

California Public Utilities Commission

ADVICE LETTER SUMMARY ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)				
Company name/CPUC Utility No.:				
Utility type: ELC GAS WATER PLC HEAT	Contact Person: Phone #: E-mail: E-mail Disposition Notice to:			
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Submitted / Received Stamp by CPUC)			
Advice Letter (AL) #: Tier Designation:				
Subject of AL:				
Keywords (choose from CPUC listing): AL Type: Monthly Quarterly Annual One-Time Other: If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:				
Does AL replace a withdrawn or rejected AL? I	f 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Summarize differences between the AL and the prior withdrawn or rejected AL:				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: No. of tariff sheets:				
Estimated system annual revenue effect (%):				
Estimated system average rate effect (%):				
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:				
Service affected and changes proposed ¹ :				
Pending advice letters that revise the same tariff sheets:				

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 Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: Contact Name: Title: Utility/Entity Name: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx:

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

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	



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March 15, 2024

California Public Utilities Commission Energy Division Attention: Tariff Unit 505 Van Ness Avenue, 4th Floor San Francisco, CA 94102-3298

MCE Advice Letter 74-E

<u>RE: Marin Clean Energy's Integrated Demand-Side Management Tier 3 Advice Letter from</u> <u>the Energy Efficiency Portfolio Administrators</u>

Pursuant to Decision ("D.") 23-06-055 *Decision Authorizing Energy Efficiency Portfolios for* 2024-2027 and Business Plans for 2028-2031; and guidance issued from the California Public Utilities Commission ("CPUC" or "Commission") on December 28, 2023, Marin Clean Energy ("MCE") hereby submits its Integrated Demand-Side Management ("IDSM") Tier 3 Advice Letter from the Energy Efficiency ("EE") Portfolio Administrators ("Advice Letter" or "AL") to request approval of MCE's proposed IDSM program for Program Years ("PY") 2024-2027 as MCE AL 74-E.

I. <u>TIER DESIGNATION</u>

This AL has a Tier 3 designation pursuant to Conclusions of Law ("COL") 41 and Ordering Paragraphs ("OP") 28-29 of D.23-06-055.

II. <u>EFFECTIVE DATE</u>

Pursuant to Section 7.3.5 G.O. 96-B, this Tier 3 AL will become effective immediately following the Commission's adoption of a Resolution. In support of improving summer reliability in 2024, MCE respectfully requests June 1, 2024, as the effective date of Commission approval.

III. <u>BACKGROUND</u>

MCE has administered EE funds under California Public Utilities Code ("Code") Section 381.1(a)-(d) since 2013. Pursuant to D.21-05-031, MCE filed its *Application of Marin Clean Energy for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Energy Efficiency Portfolio Plan* ("MCE Application") with the Commission pursuant to Article 2 of its Rules of Practice and Procedure, California Public Utilities Code § 381.1 and D. 21-05-031 on March 04, 2022. On July 3rd, 2023, the Commission issued D.23-06-055 approving MCE's Application and allowing PAs to propose implementation of multi-distributed energy resource ("DERs") projects and receive rebates or incentives for non-EE IDSM measures through their portfolio programs in a Tier 3 Advice Letter by March 15, 2024.

D.23-06-055 approved MCE's EE portfolio for PY 2024-2027 with no adjustments to its proposed portfolio budget cap in the amount of \$78,217,316.¹ D.23-06-055 approved all of MCE's proposed programs except for its PeakFLEXmarket program.² MCE filed its True-Up Advice Letter ("MCE AL 70-E") pursuant to D.23-06-055 on October 16, 2023. In MCE AL 70-E, MCE requested approval of its proposed EE budget amount of \$76,670,990 for PYs 2024-2027 and submitted additional details on its EE portfolio consistent with Energy Division guidance. MCE proposed to allocate a fixed amount of \$4 million from its 2024-2027 EE budget to an IDSM program.³ The CPUC accepted MCE AL 70-E approving its proposed budget amount, IDSM allocation and portfolio details in a Disposition with the effective date of November 15, 2023.

