

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**COMMENTS OF ENERNOC, INC., ON
PROPOSED DECISION AUTHORIZING LONG-TERM
PROCUREMENT FOR LOCAL CAPACITY REQUIREMENTS**

Sara Steck Myers
Attorney for EnerNOC, Inc.
122 - 28th Avenue
San Francisco, CA 94121
Telephone: 415-387-1904
Facsimile: 415-387-4708
Email: ssmyers@att.net

Mona Tierney-Lloyd
Director, Western Regulatory Affairs
EnerNOC, Inc.
P.O. Box 378
Cayucos, CA 93430
Telephone: (805) 995-1618
Facsimile: (805) 995-1678
E-mail: mtierney-lloyd@enernoc.com

January 14, 2013

TABLE OF CONTENTS

	<i>Page</i>
Table of Contents	i
Table of Authorities	iii
I. THE PROPOSED DECISION CORRECTLY REAFFIRMS AND FOLLOWS THE STATE’S AND THIS COMMISSION’S COMMITMENT TO CONTINUE TO MEET LONG-TERM ENERGY NEEDS WITH PREFERRED RESOURCES	1
II. THE PROPOSED DECISION SHOULD BE ADOPTED, BUT WITH CERTAIN, IMPORTANT MODIFICATIONS	4
A. Demand Response Must Count as a Local Capacity Resource For Existing Resources	4
B. Resource Adequacy Decisions Establish Requirements for Demand Resources to Qualify as Local Capacity Resources	8
C. New Requirements for Demand Resources to Meet or Reduce the Local Capacity Requirement Must be Developed Through a Commission Process	11
D. The Proposed Decision Must be Modified to Ensure That Preferred Resources <i>Will</i> be Procured to Meet LCR Needs	12
III. CONCLUSION	14

APPENDIX A: PROPOSED FINDINGS OF FACT, CONCLUSION OF LAW, AND ORDERING PARAGRAPHS

TABLE OF AUTHORITIES

Page

CPUC DECISIONS

Decision (D.) D.12-06-025	10
D. 12-01-033	12
D.11-10-003	8
D.11-06-022	9
D.10-06-036	9
D.09-06-028	9
D.07-12-052	12

CPUC RULES OF PRACTICE AND PROCEDURE

Article 14	1
------------------	---

MISCELLANEOUS

Energy Action Plan	2
--------------------------	---

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**COMMENTS OF ENERNOC, INC., ON
PROPOSED DECISION AUTHORIZING LONG-TERM
PROCUREMENT FOR LOCAL CAPACITY REQUIREMENTS**

EnerNOC, Inc. (EnerNOC) respectfully submits these Comments on the Proposed Decision of Administrative Law Judge (ALJ) Gamson Authorizing Long-Term Procurement for Local Capacity Requirements in the Commission's Long Term Procurement Plan (LTPP) Rulemaking (R.) 12-03-014 (Proposed Decision). The Proposed Decision was mailed on December 21, 2012. These Comments are timely filed and served pursuant to Article 14 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

I.

**THE PROPOSED DECISION CORRECTLY REAFFIRMS AND FOLLOWS
THE STATE'S AND THIS COMMISSION'S COMMITMENT TO CONTINUE
TO MEET LONG-TERM ENERGY NEEDS WITH PREFERRED RESOURCES.**

EnerNOC congratulates ALJ Gamson on a well-written and well-reasoned Proposed Decision addressing the first-time issue of the extent of a utility's (Southern California Edison Company (SCE)) long-term "local capacity requirements" (LCRs) and how that need should be met in a manner consistent with State and Commission energy policies and mandates. The Proposed Decision's adopted policy framework and most of its assumptions are largely consistent with the key purposes of EnerNOC's active participation in the Track 1 phase of this LTPP cycle through testimony and briefs – namely: "(1) to elevate consideration of the 'preferred resources' in the Commission's 'Loading Order' applicable to *all* utility procurement,

especially the capability of preferred demand response (DR) resources to meet the flexibility or operational characteristics of a local capacity requirement (LCR) need, and (2) to demonstrate that this capability exists today across various markets in North America and the world and is expected in Southern California in 2013 pursuant to this *Commission's* orders.”¹

