

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

Order Instituting Rulemaking on the)
Commission's Own Motion to Conduct a)
Comprehensive Examination of Investor) Rulemaking 12-06-013
Owned Electric Utilities' Residential Rate) (Filed June 21, 2012)
Structures, the Transition to Time Varying and)
Dynamic Rates, and Other Statutory)
Obligations.)

**COMMENTS OF DEMAND RESPONSE AND SMART GRID COALITION (DRSG)
ON COORDINATION QUESTIONS AND RATE DESIGN EVALUATION QUESTIONS**

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I. INTRODUCTION

The Demand Response and Smart Grid Coalition (DRSG) is an association of companies that provide products and services in the areas of demand response and smart grid technologies and services. DRSG works to educate and provide information to policymakers, utilities, the media, the financial community, and stakeholders on how demand response and smart grid technologies such as smart meters can help modernize our electricity system and provide customers with new information and options for managing their electricity use. More information is available at www.drsgcoalition.org.

DRSG’s comments address the two sets of questions— Coordination Questions and Rate Design Evaluation Questions—the California Public Utilities Commission (Commission) posed in its Ruling dated September 20, 2012. In its response to the Rate Design Evaluation Questions, DRSG segments its answers relative to the Commission’s designation of questions about “goals” of rate design and those about elements of a rate design meeting such goals.

II. COMMENTS

Coordination Questions

DRSG defers to other parties involved in other pertinent proceedings to comment on these questions.

Rate Design Evaluation Questions

Goals

DRSG believes that the Commission's list of goals is a good one. DRSG suggests that none of the goals be deleted. For the list to be complete, however, DRSG recommends the addition of the following goals to it:

1. Recommended Goal: "Rates should encourage demand response"

One of the keys to optimizing the electricity system is demand response, and a key to demand response is to make available price signals. DRSG thinks demand response needs to be specifically stated as a goal.

2. Recommended Goal: "Rates should encourage the deployment and utilization of innovative technologies that facilitate customer participation in demand response activities"

Time-based rates, via AutoDR, smart appliances, and other technology developments, will unlock large values and savings in the operation of the electricity system.

3. Recommended Goal: “Rates should encourage improvement in load factor”

An explicit goal of time-based rates should be optimization in the planning and operation of the electricity system—all of its individual parts as well as the system overall.

4. Recommended Goal: “Rates should provide an option to customers, including low-income ones, to manage their energy use and energy costs”

It is important to not only consider rate design from the context of consumer fairness and protection. Rate design also should be done with an eye towards rates that will yield a new optional tool for consumers to use for their own benefit.

Rate Design Proposals

DRSG does not propose any deletions or modifications to the list of questions about rate design proposals. It does suggest that the following questions be added to the list:

1. Recommended Question: “How would your proposed rate design facilitate and encourage demand response activity on the part of customers?”

There is a growing body of literature, research, and experience that should facilitate an estimation of this impact.

2. Recommended Question: “How would your proposed rate design provide customers with a new option for managing their energy use and costs?”

There is a growing body of literature, research, and experience that should facilitate an analysis of this. An explanation of customer acceptance and application should be part of it.

3. Recommended Question: “How would your proposed rate design modify or affect the present Tier structure?”

This proceeding considers the tiered rate structures to be open for discussion. Rate proposals should be allowed to modify those structures as part of their design, as long as they meet the goals that underlie the tiered structures.

III. CONCLUSION

The DRSG appreciates the opportunity to comment.

Respectfully submitted this 5th day of October, 2012,

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