

# SDG&E 2016 Preferred Resources

## LCR RFO

Questions & Answers / FAQs

### Demand Response (DR) Product Type Specific Questions

- 1. Will SDG&E consider DR bids that consist of behind-the-meter (BTM) energy storage solutions?**  
Yes.
- 2. Which RFO is most appropriate for a customer-sited/behind-the-meter (BTM) photovoltaic (PV) + Storage solution, PV only system, or energy storage only system?**  
Updated 4/26/16; see DG FAQ question #19
- 3. Which RFO is most appropriate for a BTM thermal storage + DR solution? DR or Energy Storage?**  
Neither. Based on the guidance in D.14-06-050 (appendix B, page B-4), energy storage and DR may not be jointly aggregated to create a combined storage-DR resource that will count for RA at this time and therefore such a combination would be nonconforming. These resources, however, could be offered separately as part of different DR programs.
- 4. Would SDG&E consider Behind-the-Meter (BTM) Photo Voltaic (PV) + Storage a “fully deliverable resource”? How would SDG&E assess or characterize this technical constraint?**  
For BTM demand response resources, the “fully deliverable” designation is not applicable. Once a Proxy Demand Resource (PDR) designation is assigned from the CAISO, deliverability is not required in order to count for RA.
- 5. What product type should PV go in?**  
Please see the renewables FAQ, question #2.
- 6. On page 8 of the Demand Response RFO, SDG&E states that "...only supply resources, as defined by the Commission, will be considered." Based on SDG&E's interpretation of this decision, should bidders assume that behind-the-meter (BTM) DR resources are not eligible to participate in this RFO?**  
BTM supply-side DR resources are eligible such as PDRs. Load-modifying are not eligible.
- 7. For Demand Response, will SDG&E consider projects whose generation capacity exceeds the site's load (i.e. a 500kW project on a 400kW peak facility)?**  
The projects are eligible but excess capacity will not be compensated. While the current CAISO tariff is silent on PDRs exporting power to the grid, it is SDGE's expectation that it will not be allowed going forward and so SDGE will not value any excess power.

8. **In 3 A. 4. Page 7 of the RFO document it states: "The Demand Response resource must be demonstrably incremental to the assumptions used in the California ISO studies. Sellers are required to explain and/or show how their proposed Demand Response resource is incremental." What specific criteria are required to qualify a Demand Response resource as "incremental" in the Preferred Resources program? The new CAISO BPM indicated that the response time for local DR resources going forward would be 20 minutes going forward. Does this mean that the definition of DR has changed so that a 30-minute resource will no longer count? Are current DR resources grandfathered? If a current DR resource is "improved" to meet the new requirements, would it then be considered incremental? Is the combination of a response with 20 minutes' notice and bidding directly into the CAISO markets significant enough requirements to qualify participant load as incremental? Currently SDG&E has customers enrolled in BIP Demand Response product with a 30 minute response time. Will this load be considered incremental if we move these customers to a new program with a 20 minute respond time? What changes are necessary to qualify existing load in BIP as incremental load in the Preferred Resources program? The excerpt below is from D. 15-11-042 at pages 16-17 which is referenced in 3 A.4. Page 7: "Furthermore, as the Working Group recommends, non-event-based load modifying demand response should continue to be embedded in the California Energy Commission's unmanaged/base case load forecasts. The non-event-based load modifying programs, which include critical peak pricing, real time pricing, time of use rates, permanent load shifting, and peak time rebates, are already demonstrably embedded in the load forecast or on the verge of becoming so through the ongoing work of the Joint Agency Steering Committee." Based on this clarification does event-based load designed to respond with 20 minutes' notice qualify as incremental?**

In short, SDGE will review your discussion in your offer as to how you believe the offer is incremental. Sellers are encouraged to reference SDGE's current DR portfolio and any pending programs for approved by the commission, and the latest Integrated Energy Policy Report ("IEPR") DR forecast. Incremental resources that are similar to existing Demand Response resources must demonstrate, to the satisfaction of both SDG&E and the IE that the resource is "incremental", for example, by being innovative or by targeting previously hard to reach markets or customers that have not been addressed to date.

The rules from the CAISO tend to change over time but in general old resources are not grandfathered and must meet the current applicable CAISO requirement. It does not make a DR program incremental by meeting the new requirement. The incremental requirement and the 20 minute response time are separate requirements. Shortening the notification time to 20 minute does not qualify the resource to be incremental. Incremental has to be new resource that is not already included in SDGE's current DR portfolio, any pending programs for approval by the commission, and/or the latest Integrated Energy Policy Report ("IEPR") DR forecast.