In this regard, EnerNOC’s testimony and brief made clear that “[d]emand-side resources, aside from being at the top of the preferred resources in the Commission’s Energy Action Plan Loading Order, are also essential to furthering the State’s greenhouse gas (GHG) reduction targets and are expected to grow further as a result of the Commission’s initiatives for deploying smart technologies.”² To that end, EnerNOC recommended, based on the Track 1 evidentiary record, that the Commission in its Track 1 decision (1) recognize the shortcomings of the California Independent System Operator (CAISO) LCR studies in failing to adequately account for the contribution of preferred resources to meet that need, (2) find that CAISO’s identified 2,400 MW LCR need for SCE must be “reduced by a MW quantity reflective of expected growth of preferred resources within the LCA [local capacity area],” and (3) conclude that no “flexibility” eligibility criteria be imposed on this new capacity unless and until the Commission has defined that criteria and found it necessary to meet this LCR need.³

The Proposed Decision reaches these conclusions and, more significantly, identifies and largely follows the policy framework supported by EnerNOC. Namely, the Proposed Decision recognizes, supports, and applies the Commission’s “Loading Order” for preferred resources, and adopts and interpolates the “Environmentally Constrained scenario” and sensitivity analysis, which includes consideration of some preferred resources, instead of the CAISO’s preferred

¹ EnerNOC Opening Brief (Track 1) (September 24, 2012), at p. 1; emphasis original.

² *Id.*, at p. 2.

³ *Id.*, at p. 3.

Trajectory scenario, which would have resulted in an excessive LCR need being met by gas-fired resources only.

The Proposed Decision, therefore, limits LCR procurement for SCE to between 1,000 and 1,200 MWs of gas-fired generation, with additional procurement of up to 450 MWs of preferred resources and 50 MWs of energy storage. The Proposed Decision places an overall cap on Los Angeles (LA) Basin procurement at 1,500 MW, allowing for the cap to be exceeded in order to meet distributed generation (DG) targets.⁴

Of further significance, the Proposed Decision finds that resources procured by SCE to meet its LCR do not need to be “flexible” as a pre-condition for approval for meeting the LCR need.⁵ Recognizing that “flexible” resources have yet to be defined by the Commission, the Proposed Decision defines LCR resource eligibility in terms of the existing requirements for meeting resource adequacy (RA).

These basic policy, legal, and factual findings of the Proposed Decision represent an appropriate and well-supported approach to identify SCE’s LCR need and how it should be met, taking into account preferred resources and state energy policy goals. This approach further ensures against “over-building” to meet SCE’s LCR need through fossil resources and provides time for preferred resource development to occur and either reduce or meet this need. Again, EnerNOC congratulates ALJ Gamson on this reasonable and sound result.

However, EnerNOC does believe that the Proposed Decision requires certain modifications to provide needed clarity on DR resource’s capabilities to meet LCRs. Notably, while the policy determinations and most assumptions of the Proposed Decision are clearly superior to CAISO’s recommendations, reliance on the “Environmentally Constrained scenario”

⁴ Proposed Decision, at pp. 123-124.

⁵ Proposed Decision, at p. 93.

continues to have its shortcomings since it includes assumptions for uncommitted energy efficiency (EE) and distributed generation (DG), but does not include assumptions for demand response. In addition, the Proposed Decision does not take the steps needed to *ensure* that, in meeting its LCR needs, SCE *will be required* to procure a specific level of “preferred resources.” As such, EnerNOC requests that its comments and modifications contained herein be reflected in a Final Decision, including EnerNOC’s Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs contained in Appendix A and incorporated herein.

