

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations.	R. 11-10-023
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**COMMENTS OF THE CALIFORNIA LARGE ENERGY  
CONSUMERS ASSOCIATION ON PHASE 1 PROPOSED DECISION**

Pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Large Energy Consumers Association (CLECA) herein provides its comments on the Phase 1 Proposed Decision (PD). Administrative Law Judge (ALJ) David Gamson's PD was mailed on May 22, 2012; CLECA supports the PD's treatment of flexible capacity procurement and ongoing RA exemptions.

This Phase One PD addresses local capacity procurement obligations for 2013 applicable to Commission-jurisdictional electric LSEs and several proposed RA program refinements. CLECA's comments do not address all of the issues included in the PD. Instead, we focus on the flexible capacity procurement issue and ongoing RA exemptions for certain dynamic pricing programs.

CLECA supports the PD's conclusion that there is no need to adopt a flexible capacity proposal for implementation in the 2013 resource adequacy (RA) year. As the PD states, neither the proposal of the California Independent System Operator (CAISO) nor the proposal of the Energy Division (ED) is

sufficiently well developed at this point to be adopted by the Commission. The record in this case does not support a viable definition of flexibility nor, as the PD points out, does it support a commercially viable product that can be procured by load-serving entities. Notably, even CAISO stated at the March 30 workshop that it is no longer proposing that its flexibility proposal be implemented for the 2013 RA year. The PD appropriately states that this issue will be addressed more fully in the next phase of this proceeding, with the intention of adopting a flexible capacity procurement requirement for the 2014 RA year.

CLECA also supports the RA exemptions for the dynamic pricing programs of Pacific Gas and Electric Company (PG&E). We note that dynamic pricing is not actually a demand response program but a rate design option available to many customers. PG&E's dynamic Peak Day Pricing (PDP) rate, a form of critical peak pricing, has a four-hour event period, whereas the convention for RA counting is a five-hour period for averaging load impacts for demand response in general. PG&E proposed a change to a five-hour event period in A. 12-02-020. The prehearing conference in this proceeding was not held until May 14 of this year, so it is unlikely that a Commission decision will be rendered before the October 2012 compliance date for 2013. Thus, it is reasonable to delay the requirement of a five-hour event period for determining the load impacts of PDP until RA compliance year 2014.

In addition, the Commission's final decision on demand response programs for the years 2012-2014, was not issued until April 2012. Given this timing, the PD appropriately delays the requirement for local reliability dispatch of

certain DR programs of PG&E until the utility can implement this feature. The PD makes it clear that this feature must be available by May 1, 2013.

Respectfully submitted,

A handwritten signature in black ink that reads "Nora Sheriff". The signature is written in a cursive style.

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June 11, 2012