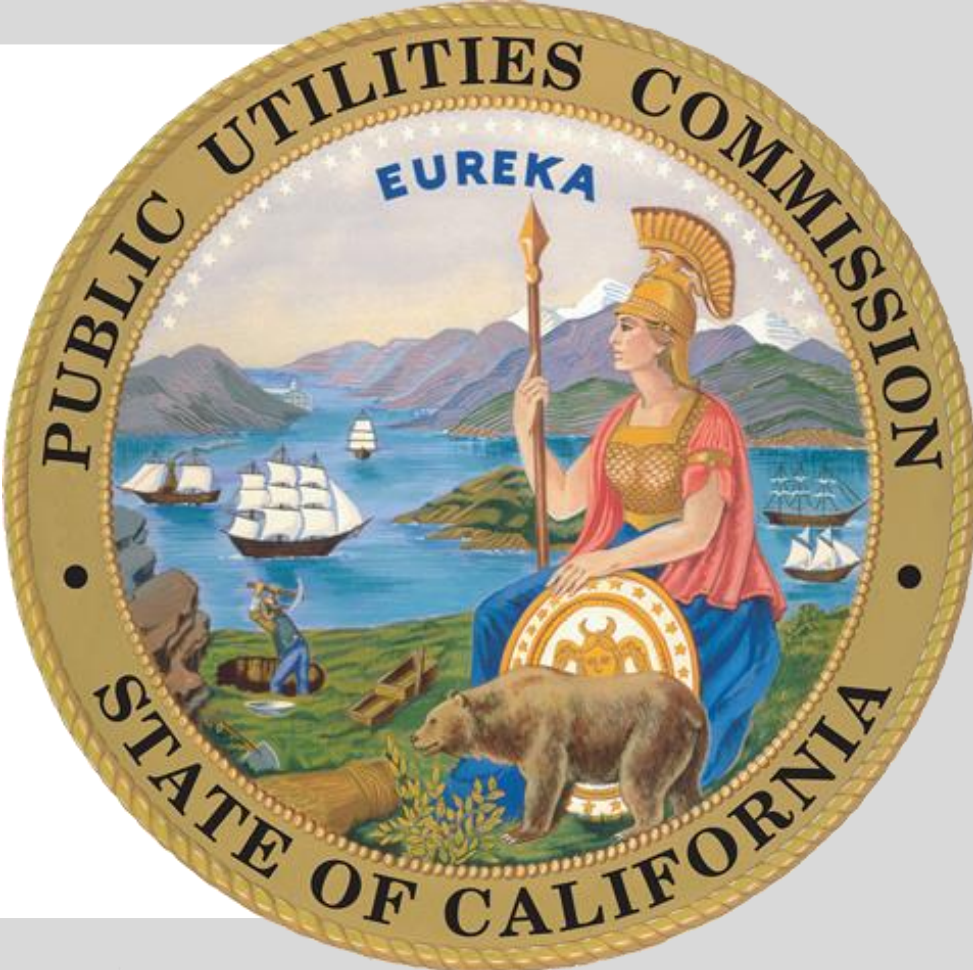# Party-Proposed Improvements to Demand Response Auction Mechanism: Public Workshop

January 16, 2019

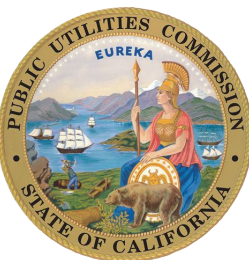# Party Recommendations: Program Authorization

- **Authorize 3-year DRAM extension (1 solicitation, 3 1-year contracts) (SCE)**

- **Authorize 3-year DRAM extension (3 auctions, 2020-2022 deliveries) (CLECA)**
  - Authorize full evaluation of 2018 & 1H 2019 deliveries to inform 2020 auction reforms
  - Align subsequent auctions with next budget cycle

- **Authorize at least 5-6-year DRAM extension (JDRPs, CESA)**

- **Authorize 10-year program term, with 2-4-year contract periods (Sunrun)**

- **Prevent gaps in auctions that impact delivery (CEDMC, Leap, JDRPs)**

- **Authorize annual auctions with multi-year contract terms (CEDMC, Leap, JDRPs, CESA, OC)**