**II.
THE PROPOSED DECISION SHOULD BE ADOPTED,
BUT WITH CERTAIN, IMPORTANT MODIFICATIONS.**

EnerNOC supports the well-reasoned policy conclusions reached by the Proposed Decision in providing guidance and direction to SCE as to the amount and type of resources that SCE should solicit and procure to meet its LCR need, as well as the clarification that such resources need not be “flexible” in order to be procured and approved. Based on the record, Commission policy goals, and lack of certainty as to flexible requirements, these are reasonable outcomes. However, certain aspects of the Proposed Decision need to be modified or clarified to remove confusion and provide at least procurement parity, if not priority (consistent with the Loading Order), between preferred resources and other resource types.

A. Demand Response Must Count as a Local Capacity Resource for Existing Resources.

While supportive of the Proposed Decision’s policy determinations and most of its assumptions, portions of its discussion and certain of its findings of fact, conclusions of law, and ordering paragraphs require modification to provide clarity and avoid confusion as to the current and future ability for DR resources to qualify as a local capacity resource.⁶ In this regard, the Proposed Decision postpones, to sometime in the future, a determination by the CAISO of the

⁶ Proposed Decision, at pp. 50-55.

criteria for DR resources to qualify to meet the LCR, indicating that the Commission will work with CAISO in the development of that criterion.

By the Proposed Decision reaching that conclusion, EnerNOC is concerned that the Commission is adopting CAISO's view that demand response resources cannot now meet or reduce local capacity requirements. Such a view could undermine existing Commission policy that permits DR resources to qualify as a local capacity resources as reflected in Commission Decisions in the resource adequacy (RA) docket (R.11-10-023). The Proposed Decision must be revised so as to remove this conflict with existing Commission precedent and decisions that govern RA.

The Proposed Decision is correct to choose the "Environmentally Constrained scenario" in comparison to the CAISO's recommended "Trajectory scenario." The "Environmentally Constrained scenario" includes assumptions for uncommitted energy efficiency and combined heat and power (CHP) projects. However, *none* of the CAISO's scenarios, including the "Environmentally Constrained scenario," include assumptions for demand response to meet or reduce the local capacity requirement.

Thus, while EnerNOC does support the use of the "Environmentally Constrained scenario" over the Trajectory scenario, it also remains deficient in recognizing any contributions from DR resources toward lowering or meeting the LCR. In essence this assumption means that none of the existing or future demand response resources in SCE's service territory will be useful in reducing or meeting the LCR unless or until some new RA criteria is developed, while holding constant all "existing RA program rules to assess the effectiveness of proposed generation solutions for meeting LCR."⁷

⁷ Proposed Decision, at p. 73.

The record in this proceeding does not support this outcome. Specifically, in its testimony, the California Environmental Justice Alliance (CEJA) identified 2,224 MW of demand response capacity in SCE's service territory.⁸ Further, SCE itself has confirmed that, through the implementation of smart grid technologies, it could nearly double its existing demand response capacity of 1,500 MW.⁹

If the Proposed Decision does not account for this DR capacity, it will have the effect of rendering between 2,224 and 3,000 MW of existing and future DR resources ineffective in meeting or reducing the LCR, while having no established criteria from the CAISO or the Commission as the basis for doing so. In fact, the Commission has established criteria for DR resources to be counted *toward* local resource adequacy that this Proposed Decision appears to set aside. EnerNOC could appreciate that crediting the full existing or future DR resource capacity against the LCR would, most likely, overstate the effectiveness of these resources. However, EnerNOC cannot accept that *NONE* of this capacity is, or will be, effective toward meeting the LCR. As EnerNOC stated in its testimony and briefs relative to CAISO's position in this case, the correct answer is *not zero*.¹⁰

In addition, SCE witness Silsbee admitted that certain, existing DR programs can be effective at reducing the LCR.¹¹ Yet, as EnerNOC demonstrated in its briefs and testimony, this examination was conservative because it excluded incremental capabilities of DR resources that were being solicited by SCE and Pacific Gas and Electric Company (PG&E) in their recent requests for offer (RFOs) for locationally-dispatchable DR resources.

