

San Diego Gas and Electric Company
Emergency Load Reduction Program
(ELRP) Pilot Terms and Conditions
Pursuant to California Public Utilities
Commission Decision 21-03-056,
Decision 21-12-015, and Decision 23-
12-005

February 26, 2024

Group B

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1. 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, an out-of-market demand response (DR) resource.

On August 2, 2021, the assigned Administrative Law Judge (ALJ) initiated Phase 2 of the Summer Reliability Rulemaking. On December 6, 2021, the Commission issued its final decision in Phase 2 of the rulemaking, D.21-12-015, which directs the investor-owned utilities (Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric (SDG&E) (collectively, the IOUs) to take additional actions to prepare for potential extreme weather in the summers of 2022 and 2023, including modifications to the ELRP pilot. The Commission subsequently issued D.21-12-069, making minor corrections to D.21-12-015. On December 20, 2023, the Commission issued D.23-12-005 Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots and Budgets for the Years 2024-2027. In that Decision, the Commission approved SDG&E's 2024-2027 ELRP budget and adopted certain program modifications, including changes to the method for ELRP settlements for Group B (D.23-12-005, Attachment 2).

These are the Terms and Conditions of the ELRP for potential participants and other interested parties and can change in whole or in part subject to CPUC approval. Any changes made to the ELRP Terms and Conditions will be published in revisions to this document and/or posted at SDGE's ELRP website. 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.

The ELRP 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 after October 31, 2027.

The ELRP does not provide capacity or enrollment incentives; rather, incentives are a non-penalty 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 the California Energy Commission (CEC) peak forecast framework. ELRP does not have any California Independent System Operator (CAISO) market obligations.

These terms and conditions are meant to enhance the understanding of the ELRP pilot. These terms and Conditions are only for Group B of the ELRP. Group A is covered in a separate Terms and Conditions Document. Group B is defined as follows:

Group B: Market-integrated proxy demand response (PDR) resources

- Sub-Group B.1. – Third-party DR Providers (DRPs)
- Sub-Group B.2. – SDG&E Capacity Bidding Programs (CBPs)

2. Program Eligibility and Enrollment

2.1. Program Participant Criteria

ELRP eligible participants are divided into two groups (Group A and Group B), each of which is further divided into sub-groups. All customers must be located in SDG&E’s service territory and must have an SDG&E approved interval meter or Smart meter that can measure energy consumption, at least hourly, and if applicable, can measure exported energy. The following terms and conditions pertain to Group B and its two sub-groups (a separate set of terms and conditions has been provided for Group A), as defined in Attachment 1 to D.21-03-056, D.21-12-015, and D.23-12-005.

Group B: Market-integrated proxy demand response (PDR) resources

- Sub-Group B.1. – Third-party DR Providers (DRPs)
- Sub-Group B.2. – SDG&E Capacity Bidding Programs (CBPs)

Additional descriptions for each sub-group in Group B are provided below.

2.1.1 Sub-Group B.1 – Third Party Demand Response Providers (DRPs)

A third Party DRP with a market-integrated Proxy Demand Resource (PDR) is eligible to participate in the ELRP.

For each registered service account, the third-party DRP, if applicable, will be asked to provide information about the service account’s back-up generation (BUG) location, type of fuel used, the capacity of the generator, and the notice or ramp time for generators that may be used during ELRP events. See Compensation in Section 4 for baseline, settlement, and invoicing requirements pertaining to the third-party DRP’s PDR Resource ID.

2.1.2 Sub-Group B.2 – Capacity Bidding Program (CBP) PDR Resources

Third-party aggregators (Aggregators) or self-aggregated customers (Participants) enrolled and participating in SDG&E’s Capacity Bidding Program are eligible to participate in the ELRP.

Third Party Providers involved in Sub-Group B are required to affirm each year their intent to Participate in the ELRP, including acceptance of the Terms and Conditions and any agreements that may be developed to support third- party providers participation in the ELRP. This intent must be submitted prior to the 1st of the month in order to be eligible for compensation for ELRP events during the month.

If applicable, for each nominated account, the CBP Aggregator or Participant must provide information about the customer's back-up generation (BUG) location, type of fuel used, and the capacity of the generator, and the notice or ramp time for generators that may be used during ELRP events.

