

From: [Redacted]  
Sent: 1/13/2011 9:45:19 AM  
To: 'Morgenstern, Joy' (joy.morgenstern@cpuc.ca.gov)  
'david.reed@sce.com' (david.reed@sce.com); 'Besa, Athena'  
Cc: (ABesa@semprautilities.com); 'paul.nelson@sce.com' (paul.nelson@sce.com);  
'Barker, David' (DBarker@semprautilities.com); [Redacted]  
[Redacted]  
[Redacted]; 'McKinley, Kevin  
C.' (KMcKinley@semprautilities.com); 'Gettig, Brenda'  
(BGettig@semprautilities.com); 'Yamagata, Joy C.'  
(JYamagata@semprautilities.com)  
Bcc:  
Subject: RE: CPUC R0701041 Demand Response Cost Effectiveness

Joy,

One of the things you had wanted the IOUs to get back to you on is a common method to allocate DR costs that are not attributable to a specific DR program. The IOUs discussed this earlier this week and we have agreed that we will all use "total costs" of each program as the way that we allocate such costs.

If you have any questions, let me know.

[Redacted]  
Principal Regulatory Analyst  
Demand Response  
Pacific Gas and Electric Company  
[Redacted]

**From:** Morgenstern, Joy [mailto:joy.morgenstern@cpuc.ca.gov]  
**Sent:** Tuesday, January 11, 2011 4:26 PM  
**To:** [Redacted]; sue.mara@rtoadvisors.com; sdebroff@rhoads-sinon.com;  
keith.mccrea@sablaw.com; SDPatrick@SempraUtilities.com; klatt@energyattorney.com;  
douglass@energyattorney.com; janet.combs@sce.com; liddell@energyattorney.com;  
ames\_doug@yahoo.com; jellis@resero.com; lms@cpuc.ca.gov; marcel@turn.org; mflorio@turn.org;  
nes@a-klaw.com; rcounihan@enernoc.com; Woo, Shirley A (Law); mgo@goodinmacbride.com;  
jeffgray@dwt.com; irene@igc.org; ssmyers@att.net; wbooth@booth-law.com;  
kowalewska@calpine.com; eric@strategyi.com; [Redacted]  
rquattrini@energyconnectinc.com; bhines@svlg.net; brbarkovich@earthlink.net; bdicapo@caiso.com;