⁸ Proposed Decision at p. 50.

⁹ EnerNOC Opening Brief, at p. 18.

¹⁰ EnerNOC Opening Brief at p. 9; Reply Brief at pp. 6-9.

¹¹ Ex. CEJA-X-SCE-3; LCR Evidentiary Hearing Reporter's Transcript (RT) at 1080-1083 (SCE (Silsbee)).

Of great importance, these facts will shortly be further confirmed by the Commission, as it is currently considering a Proposed Decision (Business Meeting of January 24, 2013) that will grant and approve demand response contracts for 2013-2014 for PG&E and SCE in Application (A.) 12-09-004, et al. If adopted, SCE and PG&E will have aggregator managed DR capacity that *can* be dispatched on a local basis, some within 30 minutes of notification. Even with the aggregator-managed contracts approved, and including the effective and partially effective capacity from the emergency programs (Base Interruptible Program (BIP) and the Air Conditioning Cycling (AC Cycling) Program), the amount of DR capacity that could meet or reduce the LCR would still understate DR capacity that could be effective in reducing the LCR. The utilities are in the process of modifying certain other DR programs to be locally dispatchable, including the Demand Bidding Program (DBP) and the Capacity Bidding Program (CBP). This capability should be recognized in the Proposed Decision.

If adopted as written, the Proposed Decision will, therefore, be at odds with this direction by giving zero recognition to the ability of existing DR resources to lower or meet SCE's LCRs. The primary reason for ignoring DR resources is because the CAISO did not study it. The CAISO did not study it because the CAISO does not include demand response in its transmission study, and the CAISO does not believe that DR resources are effective in reducing a local capacity requirement. Therefore, the CAISO has shown itself to be predisposed against DR resources for the purpose of local reliability, for procurement and transmission planning, even without the benefit of a study to either support or refute its conclusions. The Commission cannot make this same mistake.

In this regard, while EnerNOC appreciates that the Proposed Decision establishes a future procurement target for SCE of up to 450 MW of energy efficiency and DR resources, this

“target” is merely discretionary in terms of being met by SCE and is subject to criteria that may be established sometime in the future. The Proposed Decision does not establish a requirement to procure preferred resources if, for example, SCE decides to procure the minimum capacity level identified in the Proposed Decision of 1,050 MW of gas-fired generation and storage.

By failing to acknowledge that existing DR resources are capable of meeting local RA and mandate the procurement of cost-effective preferred resources by SCE to meet its LCRs, consistent with current RA rules, the Proposed Decision creates uncertainty as to the current and future value of DR resources and undermines existing Commission decisions establishing local RA requirements for DR resources. To cure these errors, the Proposed Decision must be revised to *ensure* that DR resources *will* play a role in meeting SCE’s LCR need, especially based on and given DR’s *current* capabilities to do so, consistent with EnerNOC’s Proposed Findings of Fact, Conclusion of Law, and Ordering Paragraphs in Appendix A hereto.

B. Resource Adequacy Decisions Establish Requirements for Demand Resources to Qualify as Local Capacity Resources.

The Commission has relied upon the CAISO’s Local Capacity Technical Analysis Final Report and Study Results (Analysis) as the basis for establishing local capacity requirements for load serving entities (LSE’s) for resource adequacy on a year-ahead basis. In this proceeding, the CAISO’s Analysis was expanded from a one-year forward analysis to a ten-year forward analysis, but, with largely the same purpose -- to establish local capacity requirements for SCE through 2021.