The Commission explicitly promoted the integration of demand-side management measures in EE portfolios requiring the submission of comprehensive IDSM plans in the then upcoming EE applications in D.12-11-015⁴ issued on November 15, 2012. In D.23-06-055, the Commission authorized portfolio PAs to spend up to 2.5 percent, or \$4 million, whichever is greater, of its EE portfolio budget on load shifting strategies that reduce peak consumption on a pilot basis.⁵ The Commission welcomed innovative approaches and allowed the combination of non-EE funds in IDSM programs if they have an EE component.⁶ The Commission required PAs to list of any rules connected to non-EE funds incorporated into IDSM programs and details on measurement approaches in their Tier 3 ALs. The Commission additionally explicitly prohibited PAs from using EE funding for rebating capital costs of non-efficiency technologies.⁷ The Commission further required PAs to document relevant cost categories in their annual EE reports.

On December 28, 2023, Energy Division served *Energy Division Guidance on Integrated Demand-Side Management (IDSM) Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators (PAs)* to interested parties of the Application ("A.") 22-02-005 et al service list detailing further direction on IDSM AL filings. The guidance directs PAs to propose "specific programs or propose the framework and structure for future multi-DER programs" and includes a template of questions.⁸ The guidance notes that PAs will develop new measurement

¹ See D.23-06-055 at p. 93 (Table 7).

 ² D.23-06-055 at pp. 103 (approving all non-discussed programs), 104-105 (stating general support for Peak FLEXmarket's approach, but failing to authorize additional funding).
 ³ MCE AL 70-E at p. 8.

⁴ D.12-11-015 at COL 43, 74 ("A consistent statewide IDSM approach for all utilities would better serve our integration objectives.").

⁵ D.23-06-066 at pp. 78-79 (strategies to occur within programs launched during PYs 2024-2027 and also excluding event-based demand response), COL 41, OP 28-29.

⁶ D.23-06-066 at p. 79.

⁷ D.23-06-066 at p. 80.

⁸ Energy Division Guidance on Integrated Demand-Side Management (IDSM) Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators (PAs), December 2023, at pp. 2, 5.

approaches and that Energy Division may refine its direction over time through iterative processes. The guidance concludes that IDSM programs have the potential to significantly advance California toward its full decarbonization goals.⁹

IV. <u>PURPOSE</u>

MCE requests approval of its proposed IDSM program, a Peak Flex Market Program, for PYs 2024-2027 in compliance with D.23-06-055. MCE submits a comprehensive strategy that integrates demand response and load shifting for both residential and commercial customers. MCE submits additional details on its IDSM program consistent with the Energy Division Guidance on Integrated Demand-Side Management ("IDSM") Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators ("PAs") issued by Energy Division ("ED") staff on December 28, 2023.

MCE submits the following attachment with MCE AL 74-E:

• Attachment A: Integrated Demand-Side Management Energy Efficiency Portfolio Administrators Program Proposal for Program Years 2024-2027 - Proposed by Marin Clean Energy.

MCE specifically includes the following sections in *Attachment A* to this filing:

- I. Introduction;
- II. Summary of MCE's IDSM Program Peak Flex Market;
- III. Metrics;
- IV. Measurement and Verification;
- V. Goals for MCE's New Multi-DER IDSM Program; and
- VI. Compliance with Decision 23-06-055.

V. <u>CONCLUSION</u>

MCE respectfully requests the Commission approve its IDSM program, Peak Flex Market, within its EE portfolio for PYs 2024-2027.

VI. <u>NOTICE</u>

MCE served a copy of this AL via email on the official Commission service list for R.13-11-005 and A.22-02-005 et al on March 15, 2024.

For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at <u>Process_Office@cpuc.ca.gov</u> or MCE Regulatory at <u>regulatory@mcecleanenergy.org</u>.

⁹ *Id*. at p. 4.

VII. <u>PROTESTS</u>

Anyone wishing to protest this advice filing proposing MCE's IDSM program, Peak Flex Market, for PYs 2024-2027 may do so by letter via U.S. Mail, or electronically, any of which must be received no later than 20 days after the date of this advice filing on April 4, 2024. Protests should be mailed to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above).

In addition, protests and all other correspondence regarding this AL should also be sent electronically to the attention of:

Wade Stano Senior Policy Counsel MARIN CLEAN ENERGY 1125 Tamalpais Avenue San Rafael, CA 94901 Telephone: (415) 464-6024x104 Email: wstano@mceCleanEnergy.org

Alice Havenar-Daughton VP of Customer Programs Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 Phone: (925) 378-6730 ahavenar-daughton@mcecleanenergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

VIII. <u>CORRESPONDENCE</u>

For questions, please contact Wade Stano at (415) 464-6024x104 or by electronic mail at <u>wstano@mceCleanEnergy.org</u>.