See Compensation in Section 4 for baseline, settlement, and invoicing requirements

3. Program Parameters

3.1 Program Availability

- An ELRP event can be dispatched from May 1 through October 31 each year for the seven-year pilot period(2021-2027).
- An ELRP event can occur any day of the week (Sunday – Saturday) during the hours of 4:00 p.m. to 9:00 p.m.
- ELRP events shall be a minimum of one (1) hour and a maximum of five (5) hours.
- ELRP can be dispatched on consecutive dates with no constraints.
- ELRP will have an annual dispatch maximum limit of sixty (60) hours

3.2 Program Trigger

ELRP Group B will be activated after the CAISO issues or declares an Energy Emergency Alert (EEA) Watch, EEA 1, EEA2, or EEA3. Energy Emergency Alert is defined in CAISO Operating Procedure 4420. The start time and duration specified in the CAISO's declaration defines the Group B ELRP event window.

An ELRP event cannot be triggered by SDG&E for a localized transmission or distribution emergency.

The duration of the ELRP event (*e.g.*, the start and end time) shall follow the possible system reserve deficiency stated in the Alert Notice. For example, in the Statewide Alert Notice below, CAISO forecasted a possible system reserve deficiency between the hours of 17:00 (5 p.m.) and 21:00 (9 p.m.). Therefore, in this example, an ELRP Event for Group B would be from 17:00-21:00 (5 p.m. to 9 p.m.). Sample below:

STATEWIDE ALERT NOTICE [202002418]

The California ISO hereby issues a CAISO Grid
ALERT Notice,
effective 08/14/2020 17:00 through
08/14/2020 21:00.

Reason:

The CAISO is forecasting a possible system
reserve deficiency between the hours of
1700-2100 and is requesting additional
Ancillary Service and energy bids.

3.2.1 Group B Event Notifications

SDG&E will **not** notify Group B participants of the start time and duration of the ELRP event. ELRP Events for Group B participants will be specified in the CAISO Alert Notice. 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).

3.3 Group B Test Events

There are no ELRP Test Events for Group B participants.

4. Compensation

Participation during an ELRP event is entirely voluntary, and no financial penalties will result from not meeting or exceeding the nominated target load reduction during the event.

The 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 Community¹, 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).

There are no penalties for non- or under-performance.

If applicable, SDG&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 capacity of the generator, and the notice or ramp time for the generator that may be used during ELRP events.

4.1 Incentive Rate

¹ 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.

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

4.2 Incentive Calculation

Compensation for load reduction delivered during an ELRP event is determined by calculating the product of ILR and ECR. The ELRP incentive calculation for Group B varies. Details are provided below.

4.2.1 Group B.1

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:

- 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%.

4.2.2 Group B.2

To construct the ELRP baseline for measuring a Group B.2 PDR's ILR contribution during an ELRP event, the applicable Capacity Bidding baseline will be modified to account for the following:

- 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 a CBP event 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.

4.3 Baseline and Settlement Calculations

4.3.1 Group B.1

For participation in ELRP under Group B.1, 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 SDG&E's service territory (thus, a DRP may have up to six PDR portfolios participating in ELRP).

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 exporting limit under its Rule 21 interconnection agreement.

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 exceeding Market Eligible Capacity (MEC), defined below, 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 Opportunistic Price (COP), defined below (see illustration below).

i. Market Eligible Capacity (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 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) 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 interval-specific MEP is greater than the Qualifying Capacity (QC) 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 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.