In D.11-10-003, Ordering Paragraph 1, the Commission established a local dispatch requirement in order for DR resources to count toward the LSE’s local RA requirement. The Commission also established a maximum cumulative capacity (MCC) bucket for DR resources, or the maximum amount of capacity that DR resources can comprise of an LSE’s total RA

requirement. In other decisions, the Commission established a minimum availability requirement for demand response resources, the use of load impact protocols as the basis for determining the capacity value of DR programs, and other elements that define the ability for DR resources to qualify for RA, including local RA.¹²

In other words, the Commission has already established criteria for demand response resources to count toward RA, including local RA. Yet, the Proposed Decision states that it is unclear the criteria by which DR resources will qualify to meet the LCR.

In doing so, the Proposed Decision refers to testimony by CAISO Witness Millar that “there is no specific written protocol or tariff that can be referenced to determine the ISO’s performance criteria for local reliability,” except that the “ISO finds that gas-fired generation meets its criteria” and that “[d]emand resources and CHP may meet the ISO’s criteria, but not at this time.”¹³ The Proposed Decision goes on to say that “[o]f course, acquisition of more energy efficiency and demand side resources would reduce the LCR need.”¹⁴

It is unclear to EnerNOC how DR resources can be determined to be incapable of meeting the criteria for local reliability at this time, when no such criteria have been established. Statements in the Proposed Decision that DR cannot meet the LCR, yet may reduce the LCR, create a conflict that can easily be resolved in favor of the well-supported conclusion that DR can do both. Further, the Proposed Decision must maintain the value that DR resources provide toward meeting RA requirements, including local RA, by supporting the use of the existing criteria for DR, as for other resources, unless and until they are revised or replaced.

Specifically, as stated above, evidence has been submitted in this proceeding that demonstrates that DR can, in fact, meet and reduce the LCR need. Therefore, pronouncing DR

¹² See, e.g., D.11-06-022, Conclusion of Law 21, at p. 68; D.09-06-028; and D.10-06-036, at p. 39.

¹³ Proposed Decision, at p. 72.

¹⁴ Id.

as capable of reducing the need while simultaneously excluding any quantification of that “lowering” in this Proposed Decision is confusing. If DR can, in fact, reduce the LCR need, then the Proposed Decision should make that finding and include some level of DR resources in determination of the LCR need. The Proposed Decision neither finds that DR resources can reduce the LCR need nor finds that DR resources can be used to meet the LCR need, except as may be determined by some unknown criteria developed by the CAISO and the CPUC in the future.

The Proposed Decision then adopts SCE’s proposal “to use existing RA program rules to assess the effectiveness of proposed generation solutions for meeting LCR need.”¹⁵ If existing RA program rules are going to be used to assess proposed generation solutions, existing RA program rules should also be used to assess other resource solutions, such as demand response.

If it is the intent of the Proposed Decision to separate the meaning between requirements for local resource adequacy and requirements to qualify as a local capacity resource, it is not clear. In fact, there is nothing in the Proposed Decision or any previous RA Decision to indicate that there is or should be a distinction. Therefore, the Proposed Decision requires modification to keep the existing resource adequacy requirements in place for resource evaluation for LCR unless or until the existing RA rules are revised or replaced.

Modifying the Proposed Decision to make clear that DR can meet LCR needs and be used for local RA is necessary to avoid significant adverse consequences for existing DR programs, DR programs that are pending Commission action, and future development of DR programs. As examples, in D.12-06-025, the Commission directed PG&E to conform the demand bidding program (DBP), capacity bidding program (CBP) and aggregator-managed

¹⁵ Proposed Decision, at p. 73.

programs (AMP) to be capable of being dispatched locally, if PG&E wanted to claim local resource adequacy credit, by May 2013.¹⁶ The IOUs are in the process of making those changes, including having already issued requests for offer (RFOs) for new demand resources with local dispatch capabilities and entered into contracts pursuant to those RFOs. These contracts have been approved by a pending Proposed Decision in A.12-09-004, et al. (PG&E and SCE 2013-2014 DR Contracts), that is scheduled for consideration and issuance by the Commission at its Business Meeting of January 24, 2013.