9. **Given the loading order ranking, do newly installed storage products like batteries or load shifting products (like cold air storage) qualify as incremental Demand Response resource?**

Please see the energy storage FAQ, question #6

10. **Please give more details on "incremental"?**

See General FAQ #18

- 11. If SDGE retains dispatchability rights, how can SDG&E expect bidder's to accept the risk of CAISO energy market penalties or negative Pnode pricing?**  
The CAISO and SDG&E will only dispatch in accordance with the bids and project parameters as laid out in the master file. It is up to the bidder and SC to manage that process. Any CAISO revenues or penalties associate with SDGE dispatch will be worked out during the contract negotiations to ensure the party that causes the cost pays for it.
- 12. For the DR RFO, is SDG&E only seeking to buy the RA credit from the resource (as is the case for DRAM)?**  
SDG&E is seeking to buy RA with dispatch rights.
- 13. Does the bidder / bidder's scheduling coordinator (SC) retain the rights to revenues earned in the CAISO's Energy and ancillary services markets?**  
Yes
- 14. For DR supply resources, does SDG&E intend to serve as Scheduling Coordinator, or can the bidder (or a partner) serve as SC?**  
SDGE does not intend to serve as the SC in the supply side DR programs being sought in the 2016 solicitation. Please see SDGE's DRAM website for a survey of potential SCs for DR resources that was assembled in conjunction with the other IOUs as part of the DRAM pilots.
- 15. Would the Rule 24 registration limitations apply to the customer data retrieval process associated with this solicitation (in addition to the DRAM pilots)?**  
Yes, although SDG&E cannot guarantee that the rules and process will not change going forward.
- 16. Can you please further explain the role of Rule 32 registrations in the DR RFO? Does SDG&E expect substantially more Rule 32 registrations to be available to bidders in the near future? Are DR supply resources in any way constrained by the number of Rule 32 registrations authorized by the CPUC?**  
The current process for DR resources is that they must register customers with the CAISO. Currently SDGE has a limit of 7000 registrations. There is a good chance that number will be increased in the future; however, that process is not within SDG&E's control and SDG&E cannot guarantee how many additional registrations might be available in the future.
- 17. Who will be serving as the DRP for demand response resources?**  
SDG&E does not intend to serve as the DRP as part of the DR programs being sought by this 2016 solicitation.
- 18. Are DR products required to go through the interconnection study as well?**  
Please see the interconnection FAQ document, question #7.
- 19. How will SDGE dispatch my DR resource?**  
The frequency of dispatch is currently unknown but SDG&E may dispatch in accordance with the master file with the CAISO.
- 20. Are there minimum requirements for dispatching as part of the DR product?**  
The DR resource must qualify for RA under the then current CAISO tariff rules and Must-Offer-Obligation Hours.
- 21. Do DR resources have to be provided year round in 2022?**  
Yes - in order to count for local RA, the program must be available year round; however, the capacity can vary by month as long as it meets the minimum size requirement.

22. **Will CISR forms be required? Do these require a wet signature?**  
CISR forms are not required for bid submission. The bidder must follow the required process for customer registration every year of the project, which may evolve over time.
23. **If the DR Program being offered is a residential aggregation, will SDG&E require more than a one-time customer attestation?**  
No.
24. **If SDGE dispatches the DR resource, is a scheduling coordinator required?**  
Yes, an SC is required regardless of whether SDGE dispatches the resource.
25. **In the 2016 preferred resources LCR RFO, is SDG&E including any sort of DR resource set aside?**  
No. The track 4 Authorization provides for a 200 MW minimum of preferred resources including 25 MW of energy storage.
26. **Can SDG&E provide assistance with customer acquisition by doing such things as sharing customer data?**  
No.
27. **Should I include marketing costs in my DR bid?**  
Yes.
28. **Please provide more clarity regarding the "may be considered non-conforming" clause relating to the CPUC TOU change in the DR RFO. The statement leaves questions regarding its intention: - Will SDG&E be deciding ahead of the submission/shortlist deadline whether or not these energy storage DR offers will be automatically non-conforming? - Will offerors have the option to submit bids contingent upon on one of the TOU configurations and have the ability to leverage the non-conformance clause to withdraw the bid?**  
No, SDG&E does not believe the TOU period decision will be final before the shortlisting notices are sent out, therefore SDGE will not decide before shortlisting whether offers are non-conforming because of the CPUC's TOU decision.  
All bids are firm but Shortlist Acceptance fees will be returned if the contingency is not met.
29. **During the pre-bidders conference, SDG&E mentioned that Nest thermostats would not qualify as a DR resource. Would SDG&E please elaborate on that?**  
There has been a miscommunication, SDG&E did not say that. Nest thermostats do qualify as a DR resource, assuming the project meets all the requirements of the DR RFO.
30. **We understand that SCE only applies Rule 32 registration limitations to resources managed by third parties, not to utility-managed resources. Does SDG&E consider Rule 32 in the same light? Or does SDG&E apply these limitations to your managed resources?**  
That question is out of scope. DR resources in this preferred resources LCR RFO will be managed by third parties and limited by rule 32 registration limits and rules during the applicable year.
31. **How much of the Rule 32 allocated allotment of the 7,000 customers are already associated with another solution?**  
That is not public information.

32. **As a follow up to DR FAQ #22; can you please specify what the required process for customer registration is at this time and any expected changes? Are customers required to submit CISRs for program enrollment? Will customers be required to provide utility account information? Is SDG&E open to discussing ways to streamline the customer enrollment process??**

The current high level requirements include, but not limited to,

1. The aggregator must register with SDGE, the CPUC, and CAISO as a Demand Response Provider (DRP);
2. The DRP, or its agent, must register with CAISO as the Scheduling Coordinator (SC) for the resource;
3. The aggregator must not enroll and register a customer service account if the customer is already enrolled in an SDG&E event-based DR program, unless the customer is disenrolled from the SDG&E program pursuant to the tariff.
4. The DRP must have the customer sign the CISR-DRP form to authorize SDG&E to share their information with the DRP.
5. The DRP must register the customer with CAISO, in compliance with CAISO rules and SDG&E's Electric Rule 32 - Direct Participation Demand Response.
6. SDG&E will act as the appropriate entity to review, validate, and approve the registration if appropriate.

SDG&E is not currently aware of any material changes to this process expected in the future; however that does not relieve the aggregator of their contractually required responsibility to follow the current SDG&E/CAISO/CPUC/CEC rules on such matters.

Customers must provide their account information as part of the CISR-DRP forms.

This is the current process and SDG&E will not deviate or give preferential treatment to any third party in order to streamline it for them in particular. SDG&E is an active participant in the collaboration and discussions in the Direct Participation Demand Response Proceeding.

33. **I am working on a DR Program based on EV charging stations that will be installed into the SDG&E territory. At this time, I do not know the specific locations where each EV charging stations will be installed. To be in compliance with the RFO for DR requirements, is it necessary to indicate the specific location within the SDG&E territory of each EV charging station, or is it enough to guarantee that the EV charging stations will be installed in the SDG&E territory?**

It is not necessary to indicate the specific locations to be in compliance with the DR RFO requirements. However, all of the Participation Criteria and Resource Criteria listed on pages 7-9 of the DR RFO must be met in order to be considered conforming.

34. **We have an offer that has elements of both EE and DR, how should that type of offer be submitted in response to the two distinct RFO's for EE/DR?**

Please see general question #28.

35. **With the requirement for energy storage to use the newly proposed TOUs, has there been any additional proceedings or notice regarding potential tariff restructuring? i.e. redistribution of demand charges, etc?**

Please see Energy storage Question #22

**36. Slide 75 from the Bidder's Conference states: "Resource must be dispatchable, either by CAISO or SDG&E". Under what circumstances might SDG&E initiate a dispatch of the resource? Will SDG&E initiate a dispatch by instructing the Seller to submit an economic bid for Energy into CAISO's market for a specific interval, quantity and price? Or will SDG&E initiate a dispatch by instructing the Seller to take an out-of-market action (for which the Seller will not be paid by CAISO)? In the event of conflicting dispatch instructions from CAISO and SDG&E, does the CAISO dispatch instruction take priority?**

An "SDG&E dispatch" would be an instruction from SDG&E to a resource to self-schedule into the CAISO market, and then the CAISO will determine whether to run the resource and then send a signal to the resource to run if it is chosen. Therefore, there will never be a conflict between an SDG&E dispatch and a CAISO dispatch. Please see DR question #11 and #19 and the DR proforma for more information.