

Pacific Gas & Electric Company  
Emergency Load Reduction Program  
(ELRP) Pilot

Group B Terms and Conditions Pursuant  
to California Public Utilities Commission  
Decision 21-03-056 & Decision 21-12-015

January 31, 2022

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## Program Overview

On March 26, 2021, the California Public Utilities Commission (CPUC or Commission) issued Decision (D.) 21-03-056 which approved the Emergency Load Reduction Program (ELRP) pilot, a demand response (DR) resource that is not bid or integrated into the CAISO market. The Commission subsequently issued D. 21-11-015 making modifications to the ELRP.

These are the Terms and Conditions of the ELRP pilot for potential participants and other interested parties and can change in whole or in part subject to CPUC approval. The ELRP will be administered by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) for their respective service territories. Any changes made to the ELRP Terms and Conditions will be published in revisions to this document and/or posted to PG&E's website and/or its ELRP Program Administrator's website. Other documents supporting the ELRP will be made available and updated from time to time at PG&E's website and/or its ELRP Program Administrator's website. PG&E has engaged Olivine, Inc., using the ClimateResponse™ Technology Suite to be the Program Administer for the ELRP at this time. Information on ELRP is available at: <https://elrp.olivineinc.com/>

The ELRP pilot provides financial incentives to eligible participants that provide demand load reductions, or demand response, during times of potential or actual stress on the California Independent System Operator (CAISO) transmission system. The ELRP will be available starting May 1, 2021 and will end by October 31, 2025.

The ELRP does not provide capacity or enrollment incentives; rather, incentives are a pay-for-performance energy payment for a customer's verified incremental load reduction. The ELRP load reduction capacity is not eligible for Resource Adequacy (RA), nor in the California Energy Commission (CEC) peak forecast framework. ELRP does not have any California Independent System Operator (CAISO) market obligations.

## Acceptance of Terms and Conditions

All third-party entities are requested to affirm intent to participate in ELRP and to accept the Terms and Conditions for ELRP participation.

### Group B

ELRP eligible participants are divided into two sub-groups under Group B with both sub-groups comprised of market integrated Proxy Demand Response resources as shown.

- Sub-Group B.1 – Third-party DR Provider (DRP)
- Sub-Group B.2 – Capacity Bidding Program (CBP)

#### 1.1 Sub-Group B.1

Third-party DR Providers involved with Sub-Group B.1 are requested to affirm intent to participate in ELRP, including acceptance of Terms and Conditions and any agreements that may be developed to support third-party DRP participation in ELRP by April 15 of the program year, if they are interested in receiving courtesy ELRP notifications. Otherwise, Third-party DR Providers must accept Terms and Conditions and any agreements that are developed by the time they submit their invoices for processing by PG&E.

#### 1.2 Sub-Group B.2

Capacity Bidding Program (CBP) Aggregators involved with Sub-Group B.2 are requested to accept the Terms and Conditions and any Agreements that may be developed to support CBP enrollment in ELRP.

# 1 Program Eligibility and Enrollment

## 1.1 Program Participant Criteria

All customers must be located in PG&E's service territory and must have a PG&E approved interval meter or SmartMeter™ meter that can measure energy consumption at least hourly, and if applicable, can measure exported energy.<sup>1</sup>

### 1.1.1 Sub-Group B.1 – Third-party DR Providers (DRPs)

A third-party DRP with a market-integrated PDRs resource is eligible to participate in ELRP.

#### 1.1.1.1 Application Process for Sub-Group B.1

Sub-Group B.1 applicants can enroll into the ELRP by contacting the Program Administrator, Olivine at <https://elrp.olivineinc.com/contact-us/>.

The third-party DRP must provide information about their customer's back-up generation (BUG), including: (1) location (address), (2) type of fuel used (e.g., diesel, natural gas, battery, etc.), (3) the nameplate capacity of the generator, (4) the notice time for the generator, and (5) the ramp time for the generator that may be used during an ELRP event at time of invoicing.

### 1.1.2 Sub-Group B.2 – Capacity Bidding Program (CBP)

A third-party CBP Aggregator with a market-integrated PDR resource is eligible to participate in ELRP. An account is only eligible to participate in ELRP if the service account has been nominated and bid during the ELRP operating month.

#### 1.1.2.1 Application Process

Sub-Group B.2 applicants can enroll into the ELRP by contacting the Program Administrator, Olivine at <https://elrp.olivineinc.com/contact-us/>.

At the time of enrollment, or at designated times during the ELRP pilot, the third-party DRP must provide information about their customer's back-up generation (BUG), including: (1) location (address), (2) type of fuel used (e.g., diesel, natural gas, battery, etc.), (3) the nameplate capacity of the generator, (4) the notice time for the generator, and (5) the ramp time for the generator that may be used during an ELRP event.

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<sup>1</sup> PG&E is not required to install an interval meter and communication equipment or SmartMeter™ to provide remote read capability if the installation is impractical or not economically feasible.