Inavarro@edf.org; kmills@cbbf.com; ABesa@SempraUtilities.com; clamasbabbini@comverge.com; elvine@lbl.gov; ttutt@smud.org; tglassey@certichron.com; mrw@mrwassoc.com; cpuc@certichron.com; sshare@summitblue.com; smaye@nappartners.com; clark.pierce@us.landisgyr.com; mpieniazek@drenergyconsulting.com; wchen@ecsgird.com; gesmith@ecsny.com; apetersen@rhoads-sinon.com; miino@rhoads-sinon.com; stephen.baker@constellation.com; tcarlson@rrienergy.com; dan.violette@navigantconsulting.com; kcooney@summitblue.com; [Redacted]; david@nemtzw.com; david.reed@sce.com; joyce.leung@sce.com; marian.brown@sce.com; mark.s.martinez@sce.com; andrea.horwatt@sce.com; carl.silsbee@sce.com; Case.Admin@sce.com; Fadia.Khoury@sce.com; Jennifer.Shigekawa@sce.com; kawing.poon@sce.com; larry.cope@sce.com; olivia.samad@sce.com; garwacrd@sce.com; nquan@gswater.com; [Redacted]; DBarker@SempraUtilities.com; KSmith2@SempraUtilities.com; LDavidson@SempraUtilities.com; LWrazen@SempraUtilities.com; CentralFiles@SempraUtilities.com; JYamagata@SempraUtilities.com; Dave.Hanna@itron.com; dwylie@aswengineering.com; hvidstenj@kindermorgan.com; shawn\_cox@kindermorgan.com; mtierney-lloyd@enernoc.com; pk@utilitycostmanagement.com; chris@emeter.com; Paul.karr@trilliantnetworks.com; theresa.mueller@sfgov.org; mgm@cpuc.ca.gov; tcr@cpuc.ca.gov; srovetti@sfgwater.org; tburke@sfgwater.org; dcengel@fscgroup.com; snuller@ethree.com; Wu, Josephine; filings@a-klaw.com; [Redacted] Jordan, Lise (Law); Huffman, Mark (Law); mpa@a-klaw.com; [Redacted] aliddell@icfi.com; steven@sfpower.org; ahmad.faruqui@brattle.com; bcragg@goodinmacbride.com; bdille@jmpsecurities.com; joshdavidson@dwt.com; rafi.hassan@sig.com; robertgex@dwt.com; sdhilton@stoel.com; salleyoo@dwt.com; cem@newsdata.com; Middlekauff, Charles (Law); CPUCcases@pge.com; Gandesbery, Mary (Law); RegRelCPUCcases; Huffman, Mark (Law); rwalther@pacbell.net; Service@spurr.org; sean.beatty@mirant.com; smithmj@calpine.com; cpjoe@gepllc.com; philha@astound.net; alex.kang@itron.com; jody\_london\_consulting@earthlink.net; ted@energy-solution.com; cpucdockets@keyesandfox.com; rschmidt@bartlewells.com; [Redacted]; glbarbose@lbl.gov; emahlon@ecoact.org; janreid@coastecon.com; arg@enertechologies.com; jshields@ssjid.com; joyw@mid.org; roger@mid.org; tomk@mid.org; jweil@aglet.org; gayatri@jbsenergy.com; jeff@jbsenergy.com; dgrandy@caonsitegen.com; davidmorse9@gmail.com; rmccann@umich.edu; jgoodin@caiso.com; mgillette@enernoc.com; Saeed.Farrokhpay@ferc.gov; e-recipient@caiso.com; mary.lynch@constellation.com; lwhouse@innercite.com; cmkehrin@ems-ca.com; brian.theaker@dynegy.com; dhungerf@energy.state.ca.us; msherida@energy.state.ca.us; bernardo@braunlegal.com; abb@eslawfirm.com; vwood@smud.org; bboice02@yahoo.com; karen@klindh.com; roger147@aol.com; sas@a-klaw.com; bschuman@pacific-crest.com; jholmes@emi1.com; tylerb@poweritsolutions.com; DBR@cpuc.ca.gov; JYM@cpuc.ca.gov; ag2@cpuc.ca.gov; agc@cpuc.ca.gov; bsk@cpuc.ca.gov; cec@cpuc.ca.gov; crv@cpuc.ca.gov; edf@cpuc.ca.gov; dnl@cpuc.ca.gov; edd@cpuc.ca.gov; hcf@cpuc.ca.gov; jc8@cpuc.ca.gov; jhe@cpuc.ca.gov; joc@cpuc.ca.gov; kkm@cpuc.ca.gov; kho@cpuc.ca.gov; lob@cpuc.ca.gov; mjd@cpuc.ca.gov; jpn@cpuc.ca.gov; wtr@cpuc.ca.gov; bkb@cpuc.ca.gov; scl@cpuc.ca.gov; skg@cpuc.ca.gov; tjs@cpuc.ca.gov; claufenb@energy.state.ca.us  
**Cc:** kho@cpuc.ca.gov; ptiritas@olivinecorp.com; Brenda Gettig; McKinley, Kevin C.; [Redacted]; [Redacted]; keith.brown@navigantconsulting.com; [Redacted]; phillipwmcleod@finish.com; paul.Nelson@sce.com

**Subject:** CPUC R0701041 Demand Response Cost Effectiveness

To the service list of R.07-01-041 and attendees of the January 5, 2011 Demand Response cost-effectiveness workshop:

Attached you will find an updated version of the DR Reporting Template. We would appreciate it if all parties could review this template, and the Avoided Cost Calculator which

can be found through the link on the “references” tab of the DR Reporting Template. (Both files, dated 1/11/11, can also be found on E3’s website at [http://www.ethree.com/public\\_projects/cpucdr.html](http://www.ethree.com/public_projects/cpucdr.html) .)

Please note that the 1/11/11 versions of both the DR Reporting Template and the Avoided Cost Calculator are not yet the “official” versions of these documents. We would like to give all parties a chance to review these documents in case there are any errors or other problems before we issue the official versions which will be used for the March 2011 Demand Response applications. A list of changes that were made to the DR Reporting Template can be found below, as well as within the DR Reporting Template itself. Note also that the Avoided Cost Calculator has been updated to use the most recent energy price data available. More details are provided in the attached document.

Please let me know if you find any problems with these spreadsheets, or if you have any other questions or comments about them, by the end of this week. Official versions will be released next week along with Energy Division’s final guidance on Demand Response cost-effectiveness.

#### CHANGES MADE:

##### Inputs

- Updated Avoided Cost inputs (from version 3.8 of the Avoided Cost Calculator)
- Entered After-Tax IOU WACCs
- Added annual CT capacity factor results
- Added IOU specific T&D monthly allocation factors based on temperature
- Fixed IOU Drop down selection

##### BIP Example

- Modified amortization of equipment costs to be cumulative

- Revised calculation of participant costs to be 75% \*(incentives + bill reductions)- Equipment Costs
- Modified averaging of MW Impacts to ignore zero or blank months

#### Portfolio

- Modified for IOU to input total costs, benefits and impacts, then DR Template calculates average benefit values in \$/kW-Yr and \$/MWh. Removed A-E Factors
- Removed A Factor sensitivity

Joy Morgenstern

Regulatory Analyst

Energy Division

California Public Utilities Commission

(415) 703-1900



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