



Renew Home

California Efficiency + Demand Management Council and Renew Home Comments on WWGPI Working Group #3 Questions – August 16, 2024

I. Introduction

The California Efficiency + Demand Management Council (CEDMC) and Renew Home appreciate this opportunity to respond to the questions posed following the August 2, 2024 West-Wide Governance Pathways Initiative (WWGPI) Stakeholder Process Workshop #3 (Workshop #3).

CEDMC is a trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California. Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council’s mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

Renew Home is an integrated technology provider for utility demand response programs and also provides third-party demand response (DR) through OhmConnect, Inc. OhmConnect provides DR services to residential retail electric customers in California pursuant to Electric Rules 24 (Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) and 32 (San Diego Gas & Electric Company (SDG&E)). OhmConnect’s cost-free software service notifies households of impending DR events and rewards customers for their automated energy reductions using in-home smart devices. OhmConnect is registered to participate as a DR provider in the wholesale electricity market operated by the California Independent System Operator Corporation (CAISO).

II. Working Group #3 Questions

a. Sector Definitions: Should sectors be established? If so, how should they be defined?

Yes, sectors should be established because they ensure that the interests of a wide range of market participants are represented in the governance of a regional transmission organization (RTO) and facilitate consensus-building within each sector. If market participant voting is to be a feature of the RTO governance structure, well-defined sectors will be even more important because they will be needed to facilitate the development of consensus, sector-specific positions on each initiative that is subject to a vote.

Defining sector definitions will require striking a balance between being too granular (thus, too many sectors), which risks minimizing the benefit afforded by a healthy diversity of opinion within each sector, and being too broad (i.e., too few sectors), which risks increasing the difficulty of achieving sector-specific consensus positions due to excessive diversity within each sector. Based on the slides from the July 11 workshop (Stakeholder Process Workshop #2), examples of these two extremes are the WRAP and MISO (with too many sectors) and ISO-New England (with too few sectors).

CEDMC and Renew Home agree with the stakeholders who commented at Workshop #3 that the Western Energy Imbalance Market (WEIM) Regional Issues Forum (RIF) Independent Power Producer (IPP)/Power Marketers sector is an example of a sector with so much diversity that it can potentially make achieving consensus prohibitively difficult. It is composed of over 80 entities and includes generators (including gas, wind, solar, energy storage, and co-located or hybrid assets), demand response, and distributed energy resource providers, power marketers, financial marketers, developers, and associated trade organizations. The numerous perspectives within the sector were evident in the March 2024 RIF Roundtable presentation that indicated 27 priority issues in the IPP/Power Marketer sector for discretionary policy initiatives. This is not a critique of the sector participants, it simply illustrates the numerous and potentially conflicting business interests within the sector which could prove difficult for consensus building on more consequential issues. A majority voting requirement could prove detrimental for minority interests within a sector of this size.

With regard to suppliers, a balanced dynamic between incumbent stakeholders and existing technologies with new entrants and innovation can be achieved using a dividing line between the suppliers whose resources are located in front of the customer meter (“IFOM”), or behind the customer meter (“BTM”). IFOM resources include fossil-fueled generators, utility-scale renewables, and utility-scale energy storage. BTM resources include demand response, and exporting BTM energy storage and electric vehicles. Market participants representing IFOM resources tend to be far better funded, and

therefore better represented, than market participants representing BTM resources, which could allow IFOM resource interests to dominate BTM resource interests if they are within a single sector. In addition, there are critical issues that are unique to BTM resources that will not be a priority for IFOM resource interests, e.g., resource counting rules and availability requirements. No doubt, there are issues that are a higher priority for IFOM resources such as deliverability and transmission interconnection rules.

Taking into consideration the above discussion, we recommend the following sector composition as a starting point for a straw proposal, using provisional definitions in some instances that borrow from definitions used in other ISOs/RTOs:

1. IFOM Resource Suppliers: Parties that own, or lease with rights equivalent to ownership, a generator located in front of the customer meter; a party that is a seller, buyer, broker, aggregator, or transmitter of capacity or energy generated by an IFOM resource in, from or through the RTO.
2. BTM Resource Suppliers: Parties that aggregate, own, or lease with rights equivalent to ownership, a resource located behind the customer meter, including self-aggregated customers;
3. Transmission Owners: Parties that own, control, and operate facilities within the RTO footprint used for the transmission of energy in interstate commerce. A Transmission Owner must own, individually or jointly, at least [TBD] circuit miles of [TBD] kV or above in the RTO and has become a signatory to the RTO/TO Agreement.
4. End-use customers: (i) Large consumers, (ii) small consumers, (iii) organizations that represent small and/or large consumers, (iv) governmental agencies that advocate on behalf of small consumers, or (v) large energy using governmental agencies; provided, however that an end-use consumer may not be an affiliate of a Transmission Owner, IFOM Supplier, BTM Supplier, POU, or Environmental Party regardless of where located.
5. Public & Federal Power Agencies: State public power authorities, municipal electric systems, cooperatively-owned electric systems, or Federal power marketing administrations.
6. Non-IOU LSEs: Energy service providers, energy service companies, and community choice aggregators.
7. Environmental organizations: Environmental organizations that are non-profit corporations, partnerships, associations or other nonprofit entities having the primary purpose of protecting the environment, with experience in electric utility regulatory or electricity-related matters within the RTO; provided that no such entity may be an Affiliate of a Transmission Owner, Generator Owner, Other Supplier or Public Power Party, regardless of where located. An organization meeting the foregoing requirements shall not be excluded from the definition of an Environmental Party if it also has a purpose of promoting energy conservation or the generation of electricity from renewable resources.
8. Non-voting members: All other interested individuals and parties.

CEDMC and Renew Home understand that some market participants will qualify for multiple sectors; in these instances, they should be required to choose one sector. For instance, an IOU owning transmission and generation assets should be required to choose between the Transmission Owner and IFOM Resource Suppliers sectors. However, this should not preclude affiliates from the same parent company from participating in different sectors. Limiting each company to a single sector will ensure that vertically-integrated companies are not able to exert a disproportionately large amount of influence in the stakeholder process.

b. Should they be weighted for voting purposes? If so, how?

Sectors should not be weighted for voting purposes; otherwise, it gives certain market participants more influence than others over the composition of initiatives that are adopted by the RTO. Concentrating power amongst certain sectors can hamper the ability of minority interests to effectuate change. If the goal of sector voting is to promote compromise among market participants, and between market participants and RTO staff, each sector should have the same amount of influence to ensure that motivation exists for all sectors. Otherwise, if one or more sectors have a disproportionately large weighting, they will not be motivated to be responsive to the needs of the lower-weighted sectors.

c. What could be the value of sector designations outside of voting?

Outside of voting, the sectors will provide a forum for discussion and information dissemination among the associated market participants. CEDMC and Renew Home anticipate that sectors will convene on a regular basis to discuss active stakeholder initiatives, and other RTO-related issues. This will serve as an opportunity to ensure market participant understanding of each issue, discuss industry issues, facilitate the development of sector-specific consensus positions, and develop policies.

d. Voting: Should stakeholder engagement include voting? If so,

Yes. CEDMC and Renew Home recommend a Shared Governance model as Gridworks described at Workshop #2: Stakeholders and boards must both approve a market rule change proposal before filing at the Federal Energy Regulatory Commission (FERC). This will address one of the key themes discussed during Workshop #3 – that the governance structure must encourage compromise. If the RTO staff is not dependent on stakeholder support for a particular initiative, then RTO staff will have no motivation to take into account market participant concerns and needs. Though an RTO must certainly meet its core functions of maintaining reliability and an efficient market, this should occur in

the context of meeting the needs of market participants. During the Workshop #3, some participants expressed concern that binding voting could be problematic because it would limit the ability of an RTO to make the changes it needs to maintain a well-functioning market. CEDMC and Renew Home would counter that when RTO staff is unable to achieve compromise with a sufficient number of sectors on a critical initiative, the RTO would retain Section 206 filing rights at the FERC.

i. What kind of issues are selected to be voted on?

Generally speaking, all initiatives that impact the function of the RTO market, as well as the RTO's budget should be subject to a vote. However, it may be prudent to exempt initiatives that impact the RTO's operations to ensure that the RTO can function well.

ii. At what points in the process should voting be scheduled?

The point at which sector voting should occur will be closely dependent upon the structure of standing working groups and committees that ultimately comprises the RTO's governance process. However, assuming a structure in which a stakeholder initiative is introduced in a working group before graduating to a committee, binding voting should occur at the committee level. This could include a non-binding vote at the working group level.

iii. Should voting be indicative or binding?

Based on a governance structure in which new initiatives are introduced at the working group level and voted on at the committee level, committee voting should be binding. However, as explained above, this should not preclude an advisory vote at the working group level in order to provide a "sense of the room" prior to graduating to the committee level. The voting process should be transparent and the results should be made public.

e. Standing and ad hoc committee status: What sort of forums or committees do sectors organize themselves?

Information-type intra-sector meetings should be organized by the sector themselves. This allows sector participants to dictate the frequency of meetings based on sector needs, rather than an arbitrary requirement to meet on a given schedule.

III. Conclusion

CEDMC and Renew Home appreciate this opportunity to provide this initial feedback on the Working Group #3 questions, and look forward to continued engagement in the governance initiative process.