

**From:** Redacted  
**Sent:** Friday, February 19, 2010 4:58 PM  
**To:** 'jhe@cpuc.ca.gov'  
**Cc:** 'bsk@cpuc.ca.gov'  
**Subject:** Recent Energy Division Instructions for Interruptible Load Program Reporting  
February 19, 2010

Dear ALJ Hecht,

I am writing to alert you to difficulties that PG&E has with directions that Energy Division staff issued on February 17, 2010 (ED February 17 requirements) (copy attached) directing that the utilities submit reports 5 days later on February 22, 2010 with new requirements for Interruptible Load Program (ILP) reporting for which we have serious concerns about the requirements and their implications. As described below, the ED February 17 requirements have no internal methodological consistency, and will lead to numbers that will be inappropriate for uses that the CAISO, NERC, the Commission itself and others may employ them. They also are inconsistent with the Load Impact Protocols adopted in D.080-04-050 for the annual April 1 filing of Load Impact results and estimates. In addition, the new ED February 17 requirements call for data which has not been gathered, and did provide adequate time to perform the calculations called for by Energy Division for a February 22 submission.

Pursuant to Ordering Paragraph 39 of D. 09-08-027, PG&E and the other utilities have discussed with Energy Division staff the report format to be used for monthly reports. OP 39 states:

Starting with a year-end report for 2009, and continuing through the end of the current budget period, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall prepare and provide monthly reports consistent with the discussion in Section 28 of this decision. The utilities shall use a consistent monthly report format approved by Energy division staff, and shall provide these monthly reports to the Director of the Commission's Energy division, with service on and (sic) the most recent service list in this proceeding. In addition, the utilities shall post their monthly reports on a publicly available web site. The year-end report for 2009 shall be provided no later than January 21, 2010, with subsequent reports provided monthly thereafter.

PG&E, the other utilities and Energy Division staff have not been able to reach agreement on a new format and methodology. PG&E supports improving the ILP reporting format and is committed to cooperating with the Energy Division in providing useful information in the monthly report. However, PG&E has serious concerns about the ED February 17 requirements and their implications, and believes they represent a step backwards from the prior reporting approach.

PG&E has very serious concerns about the ED February 17 directions that the IOUs report the average load impact kW per customer as follows:

Beginning with the December 2009 report (year end report), Estimated Average Load Impact kW / Customer = Average kW / customer for hours 2 pm-6 pm based on Ex Post monthly Load Impact Studies filed in April 2009.

For new programs such as PTR , Estimated Average Load Impact kW / Customer = Average kW / Customer for hours 2 pm - 6 pm based on Ex Ante monthly Load Impact Studies under 1-in-2 Weather Conditions filed in April 2009.

PG&E and the other IOUs believe that the use of ex post load impact estimates is not appropriate. Ex post load impacts are based on actual events that occurred under different weather conditions and at different times. Defining the estimated average load impact per customer as the average kW per customer for 2 - 6pm based on ex post estimates is problematic for purposes of monthly reporting for the following reasons:

1. Ex post takes no account of any weather effects on the load impacts, only actual conditions on event days. A single event in the previous year, which occurred in May, will yield very different results than an August event. Given the definition of the template, a May event becomes the basis for the average load impact of the program for all the summer months of the following year. An August ILP report,, would be based on the average load impact of a May event, ignoring all the weather effects i.e. a significantly lower value than would be expected and a lower value that appears in the ex ante filing for August. If parties review this official CPUC report for purposes of estimating performance of DR resources there is a total disconnect and under valuation of DR compared to numbers reported through other available sources.
2. Ex post also does not take account of the mix of customers that may participate in future events, only those customers that actually participated in a past event. If an event is called in a specific area in an atypical month, e.g. BIP in Humboldt in November, the mix of customers would be very different than a typical event and therefore the average load impact can vary greatly.
3. Not all actual events cover the entire four hours from 2 - 6 pm, leaving a distorted basis for estimating the average load impact for the monthly report. When an ex post event is shorter than four hours, the average load impact across the entire event will be lower as there presumably would be little or no impacts from the non-event hours.
4. ED staff's stated goal was to incorporate the LI protocols. The method that currently prescribed is guaranteed to provide very different results than what is filed in the annual D.08-05-040 compliance filings. The problem is exacerbated by the hybrid nature of the instruction; using a mix of ex post and ex ante methods, enrolled and estimated MW. Regular event season operational reports to the CAISO and NERC filings will be different which will invariably cause data requests and endless questions from all agencies that may refer to the ILP report.

Instead of ex post estimates, the average ex ante estimates should be used. The ex ante protocol method was adopted by the Commission in Decision 08-04-050. This method was developed specifically to compare DR programs across the portfolio for use in various Resource Planning proceeding both at the CPUC & the CEC. Ex ante events are

assumed to be called from 2 - 6 pm. Their load impact estimates are based on regression equations that account for the effects of weather, time and other relevant factors. Ex ante estimates are free from the problems mentioned above, since a) they are available hourly for each monthly system peak day, and b) they have a common event window that covers 2 - 6 pm to allow for comparability on the same footing. However, we find it puzzling that the template only uses ex ante estimates as a substitute when ex post data are not available.