- **Subject any evaluation consultant retained by IOUs to further scoping/vetting (JDRPs)**

- **Create process for ongoing monitoring, considering changes in set timeframe (CESA)**

- **Align procurement & budget with forecasted RA need (PG&E)**
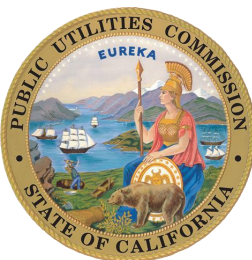
Party Recommendations: Solicitation (1)

- **Discontinue residential set-aside (SCE, PG&E)**

- **Maintain residential set-aside (CESA)**

- **Limit residential set-aside to new sellers (Olivine)**

- **If retained, limit residential set-aside to parties not engaging in screen scraping (CLECA)**

- **Limit DRP market share (CESA) to 20% max (CLECA)**

- **Do not cap individual participant market share (Leap, JDRPs)**

- **Eliminate simple average August bid price cap (JDRPs)**
  - But do not replace with another complex cost analysis like NMV/LRAC

- **Require non-refundable per-bid fees to encourage serious offers (CLECA)**

- **Do not require up-front bid fees (JDRPs, PG&E)**

- **Reduce collateral requirements; standardize based on contract capacity (OC)**
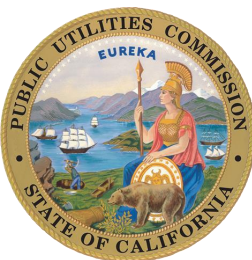
Party Recommendations: Solicitation (2)

- Revisit performance assurance/collateral requirements, limited in timeframe (Leap)

- Allow IOUs to procure DRAM resources as part of regular RA solicitations (SCE)

- Maintain flexibility in allowing for provision of any RA products (CESA)

- Require dispatch commitment bid parameters & include as qualitative criterion (PG&E)

- Use least-cost, best-fit methodology, with qualitative criteria (PG&E)

- Implement uniform clearing price for capacity &/or RA (CEDMC, Leap, OC)

- Maintain pay-as-bid auction (PG&E)

- Provide visibility, post-auction, on trailing pricing (Sunrun)

- Require consistent disclosure of awardees across IOUs (JDRPs)

- Do not require IOU publication of admin expenses to protect bid price details (PG&E)

- Make DRAM as hub for procuring BTM resources by all LSEs, incl. CCAs (Sunrun)
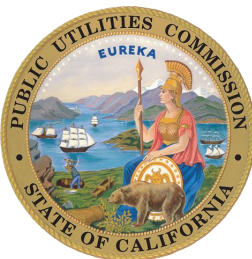
Party Recommendations: Capacity Performance

- Approve multiple options for establishing Qualifying Capacity ex-ante (OC)
- Add penalty for Qualifying Capacity falling short of contracted capacity (SCE, JDRPs, CESA, SCE, Olivine, CLECA)
- Consider SSWG RA proposal for estimating Qualifying Capacity (CESA)
- Base Qualifying Capacity on existing CPUC-approved standards for DR (PG&E)
- Tie resources to Supply Plan values, with no overlap across resources (PG&E)
- Do not penalize failure to perform or create performance milestones (JDRPs)
- Establish minimum dispatch requirement (suggest 20 hours) (CLECA)
- Add 'energy delivery' requirement proportional to average monthly contract capacity (OC)
- Develop & apply simplified LIPs to DRAM, with ex-ante evaluation (CLECA)
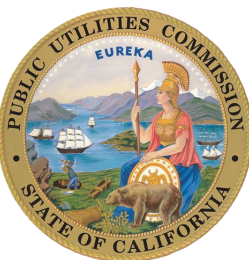
Party Recommendations: Market Performance