For these reasons, it is imperative that the Proposed Decision be modified to avoid creating uncertainty about the value of existing and “future” DR resources toward local RA requirements. Such action is not only at odds with Commission precedent, but could compromise the A.12-09-004, et al., DR contracts that represent the dedicated efforts by IOU and 3rd parties to meet *and exceed existing* requirements.

C. New Requirements for Demand Resources to Meet or Reduce the Local Capacity Requirement Must Be Developed Through a Commission Process.

The Proposed Decision states that the CAISO and the Commission will collaborate as to the new requirements that demand response resources must meet in order to qualify toward meeting or reducing the local capacity requirement. However, EnerNOC strongly recommends that any changes to the qualifications toward meeting a local capacity requirement be developed through a Commission process either in this docket or in R.11-10-023. It is not enough for this process to go through a CAISO Stakeholder Process as any decision must ultimately be adopted by the Commission for resource adequacy purposes.

EnerNOC is further concerned about leaving the determination of the LCR for demand resources to CAISO, as CAISO has not shown itself to be an enthusiast for such resources. In

¹⁶ D.12-06-025, Ordering Paragraph 10, at p. 41.

fact, CAISO’s position in this case has been nothing short of dismissive and antagonistic toward DR resources. For these reasons, EnerNOC requests that such new requirements be developed through a Commission-sanctioned process, such as the resource adequacy proceeding, to ensure that parties, such as EnerNOC, have the opportunity to participate and represent the interests of DR customers and aggregators.

D. The Proposed Decision Must be Modified to Ensure that Preferred Resources *Will* be Procured to Meet LCR Needs.

The Proposed Decision establishes targets, ranges and caps on procurement within the LA Basin as follows:

Resource Type	Quantity
Gas-Fired Thermal Generation	Between 1,000 and 1,200 MW
Storage	50 MW
Preferred Resources	Up to 450 MW
Total	Not to exceed 1,500 MW, except to accomplish DG Goals

The Proposed Decision also has reinforced the Commission’s commitment to the Loading Order, as follows:

“Once procurement targets are achieved for preferred resources, the IOUs are not relieved of their duty to follow the Loading Order. In D.07-12-052 at 12, the Commission stated that once demand response and energy efficiency targets are reached, ‘the utility is to procure renewable generation to the fullest extent possible.’ The obligation to procure resources according to the Loading Order is ongoing. (D.12-01-033 at 19).

.....

“Instead of procuring a fixed amount of preferred resources and then procuring fossil-fuel resources, the IOUs are required to continue to procure the preferred resources ‘to the extent that they are feasibly available and cost effective.’ (D.12-01-033 at 21). While procuring a fixed amount of preferred resources provides flexibility and a clearer idea of how to approach the procurement process, the ongoing Loading Order approach is more consistent with Commission policy. (*Id.*)”¹⁷

¹⁷ Proposed Decision, at pp. 10-11; emphasis original.

Further, with respect to SCE's LCR need specifically, the Proposed Decision confirms:

“In addition to authorizing SCE to procure new generation resources, SCE continues to be authorized or required to obtain other resources, as detailed in decisions in the Commission's energy efficiency, demand response, RPS and other proceedings. Nothing in this decision is intended to supersede or limit any authority or requirement stemming from any other commission proceeding.”¹⁸

Yet, despite all of the Commission precedent and stated preference for the continuous procurement of preferred resources, the Proposed Decision leaves to SCE's discretion whether to procure, up to 450 MW of energy efficiency and demand response,¹⁹ while mandating the procurement of 50 MW of energy storage, a valuable, but not specifically “preferred” resource in the Loading Order. Further, the actual amount of DR capacity procured could be reduced to 250 MW if SCE procures up to 1,200 MW of gas-fired generation and 50 MW of storage in order to maintain a cap of 1,500 MW. SCE would not appear to have any obligation to procure preferred resources if they procure the minimum capacity authorized of 1,000 MW of gas-fired capacity and 50 MW of storage.