## 2 Program Parameters

### 2.1 Program Availability

The ELRP has the following program parameters for all participants:

- Program Availability:
  - May – October
  - Seven (7) days per week
  - 4 p.m. to 9 p.m. (Pacific Time Zone)
- Event Duration:
  - 1-hour minimum; 5-hour maximum
- Annual Dispatch Limit:
  - Up to 60 hours
- Consecutive Day Dispatches
  - No constraints (limits)

### 2.2 Program Trigger

The ELRP shall be activated after the CAISO issues or declares an “Alert, Warning, Emergency (AWE)”. The AWE process is defined by CAISO Operating Procedure 4420. Group B participants utilize Day-Ahead (DA) Alert and Day-Of (DO) triggers for ELRP.

*In the future, when the CAISO completes the transition from the current AWE process to the North American Electric Reliability Corporation (NERC) Energy Emergency Alert (EEA) standards, then the AWE declarations shall be replaced with the equivalent NERC EEA level notice.*

### 2.3 Group B Notification

An ELRP event for Group B participants is activated after the CAISO issues or declares a day-ahead (DA) Alert or day-of (DO) trigger. The start time and duration are specified in the CAISO Alert notice and is limited to the parameters set forth in Section 2.1 “Program Availability” above. Parties that have affirmed their intent to participate, including acceptance of Terms and Conditions and any agreements would be eligible to receive courtesy ELRP notifications from the Program Administrator (Olivine).

### 2.4 Test Events

Group B is not subject to ELRP Test Events.

## 3 Compensation

Participation during an ELRP event is entirely voluntary, and no financial penalties will result from not achieving load reduction during the event.

Incremental load reduction (ILR) is defined as the load reduction achieved during an ELRP event incremental or relative to the non-event applicable baseline and/or any other existing commitment. Only ILR is eligible for compensation under ELRP.

Any load reduction technology may be used during an ELRP event to achieve ILR. BUGs or Prohibited Resources, except those located in a Disadvantaged Community<sup>2</sup>, may be used when permitted by a Governor's Executive Order and in compliance with Rule 21 and other applicable regulations and permits during an ELRP event to achieve ILR, including during the overlapping period with an independently triggered event in a dual-enrolled DR program, but only for achieving load reduction incremental to any other existing commitment (e.g., under a dual-enrolled DR program).

If applicable, PG&E may withhold a Participant's ELRP incentives until data or information about the customers' back-up or onsite generation resources (e.g. Prohibited Resources) is provided. Participants are required to provide information about the location, type of fuel used, the nameplate capacity of the generator, the notice time for the generator, and the ramp time for the generator that may be used during ELRP events.

### 3.1 Incentive Rate

The ELRP Compensation Rate (ECR) is \$2 per kilowatt-hour (\$2/kWh).

### 3.2 Incentive Calculation

Compensation for load reduction delivered during an ELRP event is determined by calculating the product of ILR and ECR. The ILR is determined using the prescribed baseline per section 3.2.1 and the settlement methodology per section 3.2.2 for Group B (B.1 and B.2). Payments associated with Group B varies between B.1 and B.2 as described in section 3.2.3.

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<sup>2</sup> Pursuant to Section 39711 of the Health and Safety Code, Disadvantaged Communities are defined as (1) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation and (2) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment. See also Health and Safety Code Section 116426.

### 3.2.1 Baseline Methodology for Group B (B.1 and B.2)

To construct the ELRP baseline for measuring a Group B PDR's ILR contribution during an ELRP event, the applicable CAISO baseline will be modified to account for the following steps:

- 1) Count net exports to the distribution grid by customer locations within the PDR aggregation that comply with Rule 21 and other applicable permits;
- 2) Exclude prior days with other ELRP events when selecting the set of "non-event, but similar" days when calculating the baseline;
- 3) Exclude applicable preceding hours with either CAISO market awards or another ELRP event on the day of the ELRP event when calculating the same-day adjustment (SDA) to the calculated baseline in step 2, and
- 4) Allow the SDA in step 3 to be no greater than 100%.

### 3.2.2 Settlement Calculation for Group B (B.1 and B.2)

For participation in ELRP under Group B, a DRP must construct a PDR Portfolio consisting of only 1) PDRs with RA assignment or PDRs without RA assignment (but not both) and 2) PDRs limited to PG&E's service territory.

The CAISO settled aggregated load during an ELRP event is modified to count net energy exported to the distribution grid by any customer location within the PDR aggregation, subject to each customer's *net* exporting limit under its Rule 21 interconnection agreement and adherence to each customer's Net Energy Metering tariff, as applicable.

