Concerns of California Large Energy Consumers Association

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Concerns about weather normalization

- Using 30 years of weather data to define normal weather does not take into account
  - Changing climate
  - Drought patterns
- Correlation between peak load and recent weather patterns based on 2012-2015
  - How does this account for changing peak load with BTM DER?
  - How does this account for changing net load?
- Concern that weather normalization may result in under-allocation to more weather-sensitive loads

Concerns and reassurances about determination of coincidence calculation

- Coincidence factor is ratio of LSE's load at time and hour of CAISO system peak loads to the LSE's actual non-coincident peak load on any CAISO peak hour
  - Median of 5 highest coincident factors in a month, taken by comparing the 5 highest CAISO coincident peaks with the LSE's load level at those dates and times
  - Choice of median over mean due to "skewed nature of peak load values"
    - Need to explain what is meant by skewed nature
    - In general we are glad that the median is being used and not a choice of the median or mean

Concerns and reassurances about determination of coincidence calculation

- CLECA would like to confirm that the coincidence factors are not based on weather-normalized loads
  - We had previously been concerned that the use of weather-normalized loads could understate the contribution of weather-sensitive loads to the CAISO coincident peak
  - Can staff confirm this understanding?
- Use of up to 15 LSE coincident factors per month over 3 years vs. 5 over 1 year
  - We understand that there is a tradeoff between impacts of weather and changing load trends
  - Customers with more variable loads could be allocated relatively less [in terms of an RA obligation] compared to customers with flat loads, if more data points are used when a higher variance from prior forecasts is seen

Other concerns

- How does methodology account for changes in TOU periods going forward and impact of customer response on daily load shapes?
- Allocation of credit for EE, DR, and DG is based on share of load
  - These are allocated to LSEs in proportion to their share of CAISO peak load, which is not an exact proxy for their share of the cost of these programs
    - This does not reflect which customers are modifying their loads in response to these programs
- Adjustments to LSE forecasts for DR programs appear to be in proportion to how the costs of the programs are recovered rather than based on actual load reductions-is this true?
  - While LSEs should get RA credit for paying for these programs, the impacts on their load shapes is not captured by this allocation

Other issues

- Other ISO/RTOs use a direct measurement of coincidence as the obligation for the next year
  - E.g., PJM uses a direct measurement of coincidence to determine capacity obligation
  - Would CPUC and CEC consider this?
- Would CPUC and CEC consider a true-up if the forecast of coincidence deviates from the actual coincidence by more than a certain amount?
- We note that D. 12-06-025, which emphasized the relationship between cost causation and allocation of RA responsibility, implied the use of 12 monthly peaks, one for each month, but the process actually uses from 60 to 180 peaks.