/s/ Wade Stano

Wade Stano

Senior Policy Counsel MARIN CLEAN ENERGY 1125 Tamalpais Avenue San Rafael, CA 94901 Telephone: (415) 464-6024x104 Email: <u>wstano@mceCleanEnergy.org</u>

Appendices

Attachment A: Integrated Demand-Side Management Energy Efficiency Portfolio Administrators Program Proposal for Program Years 2024-2027 - Proposed by Marin Clean Energy.

cc: Service List for R.13-11-005; A.22-02-005 et al.

ATTACHMENT A

Integrated Demand-Side Management Energy Efficiency Portfolio Administrators Program Proposal for Program Years 2024-2027

Proposed by Marin Clean Energy



I. Introduction

The California Public Utilities Commission ("CPUC") or ("Commission") authorized an innovative opportunity for energy efficiency ("EE") program administrators ("PAs") to implement a Multi-Distributed Energy Resource ("Multi-DER") Integrated Demand Side Management ("IDSM") strategy in Decision ("D.") 23-06-055.¹ The Commission specifically approved "ongoing or permanent load shifting or load reduction."² MCE requested and the Commission approved \$4,000,000 in IDSM funding within its EE portfolio for an IDSM program in program years ("PY") 2024-2027.³ The Commission directed PAs to submit Tier 3 Advice Letters ("AL") on IDSM programs or frameworks pursuant to Energy Division Guidance.⁴ MCE submits the following IDSM program details pursuant to D.23-06-055 and Energy Division Guidance for Commission approval.⁵

II. Summary of MCE's IDSM Program – Peak Flex Market

MCE proposes to adapt its existing Peak FLEXmarket program to implement a year-round IDSM program designed as a comprehensive strategy that offers demand response and load shifting for both residential and commercial customers. ⁶ MCE proposes to name this evolving program, "Peak Flex Market."

MCE started operating and self-funding its current Peak FLEXmarket program in 2021 as a "single season"⁷ summer program (June 1 to October 31) focused on reducing peak electric demand from 4pm - 9pm Pacific Standard Time ("PST") through load shifting and demand response events. In D.21-12-011 the *Decision on Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability*, the Commission approved MCE's use of unspent EE funds to continue Peak FLEXmarket program operation in support of summer reliability goals in PYs 2022 and 2023.⁸

¹ D.23-06-055 Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2028-2031.

² D.23-06-055 OP 29 at p. 128.

³ MCE AL 70-E at p. 8; CPUC, Marin Clean Energy's True-Up Advice Letter, Staff Disposition, February 2024 (Disposition accepted effective November 15, 2023).

⁴ December 28, 2023, Energy Division served *Energy Division Guidance on Integrated Demand-Side Management Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators* to A.22-02-005 et al Service List.

⁵ See MCE AL 74-E at pp. 1-3 (for additional procedural and regulatory background information).

⁶ See MCE, FLEXmarket Program, available at: <u>https://www.mcecleanenergy.org/peak-flexmarket/</u> ("Peak FLEXmarket").

⁷ "Single season" refers to projects shows impacts are limited to the summer peak timeframe in which they were measured, and for which there is no effective useful life, which is a dominate driver of TSB value in energy efficiency.

⁸ See D.21-12-011 Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability OP 2 at p. 60.

MCE proposes to adapt its previously single season program design⁹ to year-round load shifting and load reduction during peak hours—the Peak Flex Market program.¹⁰ MCE proposes this adjustment because a single-season program design more easily captures total system benefit ("TSB") within the current EE cost effectiveness tool ("CET") and advances EE portfolio goals. In compliance with D.23-06-055, MCE's Peak Flex Market program will not offer incentives to offset the capital cost of acquiring new equipment.¹¹ MCE will leverage existing and new equipment installed through normal market conditions or through other programs, such as the MCE Energy Storage program, and encourage aggregators¹² to maximize grid benefits by redistributing daily energy use away from peak demand hours of 4pm – 9pm PST. MCE proposes to continue offering its Peak Flex Market program with the required adjustments described in this AL 74-E and to use the approved \$4 million IDSM funding to exclusively support permanent daily load shifting and reduction activities.¹³ MCE will offer two distinct participation options for aggregators, daily load reduction or demand response. Offering two distinct participation options will allow MCE to maintain a clear separation from the event-based demand response aspect of the program, that will continue to be funded through MCE's Operational Funds.¹⁴

MCE's Peak Flex Market program will leverage similar participation and measurement and verification ("M&V") frameworks as MCE's existing Commercial and Residential Efficiency Market programs,¹⁵ that leverage market access principles, population-level normalized-metered energy consumption ("NMEC"), and the avoided cost calculator ("ACC") to align program payments with TSB and cost-effective EE savings. The Peak Flex Market program will incentivize aggregators with demand and load management capabilities for delivered daily load reduction during hours with high avoided cost value. Many of the measures MCE anticipates enrolling in the program, battery energy storage systems ("BESS") or managed EV charging, for example, will have the ability to shift demand to hours with lower avoided cost values. The avoided cost value from hours where usage increases will be subtracted from the avoided cost value in hours where usage decreases to determine the program's TSB. Just as in MCE's Commercial and Residential Efficiency Market programs, MCE will tie incentives to the TSB after accounting for administrative costs which will result in a cost-effective program deployment.

MCE anticipates IDSM equipment and measures will vary by aggregator and customer. The program encourages measures including, but not limited to energy storage, managed EV charging, building automation systems and other behavioral interventions. Solar PV, other on-site electricity

⁹ MCE's Peak FLEXmarket.

 ¹⁰ MCE defines "peak hours" as 4pm Pacific Standard Time until 9pm Pacific Standard time.
 ¹¹ D.23-06-55 at p. 80.

¹² MCE defines "Aggregators" as participating vendors or program partners who have demand and load management capabilities for an aggregated group of customers.

¹³ CPUC, Staff Disposition of MCE AL 70-E, February 2024 (effective November 15, 2023).

¹⁴ MCE's Operational Funds do not include ratepayer funds issued by the Commission.

¹⁵ See MCE, FLEXmarket Programs, available at: <u>https://www.mcecleanenergy.org/flexmarket/</u> (MCE's Commercial & Residential Efficiency Market programs).

generation, and fossil-fuel technologies such as back-up diesel generators or gas-fired solutions will not be eligible.

MCE anticipates using device level data, meter data and sub-meter data to evaluate Peak Flex Market program performance in combination with the ACC to align payments with grid benefits and TSB value delivered. MCE will design program payments to not exceed the TSB of enrolled projects, which establishes a cost-effective floor for program expenditures. This pay-forperformance ("P4P") structure tied to the ACC sends a price signal that prioritizes distributed energy resources ("DERs") that achieve the greatest daily load reduction during the most valuable peak hours throughout the year. MCE's Peak Flex Market program design encourages appropriate scheduling and operation of existing equipment to maximize benefits and TSB value.

Under the Peak Flex Market program model, MCE will continue to engage with a lead implementer responsible for aggregator management and implementation of the program. MCE will determine customer eligibility requirements and aggregators will lead customer engagement. MCE will compensate participating aggregators for the TSB value they deliver for customers within MCE's service area. As a ratepayer funded program, MCE will not restrict customer eligibility to MCE generation customers, the program will be open to both MCE and PG&E customers alike.

III. Metrics

MCE plans to assess the program performance and participation of the Peak Flex Market program annually to determine appropriate budget allocations in future portfolios. Where possible, MCE will align reporting with existing energy efficiency reporting processes and timelines.¹⁶

MCE proposes the tracking and reporting of the following program metrics and indicators for enrolled projects in its Energy Efficiency Annual Report:

- Number of enrolled residential and non-residential projects;
- Forecasted annual load reduction out of peak hours (4pm-9pm) (kWh);
- Forecasted program TSB (\$);
- Forecasted payments to aggregator (\$);
- Total measured load reduction out of peak hours (4pm-9pm) (kWh);
 - Summer Months (June 1 Oct 31);
 - Non-Summer Months (all months excluding June 1- October 31);
- Program TSB to date (\$);
- Payments to aggregator to date (\$);
- Incentives to customers (\$);
- Total budget reserved (\$); and
- Total budget remaining (\$).

¹⁶ CPUC, CEDARS, available at: <u>https://cedars.sound-data.com/</u>. The reporting timelines can be accessed by logging in to a CEDARS account. Once logged in, reporting timelines are listed on the homepage.