- Require invoicing based on dispatch/test results (CLECA, Olivine) & quarterly dispatches (SCE)
- Align settlement for flex/RT bidding with 15-min data, OR allow DRPs to submit proprietary meter data aligned with 5-min settlement (Stem)
- Require only seasonal resource testing (CEDMC)
- Do not require monthly testing (Leap, PG&E) or set annual dispatch level (Leap, JDRPs)
- Require simultaneous/same-day test events for DRPs w/ multiple resources/contracts (Olivine, CLECA, PG&E)
- Require retesting of full contract quantity when Demonstrated Capacity below 90% (PG&E)
- Base DC on individual customers' best dispatch performance– i.e. 'pseudo-PDRs' (OC)
- Incent DRAM resources to bid as available (Olivine)
- Reasonably incent overperformance for excess delivery of DRAM capacity (JDRPs)
- Do not encourage Demonstrated Capacity above contract quantity due to no RA value (PG&E)
- Prohibit submission of waivers to CAISO based on changes to CAISO market rules (PG&E)
- Address RAAIM issues (Olivine); address who bears RAAIM penalties (CLECA)
- Cost effectively support settlements, baseline calculations, standardized tests (Olivine)
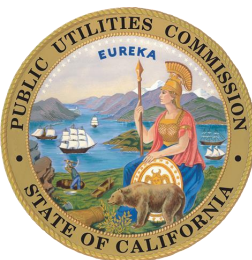
Party Recommendations: Contracts (1)

- Establish clear timing requirements for meter data provisioning (IOUs, DRPs, CAISO, SCs) & invoicing (Olivine, CLECA, OC, JDRPs)

- Eliminate penalties on IOUs for failure to provide RQMD within T+48B timeline (PG&E)

- 60-calendar day Supply Plan deadline should remain firm, with no changes permitted (PG&E)

- Remove deadlines for seller submission of invoices (given lack of IOU RQMD deadline) (JDRPs)

- Allow partial contract reassignment by month or partial capacity (Stem)

- Disallow contract reassignments, or limit them to smaller DRPs (CLECA)

- Require that contract reassignment occurs by returning to the bid stack (JDRPs)

- Remove Sec. 1.5.b re: reducing Supply Plan due to registration cap limitation (SDG&E, PG&E)

- Remove Sec. 1.6.a.iii– eliminate MOO option on invoices (SDG&E, CLECA)

- Do not cap use of MOO on invoices if there is no dispatch (JDRPs)

- Include all applicable hours in Demonstrated Capacity calculation (SDG&E)
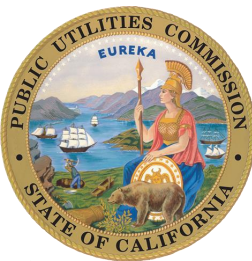
Party Recommendations: Contracts (2)

- Create greater visibility and reporting, similar to IOU monthly DR event reports (PG&E)

- Require DRPs to submit year-ahead Supply Plans (SDG&E, SCE)

- Retain current contract as starting point going forward (CEDMC, JDRPs)

- Align performance requirements with non-DRAM RA resources (CESA)

- Develop clear penalties for non-performance and standards for default (CLECA, PG&E)

- Allow audit of DRP Supply Plans (PG&E)

- Clarify audit procedures so payment of invoice under audit is held until completion (PG&E)

- Preclude shifting of customers between resources across different DRAM contracts (PG&E)

Party Recommendations: Other Improvements (1)

- **CPUC should implement plan with CAISO to count Local RA (SDG&E)**

- **Restrict number of changes to RIDs by DRPs (SDG&E)**

- **Approve motion to file audit results in this proceeding (SCE)**

- **Keep audit report under seal, without public release (PG&E)**

- **Further improve customer authorization process to grow market, engage new entrants (CEDMC, Leap, JDRPs)**

- **Clarify rules/processes for customer disenrollment from 3P programs (Olivine)**

- **Include review process for contract assignments to limit market concentration (Olivine)**

- **Include clearer protections for seller & (residential) customer data (Olivine)**

- **Address negative impact on SCs of current DRAM structure (Olivine)**

Party Recommendations: Other Improvements (2)

- **Streamline collection of anonymized data for review/evaluation (Olivine)**

- **Preserve existing CAISO subpoena process for transferring confidential data (JDRPs)**

- **Facilitate value stacking– integrate with DRP/IDER value streams (Sunrun)**
  - DRAM as simple platform, single entry point for various targeted resource procurement

- **Add remedy to discourage screen scraping (JDRPs)**

- **Allow formal comment period following 1/16/19 workshop to provide stakeholder input on final report & develop record on proposals prior to February workshops (CESA)**

- **Waive procurement Advice Letter approval process (CESA)**