

From: [Redacted]  
Sent: 2/17/2011 12:59:34 PM  
To: [Redacted] Gandesbery,  
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Bcc:  
Subject: FW: DR application

See email from Joy at ED below.  
Does the answer to Q1 impact our CE analysis?

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

**From:** Morgenstern, Joy [mailto:joy.morgenstern@cpuc.ca.gov]  
**Sent:** Thursday, February 17, 2011, 12:21 PM  
**To:** [Redacted] david.reed@sce.com; David.Lowrey@sce.com  
**Cc:** ABesa@SempraUtilities.com; Kaneshiro, Bruce; Caron, Jennifer  
**Subject:** DR application

Steve, Ken, David & David –

Athena Besa at SDG&E recently asked Energy Division some questions about IDSM and the upcoming application, and suggested that PG&E and Edison might benefit from the answers. Athena's questions are below, with our answers in blue. I hope this is helpful:

(1) Should the IDSM programs/proposals be included in the calculation of portfolio CE? Should there be a stand-alone calculation for each of the programs if they forecasted DR benefits? IDSM programs should NOT be included in the calculation of portfolio cost-effectiveness, nor should the DR cost-effectiveness protocol analysis be applied to them. Any IDSM requests in this application are fundamentally stopgap, bridge requests that are just there to deal with IDSM until we figure out where it belongs and how to do IDSM cost-effectiveness analysis.

(2) Given discussions of potentially changing the current program cycle period of EE (not finalized since the workshop is on 2/16 to discuss options-1 vs. 2 years, etc.), how does this impact the Guidance Ruling direction to only provide 1 year bridge funding (2012) that had anticipated that the next EE application would be for 2013-2015? Is it appropriate to anticipate a change and therefore make budget provisions to go beyond the 1 year in the guidance document in the application? The IOUs may include requests for 2 years of DR bridge funding for IDSM activities for 2012 and 2013. The utility should mention that requests for bridge funding in 2013 are subject to the outcome of the EE workshops on the timeline for the next EE application. At this time the IOUs should not include requests for bridge funding for 2014.

Please forward this to anyone at your respective companies who may need to know it, and let me know if you have any further questions.

Joy Morgenstern

Regulatory Analyst

Energy Division

California Public Utilities Commission

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