February 6, 2023

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Re: Protest of the Vehicle Grid Integration Council to Joint Advice Letter 6826-E of Pacific Gas and Electric Company, Advice Letter 4950-E of Southern California Edison Company, and Advice Letter 4142-E of San Diego Gas and Electric Company

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the Vehicle Grid Integration Council ("VGIC") hereby submits this Protest to the above-referenced Joint Advice Letter 6826-E of Pacific Gas and Electric Company, ("PG&E"), Advice Letter 4950-E of Southern California Edison ("SCE") Company, and Advice Letter 4142-E of San Diego Gas and Electric Company ("SDG&E"), *Joint Submittal of Proposed Modifications to the Emergency Load Reduction Program Pilot Pursuant to Decision 21-03-056, Decision 21-12-015 and Decision 21-12-069* ("Joint Advice Letter") submitted on January 17, 2023.

I. INTRODUCTION.

Decision ("D.") 21-12-015 detailed several critical updates to the Emergency Load Reduction Program ("ELRP") pilot, including expanding ELRP to include customer group A.5 for Electric Vehicle ("EV")/Vehicle-Grid Integration ("VGI") Aggregations. In adopting these updates, the Commission recognized the critical need for a dedicated VGI Aggregation customer group and took bold action in establishing ELRP Group A.5. In just a few months between the finalization of these ELRP updates and the end of Summer 2022, a limited amount of V2G capacity was able to come online and, once utilities were fully set up to leverage this customer group, it did contribute to California's grid during the September Labor Day heat wave. VGIC remains hopeful that ELRP can support meaningful EV contributions to summer reliability in 2023 and beyond. However, key elements of the proposed modifications detailed in the Joint Advice Letter would put the EV/VGI Aggregation customer group in jeopardy and work against the program's overall goals.

California's electric reliability challenges loom again as the state is likely to experience yet another summer plagued by extreme weather events, which may become the new normal due to the impacts of global climate change. With this in mind, the CPUC, utilities, and aggregators must use every obtainable tool to reduce peak demand and increase supply. EVs offer a no-regrets, widely available asset class that should be leveraged in pursuit of grid reliability. ELRP must, therefore, remain a key driver for California's VGI market, which currently has no other mass-market offering for customers.[1] Moreover, any modifications necessary to support the continued success of the ELRP EV/VGI Aggregation subgroup must be considered and implemented in a timely fashion to support Summer 2023 reliability needs. As such, VGIC kindly requests the Commission and Energy Division staff expedite the review and resolution process for the Joint Advice Letter, to the extent feasible.

In reviewing the Joint Advice Letter, VGIC believes the proposed modification to the minimum dispatch requirement lacks sufficient justification and could undermine the clear intent of D.21-12-015 to spur the relatively nascent approach to unlocking EVs as grid assets. VGIC also believes the modifications for 2023 should include shifting from year-end to monthly payments to remain consistent with other utility program offerings and alleviate undue financial stress on participating aggregators and customers. In addition, the Joint Advice Letter correctly identifies that dual participation should be permitted, but the Commission should ensure emerging dynamic rates also permit dual participation. Lastly, the SCE-specific modification to transition Charge Ready customers to ELRP lacks sufficient detail to understand how it may impact customers. However, we believe these deficiencies can be remedied through the following changes:

- The *maximum* dispatch amount for EV/VGI Aggregators (Group A.5) should be adjusted from 60 hours to 150 hours, as consistent with SDG&E's Power Your Drive VGI Pilot Rate.

- ELRP compensation should occur in the month where incremental load reductions ("ILR") are recorded or the following billing cycle, not at the end of the year.

- Dual participation should be permitted with IOU Direct Enrolled DR programs, but the Commission should also ensure approved, pending, and yet-to-be-developed dynamic rates permit dual participation per D.21-12-015.

- SCE should clarify whether Charge Ready customers will be transitioned to Group A.5 or another ELRP customer group. If the former, SCE should clarify its role in facilitating the aggregator-customer relationship and updating its approved product list.

