitting a data request to the relevant air quality management or air pollution control district and comparing the sample customers to the permit records.
3. Requesting photos of the generator(s)' nameplate by the Verification Administrator

D. Task Four: Notification and Reporting

In all cases, the applicable party managing the relationship with the customer must be notified upon discovery of a violation of the prohibited resources policy. This party is then

responsible for notifying the applicable IOU and the California Public Utilities Commission (CPUC) Energy Division of the violation and resulting actions taken.

Violations are classified accordingly:

	Type I Violation	Type II Violation
Description	Minor clerical or administrative errors that may be resolved with an updated attestation and do not involve the use of a prohibited resource to reduce load during a DR event.	1. Using prohibited resource(s) to reduce load during a DR event despite attesting to not doing so, and / or 2. Submitting an invalid nameplate capacity for a prohibited resource(s) under Attestation Scenario 3.
Scenario(s)	1. Existing customer attests to not having a prohibited resource on site, but in fact has a resource on site. However, customer did not use the resource to reduce load during a DR event. 2. Customer reports a higher-than actual nameplate capacity.	1. Customer attests to not using a prohibited resource on site. However, customer used the resource to reduce load during a DR event. 2. Customer reports a lower-than actual nameplate capacity.
Resulting Action	Existing customer has 60 days from date of notice to cure noncompliance. If an attestation is not submitted within 60 days (uncured non-compliance), the customer will be removed from the utility's tariff schedule and / or the aggregator's portfolio until an attestation is provided.	A single instance of noncompliance will result in customer removal from the schedule and ineligibility to enroll in any DR program for 12 calendar months from the removal date. Two or more instances will result in the same removal and ineligibility terms for three years.

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PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blaising Smith Wynne, P.C.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell
Downey Brand LLP
Dish Wireless L.L.C.

East Bay Community Energy Ellison Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Green Power Institute
Hanna & Morton
ICF
iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy