

Rulemaking: 20-11-003  
Exhibit No.: CASMU-1  
Date: September 1, 2021  
Witnesses: Quan Nguyen, Dan Marsh, and Shelley McCoy  
Commissioner: Marybel Batjer  
ALJ: Brian Stevens



**OPENING TESTIMONY OF  
BEAR VALLEY ELECTRIC SERVICE, INC. (U 913 E),  
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E), AND  
PACIFICORP (U 901 E)**

**Opening Testimony Of Bear Valley Electric Service, Inc. (U 913 E), Liberty Utilities  
(CalPeco Electric) LLC (U 933 E), and PacifiCorp (U 901 E)**

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In accordance with the August 10, 2021 Assigned Commissioner’s Amended Scoping Memo and Ruling for Phase 2 (“Amended Scoping Memo”) and the August 16, 2021 E-mail Ruling Issuing Commission Developed Staff Concepts Proposal Document and Seeking Comment in Opening Testimony due September 1, 2021 (“August 16<sup>th</sup> Ruling”), Bear Valley Electric Service, Inc. (“BVES”), Liberty Utilities (CalPeco Electric) LLC (“Liberty”), and PacifiCorp, d.b.a. Pacific Power (“PacifiCorp”) (collectively, the California Association of Small and Multi-Jurisdictional Utilities (“CASMU”)) submit this opening testimony to address the Energy Division Staff Concept Paper – Proposals for Summer 2022 and 2023 Reliability Enhancements (“Staff Concept Paper”) included with the August 16<sup>th</sup> Ruling. Given the unique characteristics of the CASMU members and the fact that the CASMU members did not face the same challenges as other load-serving entities (“LSEs”) during 2020 extreme weather events and are not expected to face similar challenges or reliability needs in 2022 or 2023, CASMU does not provide specific proposals to address Summer 2022 and 2023 reliability needs. Instead, this testimony highlights why the program and policy concepts identified in the Staff Concept Paper are unnecessary to address reliability needs in the CASMU members’ service territories and should not be required for or implemented by the CASMU members.

1 **I. CASMU Testimony Addressing Staff Concept Paper Program and Policy Concepts**

2 **A. Demand Reduction**

3 **1. Emergency Load Reduction Program (“ELRP”) Modifications**

4 As described in D.21-03-056, the “purpose of ELRP is to allow the *large* electric IOUs  
5 and [the California Independent System Operator] CAISO to access additional load reduction  
6 during times of high grid stress and emergencies involving inadequate market resources, with the  
7 goal of avoiding rotating outages while minimizing costs to ratepayers.”<sup>1</sup> Importantly, D.21-03-  
8 056’s ELRP pilot was only required for California’s largest investor-owned utilities, Pacific Gas  
9 and Electric Company, Southern California Edison Company (“SCE”), and San Diego Gas &  
10 Electric Company (collectively, the “Large IOUs”), and was not required for the CASMU  
11 members. The Staff Concepts Paper provides five possible modifications to the ELRP to address  
12 Summer 2022 and 2023 reliability needs: (1) increased compensation rates; (2) ELRP Group A  
13 Enhancements; (3) ELRP Group B Enhancements; (4) expanded eligibility to include residential  
14 customers; and (5) an electric vehicle/vehicle to grid integration (“EV/VGI”) aggregation pilot.  
15 Given that ELRP requirements do not apply to the CASMU members, CASMU assumes  
16 modification to ELRP requirements would similarly not apply to the CASMU members.  
17 However, CASMU provides additional details why new ELRP requirements should not apply to  
18 the CASMU members going forward.

19 To begin with, the CASMU members experienced different weather and load conditions  
20 that contributed to the CAISO rotating outages in August of 2020 which prompted R.20-11-003  
21 and the adoption of additional measures to address summer reliability needs. While CASMU  
22 appreciates the Commission’s work to address reliability needs going forward, it must be noted

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<sup>1</sup> D.21-03-056, p. 18, emphasis added.

1 that the CASMU members experienced less severe conditions and did not face reliability issues  
2 encountered by other LSEs operating within the CAISO. Furthermore, Liberty and PacifiCorp  
3 do not operate within the CAISO and BVES is only connected to the CAISO via SCE's system.  
4 Additionally, while the majority of California LSEs are summer-peaking, the CASMU members  
5 are winter-peaking utilities. The unique characteristics and winter-peaking nature of the  
6 CASMU members helped ensure that they did not face the same challenges as other LSEs during  
7 2020 extreme weather events and are not expected to face similar challenges going forward in  
8 the event of extreme weather events. For example, both BVES and Liberty operate at high  
9 elevations with lower overall temperatures, less air conditioning load, and small swings in peak  
10 demand based on air conditioning load. PacifiCorp similarly did not have the energy emergency  
11 situation faced by other LSEs and was able to reliably and cost-effectively serve its load  
12 throughout the summer of 2020. PacifiCorp's robust Integrated Resource Plan ("IRP is updated  
13 biennially and the resource planning process takes into account actual system operations and  
14 regional risks, including many of the inputs considered in this proceeding (e.g., capacity  
15 contribution of resources, regional resource adequacy, planning reserve margin, etc.). Using  
16 these inputs, PacifiCorp's IRP is designed to ensure that PacifiCorp serves reliably and  
17 resiliently across all jurisdictions. Demand response options in the 2021 IRP specific to  
18 California are focused primarily on economic optimization instead of system reliability.  
19 PacifiCorp models demand response and energy efficiency programs as supply-side resources in  
20 its resource planning process.

21           Given these unique characteristics of the CASMU members, there is no demonstrable  
22 need for implementing an ELRP or ELRP modifications in the CASMU members' service

1 territories. Like the ELRP requirements adopted in D.21-03-056, any new ELRP requirements  
2 should similarly exempt the CASMU members.

### 3 **2. Demand Response Auction Mechanism (“DRAM”) Modifications**

4 As described in the Staff Concept Paper, “DRAM is a capacity auction mechanism  
5 through with the IOUs procure DR capacity aggregated by third-party DR Providers (DRPs),  
6 with DR resources *directly integrated into the CAISO markets.*”<sup>2</sup> The Staff Concept Paper  
7 considers two potential modifications to DRAM: (1) additional auctions for 2022; and (2)  
8 additional requirements for future auctions. It must be noted that none of the CASMU members  
9 have formal demand response programs and are not subject to DRAM requirements. Further,  
10 given that Liberty and PacifiCorp do not operate within the CAISO, and because BVES is only  
11 connected to the CAISO via SCE’s system, new DRAM requirements or DRAM modifications  
12 should not be imposed on the CASMU members.

### 13 **3. Third Party Demand Response Procured by Non-IOU LSEs**

14 Direct access (“DA”) transactions have never been authorized in the service territories of  
15 the CASMU members and no CASMU utility customers have ever been served by DA providers.  
16 No Electric Service Providers (“ESPs”) have executed Utility Distribution Company – ESP  
17 service agreements with any of the CASMU members and no ESPs are registered to operate in  
18 the CASMU members’ service territories. Similarly, no Community Choice Aggregators operate  
19 in the CASMU members’ service territories. Accordingly, third-party demand response  
20 requirements should not be imposed on the CASMU members.

### 21 **4. Agricultural Demand Flexibility Pilot**

22 The Staff Concept Paper offers as a proposal concept potential load reduction in the

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<sup>2</sup> Emphasis added.

1 pumping sector. However, the CASMU utilities do not have significant pumping load from  
2 agricultural irrigation pumping usage. Based on this, as well as the fact that there is no evidence  
3 that additional pumping load reduction is necessary to address reliability issues in the CASMU  
4 members' service territories, the CASMU members should be exempted from any agricultural  
5 demand flexibility pilot requirements going forward.

### 6 **B. Smart Thermostats**

7 The Staff Concept Paper describes a proposal concept to modify and/or expand existing  
8 Energy Efficiency ("EE") and Demand Response ("DR") programs that promote the use of smart  
9 controllable thermostats ("SCTs"). While CASMU is open to implementing additional SCT  
10 programs in the CASMU member service territories, the focus of the Staff Concept Paper on the  
11 Large IOUs to address Summer 2022 and 2023 reliability needs means that any new SCT  
12 requirements for the CASMU members should be addressed outside of R.20-11-003. For  
13 example, the Staff Concept Paper identifies specific California climate zones where SCTs could  
14 be targeted. Importantly, however, the identified climate zones are based on Large IOU data and  
15 do not correspond to SCT needs or potential savings within the CASMU members' service  
16 territories.

17 Additionally, while Summer 2022 and 2023 reliability needs should be addressed for  
18 many CAISO-located LSEs, the CASMU members do not face similar reliability concerns. It  
19 must also be noted that not only do BVES, Liberty, and PacifiCorp lack formal DR programs,  
20 but air conditioning load plays a significantly smaller role in swings in peak demand. This  
21 means that SCTs are likely to have a significantly smaller impact in addressing reliability needs  
22 for BVES and Liberty. Perhaps more importantly, SCT programs tailored to address CAISO-  
23 centric, summer focused reliability needs will not benefit the winter-peaking CASMU members,  
24 and are likely to lead to inefficiencies and unnecessary costs for CASMU customers.

1 Accordingly, new SCT requirements or programs adopted in R.20-11-003 should not apply to  
2 the CASMU members.

### 3 **C. Utility-Scale Storage, Import, and Generation**

4 As described in greater detail below, many of the Staff Concept Paper’s concepts or  
5 proposals for utility-scale storage, imports, and generation to address reliability needs are  
6 inapplicable to the CASMU members. Therefore, the CASMU members should be exempted  
7 from any new requirements adopted in R.20-11-003.

#### 8 **1. Introduce Penalties for Delays to D.19-11-016 Procurement**

9 D.19-11-016 did not require the CASMU members to undertake additional procurement.

#### 10 **2. Increase Resource Adequacy Penalties**

11 Neither Liberty nor PacifiCorp are subject to CAISO RA requirements and none of the  
12 CASMU members are subject to Commission RA requirements.

#### 13 **3. Accelerate Procurement Ordered in IRP Mid-Term Reliability Decisions**

14 D.21-06-035 did not require any of the CASMU members to procure new resources  
15 beginning in June 2023, so accelerated procurement pursuant to that decision will not impact the  
16 CASMU members.

#### 17 **4. Emergency Procurement and Cost Recovery via a Non-Bypassable** 18 **Charge**

19 The Staff Concept Paper again focuses on the Large IOUs and CAISO-centric programs  
20 and requirements when considering potential new non-bypassable charges for cost recovery  
21 associated with emergency procurement to address reliability needs. Perhaps more importantly,  
22 however, is the fact that there is no demonstrable need for the CASMU members to undertake  
23 additional procurement to address the reliability needs at issue in R.20-11-003. Accordingly, any  
24 new non-bypassable charge requirements should not apply to the CASMU members.



1                                   **5. Bundled Procurement Rules Modifications**

2                   The Staff Concept Paper considers adjustments to rules applicable to the Large IOUs to  
3 schedule and bid their hydro resources to achieve least cost procurement to help address  
4 reliability needs. As these requirements are inapplicable to the CASMU members, there is no  
5 justification to expand any new requirements to the CASMU members.

6 **II. Conclusion**

7                   For the reasons outlined above, the CASMU members did not face the same challenges  
8 as other LSEs during 2020 extreme weather events and are not expected to face similar  
9 challenges going forward in the event of extreme weather events. Accordingly, to the extent new  
10 requirements are adopted in this proceeding to address Summer 2022 and 2023 reliability needs,  
11 the Commission must recognize that such requirements may be unnecessary for the CASMU  
12 members and avoid implementing a one-size-fits-all approach to addressing such reliability  
13 concerns.

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**VERIFICATION**

I am the attorney for Bear Valley Electric Service, Inc. (“BVES”), Liberty Utilities (CalPeco Electric) LLC (“Liberty”), and PacifiCorp, and am authorized to make this verification on their behalf. BVES, Liberty, and PacifiCorp are absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on September 1, 2021 at Sacramento, California.

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/s/  
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