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[1] *Comments of VGIC on Proposed Decision on TE Policy and Investment.* Page 2. https://www.vgicouncil.org/s/Comments-of-VGIC-on-TE-Policy-and-Investment-PD-R18-12-006.pdf

II. REDUCING THE MINIMUM DISPATCH TO 10 HOURS WOULD SEVERELY HAMSTRING GROUP A.5 INCREMENTAL LOAD REDUCTION. INSTEAD, THE 60-HOUR CAP SHOULD BE REPLACED WITH A 150-HOUR CAP.

VGIC reiterates that ELRP remains the only large-scale driver for EV/VGI aggregation in California, in *either* managed charging ("V1G") or bidirectional vehicle-to-everything ("V2X") modes. Customers and aggregators alike are eager to expand their capabilities within the state based on the $2/kWh ELRP compensation rate and 30-hour minimum dispatch provision for Group A.5. The Joint Advice Letter details that during Summer 2022, Flex Alerts were used as the trigger for Group A.5 dispatch signals, which led to a concern in late August that the 60-hour dispatch cap would be reached during the September heat wave, which could leave no hours left for dispatch in October. The Joint Advice Letter concludes that to address the concern of hitting the 60-hour cap on dispatch, ELRP should be modified to reduce the 30-hour minimum dispatch to 10 hours. VGIC does not believe the Joint Advice Letter provides adequate justification for this request, implying that CAISO's Energy Emergency Alert ("EEA") dispatch signals may match closer to a 10-hour minimum dispatch. The explanation provided in the Joint Advice Letter conflates the risk of hitting the dispatch *cap* with the design of the dispatch *minimum.* Meanwhile, D.21-12-015 made a clear, correct finding that Group A.5 should be subject to a 30-hour dispatch minimum, recognizing that VGI market development – particularly the V2X market – needs to be spurred during the early stages of VGI technology deployment. VGIC is concerned that reducing the minimum dispatch to 10 hours would significantly undermine this goal. Doing so without sufficient justification sends a clear signal to customers and technology providers that California has rescinded its commitment to deploy and utilize beneficial VGI solutions.

Moreover, the proposed modification to reduce minimum dispatch to 10 hours represents a bait-and-switch for customers that have elected to install bidirectional charging systems with the expectation of 30 hours per year of dispatch. At $2/kWh and 30 hours per year detailed and advertised through the utility's ELRP websites, customers made significant equipment investments which will take longer to pay off if systems are only dispatched 10 hours per year.

To address the utilities' concern that they may fulfill the 60-hour cap during the season and be left without dispatch capability in later months, VGIC strongly recommends that this cap be increased to 150 hours. The second largest VGI implementation in California after ELRP is SDG&E's VGI Pilot Rate, which uses a load-based threshold to trigger critical peak pricing ("CPP") events. The load-based threshold is based on the prior year's top 150 system peak hours.[2] For ease of implementation, VGIC recommends that all three IOUs adopt the SDG&E VGI Rate event

[2] SDG&E Schedule VGI. Sheet 2. CPUC Sheet No. 37120-E. https://tariff.sdge.com/tm2/pdf/tariffs/ELEC_ELEC-SCHEDS_VGI.pdf

threshold methodology, which is well-established, having been in effect since December 16, 2016, and does not require any utility-specific calculation since the core metric is system-wide.[3] Moreover, CAISO's load data is readily available and accessible for utilities, aggregators, and customers alike.

III. ELRP COMPENSATION SHOULD OCCUR IN THE MONTH WHERE INCREMENTAL LOAD REDUCTIONS ("ILR") ARE RECORDED OR THE FOLLOWING BILLING CYCLE, NOT AT THE END OF THE YEAR.

In 2022, utilities distributed ELRP compensation for ILR at the end of the year. Based on our understanding, this is an unusual approach relative to other utility program offerings in California and other states. Not only does this lack of standardization risk creating confusion for aggregators and customers, but it also asks ELRP participants to bear a greater share of the financial burden while they await payment for the peak reduction services they provided. VGIC believes that barring any detailed justification for an end-of-year payment, the Commission should modify ELRP to require monthly compensation for ILR to ensure fairness and promote standardization across utility program offerings.