In the Metrics section, *Energy Division Guidance on IDSM* directs PAs to outline concerns "regarding the new programs or framework."¹⁷ MCE submits concerns on sufficiently claiming and reporting the anticipated load reduction impacts within the current limitations of the CET. To mitigate this concern, MCE proposes the following approach to resolve those concerns. MCE will leverage existing tools developed for prior iterations of the Peak Flex Market program to calculate TSB for the enrolled projects. Most projects that quality for this program will result load reduction during periods of high avoided costs and load increase during periods of low avoided cost. Existing program tools will enable MCE to quantify the positive benefits associated with load reduction during high avoided cost hours and the negative benefits associated with load increase during low avoided cost hours. The sum of both will represent the program's total benefits. This type of custom load shape calculations are foundational to capturing and compensating for the value created by the Peak Flex Market program. This approach is vital to verifying "ongoing or permanent load shifting or load reduction."¹⁸

In order to generate claimable benefits and determine the cost effectiveness of this program, MCE proposes to input the custom TSB values derived from the tool described above into the claims input file. To do so requires the addition of a field in the claims input file to account for the load-shifting benefit, similar to the present approach developed by CPUC staff to claim benefits from low global warming potential refrigerants.

MCE also submits an additional concern on potential dual enrollment in other similar programs resulting in the double counting of results. To address this concern, the Peak Flex Market program will require aggregators and customers to self-report participation in another EE/demand response ("DR") programs. Dual enrollment in other DR programs will not be allowed unless a specific process for disaggregating impacts is identified and included in an Implementation Plan ("IP").

MCE appreciates the CPUC's continued efforts to require IOUs to share DR program participation data to minimize the concern with dual enrollment and encourages further supportive efforts. MCE's approach to disaggregating Energy Efficiency Program impacts is described below.

IV. Measurement and Verification

MCE established the Peak FLEXmarket program to increase customer participation in daily load shifting by measuring and paying for energy impacts and load modification that (a) currently do not traditionally fit within an EE program framework; or (b) are incremental to savings which accrue under other MCE EE programs. Leveraging this opportunity unlocks new value for aggregators to continue to drive grid benefits and customer engagement.

 ¹⁷ December 28, 2023, Energy Division served *Energy Division Guidance on Integrated Demand-Side Management Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators* to A.22-02-005 et al Service List at p. 2 (List Item 4).
 ¹⁸ D.23-06-055 OP 29 at p. 128.

MCE proposes implementing the following approaches and methodologies outlined below in its Peak Flex Market program to measure impacts, optimize TSB benefits, and disaggregate the results from other deemed and custom EE programs. MCE will use different approaches to quantify and disaggregate the daily load reduction impacts of enrolled sites depending on whether the load shifting impacts are derived from existing equipment, new equipment or equipment for which device level data is available. However, the program may encounter other scenarios that MCE will assess on a case-by-case basis for program enrollment. Any further updates to the Peak Flex Market program's M&V methodology will be included in future IP updates.

A. Baselines

For the purposes of this program, MCE defines existing equipment as equipment installed prior to the program enrollment date with enough post-install operational data to establish a post-install baseline. This could include, but is not limited to, optimization of heating, ventilation and air conditioning ("HVAC"), lighting, behavioral or building controls. Once an aggregator enrolls a project of this type, a baseline will be established utilizing historical energy consumption data, weather normalization, and temporal patterns to predict energy usage in the absence of the program's intervention. MCE will use CalTRACK's¹⁹ guidelines for selecting relevant weather stations and adjusting for weather conditions to establish accurate baselines for load shifting and load reduction scenarios. After establishing the baseline, MCE will utilize CalTRACK's statistical models to analyze shifts in energy usage patterns, especially during peak and off-peak periods, to quantify the impact of load shifting interventions.

Equipment lacking sufficient post-install data to establish a new baseline will be considered newly installed equipment. Similar to the first approach outlined above, MCE will employ CalTRACK to establish a pre-install baseline and measure performance using consumption data. If the equipment was installed through an EE program that utilizes custom and deemed methodologies, MCE will remove any EE savings already accrued to these EE programs to measure and pay for only the incremental impacts associated with additional load reduction. Newly installed BESS will be credited for total energy charged and discharged. MCE anticipates further refining of this approach in close collaboration with Energy Division staff to ensure appropriate attribution of impacts. MCE will provide additional M&V details in the program IP.