Following an ELRP event, the DRP's scheduling coordinator (SC) is responsible for determining the following:

- 1) ELRP Event Performance (total load reduction during the ELRP event) of each PDR in the DRP's PDR Portfolio by applying the applicable ELRP modified baseline to the PDR's modified aggregated load settled during the ELRP event.
- 2) ILR of each PDR by subtracting the CAISO scheduled award quantities, inclusive of day-ahead market (DAM) and real-time market (RTM), from the



PDR's ELRP Event Performance. If the total market award for the PDR during the ELRP event is zero, then ILR of the PDR equals the ELRP Event Performance.

3) The ELRP Event Compensation due for each PDR by adding all interval-specific ELRP Compensations across all applicable intervals of the ELRP event, subject to the following:

a) The interval-specific ELRP Compensation in each applicable interval of the ELRP event is obtained by subtracting 1) any CAISO market payments for any portion of the load reduction counted in the interval-specific ILR and 2) the interval-specific CAISO Opportunistic Revenue (COR), defined below, from 3) the interval-specific Product of the ECR and the interval-specific ILR (see illustration below).

If the interval-specific ILR is negative, then the interval-specific ELRP Compensation is set to zero in that interval.

If the interval-specific COR is greater than the interval-specific Product, then the interval-specific ELRP Compensation is set to zero in that interval.

b) The interval-specific COR is the product of the interval-specific Market Eligible Capacity (MEC), defined below based on the interval-specific CAISO Market Event Performance (MEP) determined under applicable CAISO market baseline, and the interval-specific CAISO Clearing Price Delta (CCPD), defined below.

i. MEC:

1. If the total CAISO scheduled award quantity in an interval is non-zero and the interval-specific MEP is less than or equal to the total CAISO scheduled award quantity in the interval, then the interval-specific MEC is set to zero.
2. If the total CAISO scheduled award quantity in an interval is non-zero and if the interval-specific MEP is greater than the total CAISO scheduled award quantity in the interval and

less than or equal to the Qualifying Capacity (QC)<sup>3</sup> of the PDR in that interval, then the interval-specific MEC is equal to the interval-specific MEP minus the interval-specific total CAISO scheduled award quantity.

3. If the total CAISO scheduled award quantity in an interval is non-zero and if the interval-specific MEP is greater than the Qualifying Capacity (QC)<sup>4</sup> of the PDR in that interval, then the interval-specific MEC is equal to the interval-specific QC of the PDR minus the interval-specific total CAISO scheduled award quantity.

If the total CAISO scheduled award quantity in an interval is zero, then the interval-specific MEP in the above cases is set to the interval-specific ILR.

If the PDR has no assigned QC in the above cases, then the QC is replaced by the PDR's "PMin" parameter on record in the CAISO Master File applicable to the interval. The MEC shall have a floor value of zero. Additionally, if the PMin value is less than the total CAISO scheduled award quantity in an interval, then the interval-specific MEC is set to zero.

ii. CCPD:

For a PDR participating in the DAM only (that is, "long-start" PDR), the interval-specific CCPD is the DAM clearing price in that interval.

For a PDR participating in the RTM, the interval-specific CCPD is equal to the higher of the DAM or RTM clearing price in that interval minus the lower of the DAM or RTM clearing price in that interval.

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<sup>3</sup> The QC value is defined as the Supply Plan quantity.

<sup>4</sup> Ibid.

- 4) PDR Portfolio Level Net Event Compensation across all PDRs in the DRP's Portfolio.

### 3.2.3 Payment for Group B (B.1 and B.2)

Eligible Group B participants will be compensated in the manner described below.

#### 3.2.3.1 Payment for Group B-1 Participants (Third-Party DRPs)

The third-party DRP for each PDR Resource is responsible for submitting an aggregate invoice for the Cumulative Portfolio Level Net Event Compensation of each PDR Portfolio for May-June-July (First Quarter) period by September 30 and for August-September-October (Second Quarter) by December 31 of the program year to PG&E's organization responsible for administering Demand Response Auction Mechanism (DRAM) invoices. Invoices and related information can be submitted to the following email inbox: [ELRPB1@pge.com](mailto:ELRPB1@pge.com)

The Cumulative Portfolio Level Net Event Compensation of a PDR Portfolio over one Quarter is determined by summing the Portfolio Level Net Event Compensation across all ELRP events in that Quarter. Any impact on DRAM performance, if applicable, is the responsibility of the seller. The invoice shall be accompanied with the supporting data for each event, including but not limited to PDR-specific ELRP Event Performance, ILR, applicable market awards during the event, applicable CAISO market payments for load reductions counted in the ILR, and ELRP Event Compensation.<sup>5</sup> PG&E may audit and verify the invoice as needed. PG&E will settle the invoice within 60 days of the invoice date absent the need for additional information, which would set the 60 days from the time all additional information is received in order to process the invoice. In case of an audit, the 60 day period is frozen until there is resolution to PG&E's satisfaction.

#### 3.2.3.2 Payment for Group B-2 Participants (CBP Aggregators)

PG&E will be responsible for calculating baselines and settlements for each CBP Aggregator/Participant.

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<sup>5</sup> An invoice template will be provided to participants for invoice processing and audit.