IV. DUAL PARTICIPATION SHOULD BE PERMITTED WITH IOU DIRECT ENROLLED DR PROGRAMS, BUT THE COMMISSION SHOULD ALSO ENSURE APPROVED, PENDING, AND YET-TO-BE-DEVELOPED DYNAMIC RATES PERMIT DUAL PARTICIPATION PER D.21-12-015.

The Joint Advice Letter request that dual participation with IOU Direct Enrolled DR programs (e.g., smart thermostat programs) be permitted if a customer is using submetering. The Joint Advice Letter argues that this would not cause double counting or double compensation, since ELRP settlement for these customers is based on submetered load reductions that can be separated from other demand response recorded at that site. The Joint Advice Letter correctly states that dual participation is already permitted between ELRP and Base Interruptible Program ("BIP"), Capacity Bidding Program ("CBP"), CPP rates, and third-party Proxy Demand Response ("PDR"). VGIC supports this modification but notes that the Commission should act on another significant

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[3] Pursuant to D.16-01-045 Ordering Paragraph 3.c, SDG&E filed AL 2877-E on March 31, 2016, to establish Schedule VGI. Energy Division approved Schedule VGI as set forth in Advice Letter 2877-E effective December 16, 2016.

yet reasonable dual participation matter: the treatment of customers participating in both dynamic rates and ELRP.

Notably, the original Proposed Decision to establish Group A.5 would have prohibited dual participation in ELRP and dynamic rates, such as PG&E's Day-Ahead Hourly Real-Time Pricing ("DAHRTP"), SDG&E's proposed dynamic pricing pilots (A.21-12-006), and those envisioned by the CalFUSE framework.[4] However, in reviewing the record and revising the Proposed Decision, the Commission decided the correct path forward was to remove the proposed dual participation prohibition in its Final Decision (D.21-12-015) and allow dual participation in ELRP and dynamic rates.[5] However, PG&E's DAHRTP rate, which VGIC understands as the first full-scale, optional dynamic rate (i.e., non-pilot) offered in California, does *not* allow for dual participation with ELRP.

To remain consistent with the Commission's direction in D.21-12-015, VGIC strongly urges the Commission to take additional steps in an existing or new proceeding to ensure that forthcoming dynamic rates allow for dual participation with ELRP. VGIC believes the current ELRP baselining methodologies are sufficient to determine incremental load reductions ("ILR") for dynamic rate customers. However, VGIC believes a near-term, no-regrets solution that will surely avoid double counting or double compensation would be to allow customers to participate in either ELRP or a dynamic rate during the ELRP season and then a dynamic rate during non-ELRP months. For example, a customer could participate in ELRP for the summer and then respond to a dynamic rate for charging and/or exports during the winter. In the following summer, the customer may opt to remain on a dynamic rate for charging and/or exports, rather than ELRP.

At a minimum, customers with V2G equipment or storage-backed EV chargers that may be *eligible* for certain dynamic rates but *ineligible* for any export compensation should be permitted to receive ELRP compensation for exports. Critically, this would in no way constitute double compensation, as *all* measured exports are clearly in response to an ELRP signal and no other price or event-based signal, as the customer would not even be eligible for other price or even-based export signals. V2G and storage-backed charging customers should be able to provide significantly more support to California's grid in the form of peak exports and could do so if dual participation is permitted.

VGIC's overarching concern is that the market for V2G and storage-backed charging products and services is still emerging, and there are very few stable revenue streams available that can help this

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[4] Proposed Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summer of 2022 and 2023. Mailed October 29, 2021. Attachment 2 at 6.
[5] D.21-12-015. Attachment 2 at 6.

suite of technologies to develop even further. As noted above, ELRP is the only form of compensation for V2G solutions in California outside of small-scale pilots and demonstration projects. Thus, VGIC stresses the importance of optionality so that new market entrants can test the viability of different operating paradigms and use cases. A market participant might be hesitant to participate in a promising new rate or program if that meant foreclosing the opportunity to continue participating in the more well-established ELRP Group A.5.