Equipment currently enrolled in MCE's Commercial and Residential Efficiency Market programs, or similar programs, is not eligible for participation in the Peak Flex Market IDSM program as custom load shapes and metered impacts are already captured and reported within these programs.

B. Data Sources

MCE will use sub-meter data and device level telemetry when available, this includes but is not limited to, BESS, thermal storage and electric vehicle/electric vehicle supply equipment

¹⁹ CalTRACK, CalTRACK Technical Documentation, available at: <u>https://docs.caltrack.org/en/latest/</u>.

("EV/EVSE"). When sub-meter data or device level telemetry is not available, MCE will use advanced metering infrastructure ("AMI") data to quantify load shifting.

C. Disaggregating DR Impacts

The Peak Flex Market program has two distinct participation pathways (a) daily load reduction or (b) event-based demand response. Enrollment in both pathways will not be permitted at the onset of the program; therefore, a disaggregation of impacts between load reduction and DR events is not needed. This design maintains a clear separation between the program's load shifting and load reduction pathway funded through IDSM funding and the event-based demand response funded through MCE's Operational Funds.

Through these approaches the Peak Flex Market program will utilize meter, device level, and submeter data to measure load reduction impacts, evaluate performance, and disaggregate impacts from other EE programs. The program will leverage population-level NMEC and CalTRACK principles where applicable and apply all impacts to the ACC to align program payments with grid benefits and TSB value delivered. MCE will further detail the M&V, methodologies, baselines, and approaches the program intends to implement in its forthcoming IP as further described in **Section V. Goals for MCE's New Multi-DER IDSM Framework**.

V. Goals for MCE's New Multi-DER IDSM Program

The intended outcome of MCE's Peak Flex Market program is to achieve permanent load reduction during the peak hours of 4pm - 9pm by incentivizing aggregators to optimize customer load shapes to redistribute daily energy usage away from these peak hours using existing or newly installed technologies. An annual performance period that ties payments to delivered TSB further encourages the appropriate scheduling and operation of existing equipment to maximize impacts and grid value.

MCE plans to relaunch the adjusted Peak Flex Market program within 90 days following Commission approval.²⁰ MCE will leverage existing relationships with aggregators and customers to support an efficient program launch. MCE anticipates the Peak Flex Market program will have immediate uptake from aggregators and customers who participated in the previous iteration of the program. Adjusting the Peak FLEXmarket program into the new Peak Flex Market program to capture year-round daily load reductions during the peak hours of 4pm-9pm produces an increased value add and opportunity for greater customer participation. MCE reviewed past program participation, approved budgets, and market potential to develop the following targets for the program submitted below in *Table 1*. MCE plans to assess program performance and participation annually to determine appropriate budget allocations for future portfolios.

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²⁰ MCE submits AL 74-E as Tier 3 advice letter per GO 96-B and subject to disposition under General Rule 7.6.2 (effective only after Commission approval and resolution required).

Metric	2024 ²¹	2025	2026	2027
Peak Load Shifted Outside 4pm-9pm (net kWh)	1,100,000	4,500,000	5,800,000	6,500,000
Total System Benefit	\$200,000	\$750,000	\$1,000,000	\$1,200,000

 Table 1: Peak Flex Market Program Annual Program Goals

MCE will align reporting with existing energy efficiency reporting processes and timelines.²² For metrics/indicators outside of EE reporting processes and timelines, MCE proposes the tracking and reporting of the program metrics and indicators for enrolled projects in its Energy Efficiency Annual Report.

VI. Compliance with Decision 23-06-055

MCE's Peak Flex Market program will comply with the requirements of D.23-06-055, and the *Energy Division Guidance on Integrated Demand-Side Management Tier 3 Advice Letter Submissions from the Energy Efficiency Portfolio Administrators* provided by Energy Division on December 28th, 2023.²³

The Peak Flex Market program will provide incentives for load shifting only. MCE confirms, in compliance with D.23-06-055, MCE will not use any CPUC IDSM funds for event-based DR nor will IDSM funds or for capital project cost upgrades.²⁴

- 1. Scope of Program and Technologies Used:
 - See Section II. Summary of MCE's IDSM Program Peak Flex Market.²⁵
- 2. Coordination with Other DER Proceedings
 - MCE does not presently receive funding from other CPUC programs or proceedings that it will combine with its Peak Flex Market program.²⁶

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²¹ 2024 goals are dependent on the timing of approval and subsequent program launch.