Second, the ED February 17 requirements distinguishes between Enrolled MW and Estimated MW, but it is not always clear which one should be reported for a given program. In particular, the template directs the IOUs to report the load impacts of the DR programs as follows:

Enrolled MWs:

CBP, BIP, AMP, DR Contracts should be based on monthly nominations. The rest of the DR programs should be based on the Ex Post Average Load Impact kW per Customer multiplied by the number of Service Accounts (same as "Estimated MWs").

PG&E is also concerned about the ED February 17 requirements for "Estimated MWs":

The "Estimated MWs" is based on the Ex Post Average Load Impact kW per Customer multiplied by the number of Service Accounts.

Put "N/A" for programs that cannot be called during the summer months (e.g. AC Cycling). For programs that do not run in the summer, the MWs should be reported in the "Enrolled MWs" columns.

Our concerns are as follows:

1) It is not clear to why "N/A" should be put for AC Cycling, since the program only operates in summer months.

2) The template first directs the IOUs to report Estimated MW for programs other than CBP, BIP, AMP, and DR Contracts, but later requires Enrolled MW be reported for programs that do not run in the summer. Should Estimated MW be reported for AC Cycling for the summer months, since it is not one of the four programs that Enrolled MW should be reported? In the winter months, should the IOUs report Enrolled MW or Estimated MW for AC Cycling?

Based on the instruction, some DR programs may need to report Estimated MW for the summer months and Enrolled MW for the winter months. Alternating between Enrolled MW and Estimated MW will cause confusion, as Enrolled MW may be higher than Estimated MW in some cases, resulting in reporting more MW for the winter when a program is not operating than for the summer when the program is operating.

Again, we recommend using ex ante impact estimates, multiplied by the number of

enrolled customers, for each month. When the program is not callable in a given month, the load reduction from the program is reported as zero just as it is in the annual compliance filings.

Because of PG&E's serious concerns about the new ED February 17 requirements and its implications, PG&E requests that a workshop be convened as soon as possible on ILP reporting at which the utilities would present their ILP reporting proposals and Energy Division could present the ED February 17 requirements, with opportunity for the parties to explore the pros and cons of the different proposals.

In the meantime, the utilities should be allowed three 3 weeks at a minimum to apply the ED February 17 requirements to develop an ILP report. However, the better alternative would be to hold the ED February 17 requirements in abeyance, while parties determine the appropriate modifications to ILP reporting methodology and format.

Counsel for Southern California Edison Company has authorized PG&E to state that SCE supports this letter.

PG&E also intends to file a petition to modify Ordering Paragraph 39 of D.09-08-027 next week to formally place these concerns before Your Honor.

Shirley Woo

cc: Bruce Kaneshiro

All parties on A.08-06-001, A.08-06-002 and A.08-06-003 service list

**From:** Lam, Dorris [mailto:dorris.lam@cpuc.ca.gov]

**Sent:** Wednesday, February 17, 2010 4:18 PM

**To:** [Redacted]; Besa, Athena; David.Lowrey@sce.com; [Redacted]

**Cc:** [Redacted]; Yamagata, Jov C.; McKinley, Kevin C.; Franceschi, Erika; Kinjo, Terri; Ward, Mark W.; [Redacted] Kaneshiro, Bruce

**Subject:** Final DR Monthly Report Template

The Energy Division staff approved the attached DR monthly report format to be used by all three utilities in their upcoming February 22, 2010 filing. The utilities shall submit two monthly files on February 22:

- December 2009 month with just the December data, and
- January 2010 month.

The other attachment is the list for the level of granularity for each DR programs to be reported in the DR Monthly report.

For the Year 2010 DR Monthly Report, PG&E shall report 4 levels of granularity for its Peak Choice Program:

1. Peak Choice: Best Effort Day Ahead (1 & 2 Day)
2. Peak Choice: Best Effort Day-Of (30 min & 4.5 hr)

3. Peak Choice: Committed Day Ahead (1 & 2 Day)
4. Peak Choice: Committed Day-Of (30 min & 4.5 hr)

For the Year 2011 Monthly Report, PG&E shall change the level of granularity for its Peak Choice Program to 8 levels:

1. Peak Choice: Best Effort, 1- Day Ahead
2. Peak Choice: Best Effort, 2- Day Ahead
3. Peak Choice: Best Effort Day-Of (30 min)
4. Peak Choice: Best Effort Day-Of (4.5 hr)
5. Peak Choice: Committed, 1- Day Ahead
6. Peak Choice: Committed, 2- Day Ahead
7. Peak Choice: Committed Day-Of (30 min)
8. Peak Choice: Committed Day-Of (4.5 hr)

Per D.09-08-027, OP 39 the utilities shall serve their DR monthly report to the Energy Division and provide copies to the service list in A.08-06-001 et al. In addition, the utilities shall post their monthly report on a publicly available web site.

Redacted

Law Dept.

Pacific Gas and Electric Company

77 Beale Street

San Francisco, CA 94105

Telephone: Redacted

Fax: Redacted

Email: Redacted

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