V. SCE SHOULD CLARIFY WHETHER CHARGE READY CUSTOMERS WILL BE TRANSITIONED TO GROUP A.5 OR ANOTHER ELRP CUSTOMER GROUP. IF THE FORMER, SCE SHOULD CLARIFY ITS ROLE IN FACILITATING THE AGGREGATOR-CUSTOMER RELATIONSHIP AND UPDATING ITS APPROVED PRODUCT LIST.

The SCE-specific modifications detailed in the Joint Advice Letter describe that Charge Ready DR Pilot customers will participate in ELRP or another eligible DR program. The Joint Advice Letter proposes to transition existing SCE Charge Ready L2 sites and default new sites to ELRP. Notably, SCE also proposed this in A.22-05-004, Application of SCE for Approval of Demand Response Programs and Budgets for 2023-2027 ("2023-2027 DR Portfolio Application"). However, neither SCE's recent 2023-2027 DR Portfolio Application nor the Joint Advice Letter detail which ELRP customer group will be used.

SCE's Charge Ready and Charge Ready Transport programs remain pivotal in supporting commercial customers, multi-unit dwellings, and fleets through the transportation electrification process. Under D.17-12-003, the Commission authorized SCE's request for a two-year Charge Ready DR Pilot, which was later extended through 2022. As approved in Advice Letter 4363-E, Charge Ready DR pilot customers take service under Schedule DR-CPP, which utilizes a CPP structure with year-round events. VGIC generally supports the proposal to transition SCE Charge Ready customers to ELRP. However, additional detail on the below items is needed:

- **Applicable ELRP Customer Group and Role of VGI Aggregators:** It is unclear whether customers will be transitioned specifically to ELRP customer group A.5 or another customer group. If customers are transitioned to ELRP customer group A.5, it is unclear how SCE will facilitate aggregator participation. For example, SCE could provide Charge Ready customers with a list of existing ELRP customer group A.5 aggregators, and the customer may choose to engage with an aggregator from that list or an aggregator that is not on that list. Another potential approach could be for SCE to facilitate connections between Charge Ready customers and existing or interested Group A.5 aggregators.

- **Updating Charge Ready to Align with ELRP V2G Equipment Requirements:** Charge Ready and ELRP have different equipment requirements, and SCE should work to align its Charge Ready requirements with ELRP requirements in order to unlock EV load reduction and exports. For example, customers installing vehicle-to-grid direct current ("V2G DC") EVSE for purposes of ELRP receive a specific exemption under Rule 21: V2G DC EVSE needs to be certified to UL 1741, but not UL 1741 SA, UL 1741 SB, or any updated smart inverter standards that may be required in the future under Rule 21. To ensure Charge Ready customers can meaningfully participate in ELRP, SCE should update its Charge Ready Approved Product List with all EVSE eligible to participate in ELRP, including V2G DC EVSE that may interconnect under the UL 1741 SA exemption detailed in Rule 21.
- **Updating Charge Ready to Align with ELRP Submetering and Virtual Aggregation Pathways:** Additionally, ELRP Group A.5 allows for both EVSE submetering and virtual pairing of separately metered EVSE, while Charge Ready encourages separate metering. To address this misalignment, SCE should clarify that customers may be eligible for Charge Ready make-ready/charger rebates if they are using EVSE submetering to participate in ELRP, rather than installing EVSE on a separate meter. Additionally, Charge Ready program rules should reflect ELRP rules by clarifying that site load can be virtually paired with separately metered EVSE to participate in ELRP.

VGIC generally supports the Joint Advice Letter proposal to transition SCE Charge Ready customers to ELRP, but believes critical clarity is needed on the above items before the Commission should approve this request.

VI. CONCLUSION.

VGIC appreciates the opportunity to submit this Protest to the Joint Advice Letter. We look forward to collaborating with stakeholders on this important initiative.

Respectfully submitted,

/s/ Ed Burgess

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Service list of R.20-11-003
Service list of A.17-01-012 et al.
Service List of R.13-09-011