²² CPUC, CEDARS, available at: https://cedars.sound-data.com/.

²³ As stated above in **Section II. Summary of MCE's IDSM Program – Peak Flex Market** at pp. 1-3, MCE will maintain a clear separation from the event-based demand response aspect of the program, that will continue to be funded through MCE's Operational Funds. MCE's Operational Funds do not include ratepayer funds issued by the Commission.

²⁴ D.23-06-055 at OP 29 (prohibiting funding event-based measures).

²⁵ MCE AL 74-E Attachment A at pp. 1 - 3.

²⁶ MCE specifically confirms it is not combining funds received and spent pursuant to D.21-12-011 (OP 2).

- 3. Funding Requirements
 - As of the date of this filing, MCE's Peak Flex Market program correspondingly²⁷ is not subject to additional Commission funding rules or requirements outside of EE and IDSM.
 - MCE supports layering complementary programs and outside funds to deliver greater benefits to ratepayers and judiciously using ratepayer funds. MCE commits to continuing to actively research and when appropriate, pursue additional funds for layering with its Peak Flex Market program.
 - If MCE receives complementary and appropriate funds for its Peak Flex Market program, MCE will integrate additional funding sources and will adhere to any controlling CPUC rules and guidance.
- 4. Ex Ante Assumptions:
 - See Table $\overline{2}$ Consistency with EE.²⁸
- 5. Ex Post Processes:
 - See Table 2 Consistency with EE.²⁹
- 6. Project Cost Methodology:
 - See Table 2 Consistency with $EE.^{30}$
- 7. Reporting Process and Timeline:
 - See Section II. Metrics and Section III. Measurement and Verification.³¹

Table 2: Ener	rgy Division	Guidance on	Integrated	Demand-Side	e Management	(IDSM)	Tier 3
Advice Letter	Submissions	from the Ener	gy Efficienc	y Portfolio A	dministrators (PAs) Dec	ember
28, 2023				-			

Scope	Program or Framework	PA to complete
	Technologies	BESS, thermal storage, EVSE, building automation, BROs
	Programs (or types)	Peak Flex Market - Integrated Demand Side Management Program
Approach to Coordination	Proceeding(s) (one per cell)	Not applicable.
with other DER Proceedings	Relevant Rules for Implementation from Proceeding	Not applicable.

²⁷ See Section II. Summary of MCE's IDSM Program – Peak Flex Market at pp. 1-3 (MCE presently proposes combining MCE Operational Funds). ²⁸ MCE AL 74-E Attachment A at p. 9. ²⁹ MCE AL 74-E Attachment A at p. 9.

³⁰ MCE AL 74-E Attachment A at p. 9.

³¹ MCE AL 74-E Attachment A at pp. 3-6.

	Rules for Exemptions or Deviations (if applicable)	Not applicable.
	Funding requirements	Not applicable.
	Approach to draw from each funding source	Not applicable.
	New methods to show stacking of costs	Not applicable.
	Reporting Requirements (incl timing)	Not applicable.
	Procedural Path for access to funding.	Not applicable.
Consistency with EE	Ex Ante assumptions for energy efficiency reporting such as project benefits, measurement methods, baseline, and effective useful life ("EUL").	 Population-level NMEC control groups and approved documented NTG ratios tailored by sector.³² EULs/RULs³³ of at least one year of load reduction potential. A weighted EULs/RULs will be reported based on the technology mix of enrolled projects.
	Ex Post process: project benefits, measurement methods, list of applicable measurement protocols, project costs, and methodology.	 Load reduction will be measured using submeter data, device level telemetry, or AMI data with population-level NMEC and CalTRACK methods where applicable. Achieved TSB will be a function of electricity consumption shifted out of peak hours, climate zone, metered load shape, EUL, and the ACC. Measure cost will not be included in cost effectiveness calculations per IDSM guidelines prohibiting funding capital project/measure upgrades.³⁴

DATED: March 15, 2024.

³² CPUC, Resolution E-4952 Approval of the Database for Energy-Efficient Resources updates for 2020 and revised version 2019 in Compliance with D.15-10-028, D.16-08-019, and Resolution E-4818 at p. A-45 (table of NMEC NTG ratios). ³³ Remaining Useful Life. ³⁴ D.23-06-055 at OP 29 (prohibiting funding of event-based measures).