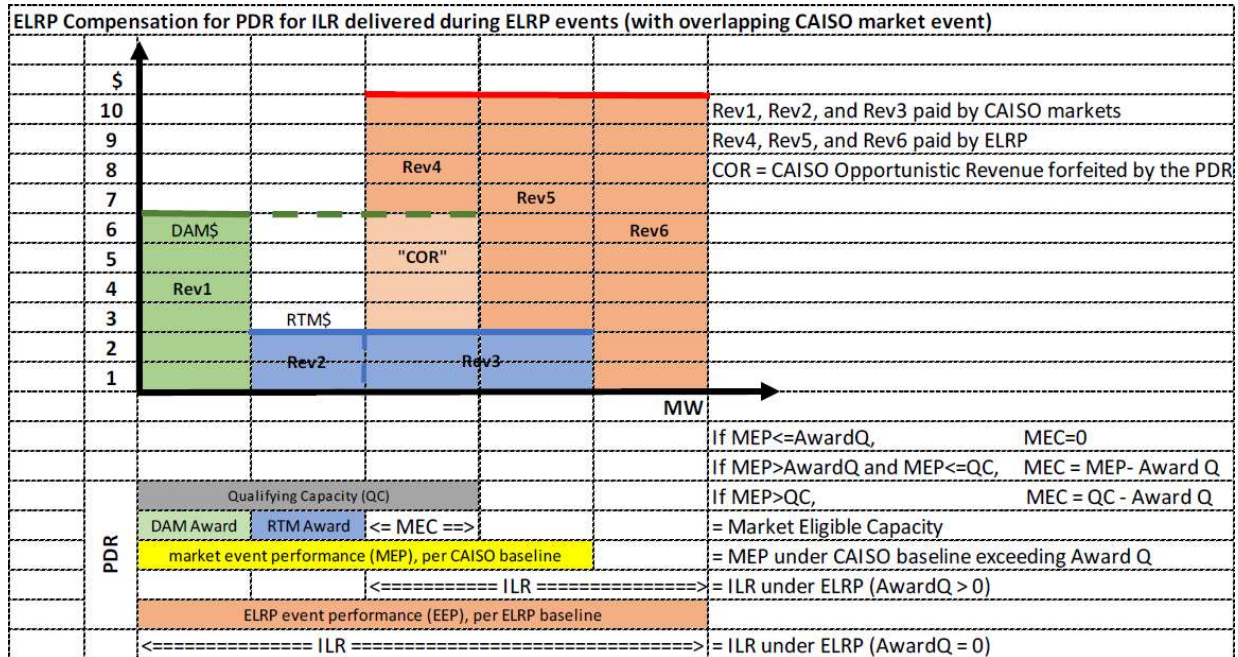
Additionally, if the PMin value is less than the total CAISO scheduled award quantity in an interval, then the interval specific MEC is set to zero.

If the total CAISO scheduled award quantity in an interval is zero, then the interval-specific MEC is equal to the QC of the PDR in that interval.

ii. CAISO Opportunistic Price (COP):

COP is set equal to the ELRP Compensation Rate.

iii. Portfolio Level Net Event Compensation across all PDRs in the DRP's Portfolio.



4.2.3 Baseline and settlement calculation for ELRP B.2

Following an ELRP event, SDG&E is responsible for determining the following:

- a. ELRP Event Performance (total load reduction during B ELRP event) of each CBP Portfolio for each event hour by applying the applicable ELRP modified baseline to the CBP portfolio's modified aggregated load settled during the ELRP event.
- b. ILR of each CBP portfolio. If the CBP product the aggregator has submitted a nomination for was not activated for the given ELRP event hour then the IRL is equal to the ELRP event performance. If the CBP product was activated the IRL will be calculated by subtracting the monthly CBP nomination from the CBP portfolio's ELRP Event Performance.
- c. The ELRP Event Compensation due for each CBP aggregator portfolio by adding all interval specific ELRP Compensations across all applicable intervals of the ELRP event, subject to the following:
 - i. The interval-specific ELRP Compensation in each applicable interval of the ELRP event is obtained by subtracting any CBP program energy payments
 - ii. If the interval-specific ILR is negative, then the interval- specific ELRP Compensation is set to zero in that interval.

4.2.4 Invoicing for Sub-Group B.1

To receive ELRP compensation, the third-party DRP shall submit an aggregate invoice each quarter for the Cumulative Portfolio Level Net Event Compensation of each PDR Portfolio.

For the purposes of invoicing, the quarterly period and applicable invoicing dates are as follows:

- First quarter consists of May, June and July. Invoices for the First Quarter period are due by September 30 of the same calendar year for each of its PDR Portfolio.
- Second Quarter consists of August, September, and October. Invoices for the Second Quarter period are due by December 31 of the same calendar year for each of its PDR Portfolio.
- DRPs shall submit their invoices to SDG&E's ELRP program administrator or designee.
- 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. If applicable, any impact on DRAM performance is the responsibility of the seller.
- The invoice shall be accompanied with the supporting data and/or templates as defined by the ELRP Program Administrator, 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.
- SDG&E reserves the right to audit and verify the invoice as needed. SDG&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. (*e.g.*, SDG&E will settle invoices within 60 days after a disputed or incomplete invoice has been resolved to SDG&E's satisfaction).

The ELRP Minimum Invoice Threshold is set at zero at this time.

4.2.5 Invoicing for Sub-Group B.2.

SDG&E's designated program administrator will be responsible for calculating ELRP B.2 baselines, ELRP B.2 settlements, and issuing payments to CBP Aggregators and/or Participants. who affirmed their intent to participate in ELRP.