In other words, if SCE procures up to 1,200 MW of gas-fired generation and 50 MW of storage, the only category of capacity that would be reduced in order to maintain the cap of 1,500 MW would be the capacity from preferred resources. This result seems incongruous with the Commission's clear statements favoring the procurement of preferred resources first. As such, to ensure parity among resources and consistency with the Loading Order, it is imperative for the Proposed Decision to be modified to *mandate* SCE's procurement of 450 MWs of preferred resources, with any related adjustments made to the “cap” as necessary (i.e., increasing the cap from 1,500 MW to 1,650 MW in the event that SCE procures up to 1,200 MW of gas-fired generation and storage or reducing the cap of gas-fired generation and storage to 1,050 MW).

¹⁸ Proposed Decision at p. 80.

¹⁹ Proposed Decision, Ordering Paragraph 1, at p. 124.

These needed modifications are reflected in EnerNOC's Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs contained in Appendix A hereto.

III. CONCLUSION

EnerNOC strongly supports the policy framework adopted by the Proposed Decision, which is consistent with applicable State and Commission policy precedent. EnerNOC, however, asks that the Proposed Decision be modified, as described herein and in Appendix A (Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs) to ensure that this policy direction and the Commission's RA decisions to date are appropriately reflected in SCE's LCR solicitation and procurement.

Respectfully submitted,

January 14, 2013

/s/ SARA STECK MYERS
Sara Steck Myers
For EnerNOC, Inc.

Sara Steck Myers
Attorney at Law
122 - 28th Avenue
San Francisco, CA 94121
Telephone: 415-387-1904
Facsimile: 415-387-4708
Email: ssmyers@att.net

And

Mona Tierney-Lloyd
Director of Regulatory Affairs
EnerNOC, Inc.
P. O. Box 378
Cayucos, CA 93430
Telephone: 805-995-1618
Facsimile: 805-995-1678
Email: mtierney-lloyd@enernoc.com

APPENDIX A

ENERNOC, INC. PROPOSED FINDINGS OF FACT, CONCLUSION OF LAW, AND ORDERING PARAGRAPHS

EnerNOC, Inc., (EnerNOC) strongly supports the issuance of the Proposed Decision of ALJ Gamson Authorizing Long-Term Procurement for Local Capacity Requirements (Proposed Decision) mailed in R.12-03-014 (LTPP) on December 21, 2012, with certain modifications. To that end, EnerNOC proposes the following changes be made in the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the Proposed Decision below. Please note the following:

- A page citation to the Proposed Decision is provided in brackets for each Finding, Conclusion, or Ordering Paragraph for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding, Conclusion, or Ordering Paragraph is preceded by the language: **“NEW FINDING OF FACT,” “NEW CONCLUSION OF LAW,” or “NEW ORDERING PARAGRAPH”** in **underlined bold**.

PROPOSED FINDINGS OF FACT:

2. [113] It is reasonable to use local capacity studies and power flow modeling from the ISO for LCR forecasting, **with adjustments for demand response assumptions.**

9. [114] It is reasonable to use the ISO’s analysis of transmission for the purpose of LCR forecasting in this proceeding, **with adjustments to recognize local capacity reductions associated with for demand response resources.**

19. [116] **Criteria has been developed in the Resource Adequacy Dockets (R.09-10-032 and R.11-10-023) which define resource adequacy requirements for demand response resources to count toward system and local resource adequacy. That criteria will remain in place unless and until the Commission adopts modifications. ~~will examine whether those requirements will need to be modified for~~ It may be possible to develop specific demand**

~~response programs which would be able to count for long-term local reliability purposes, possibly including programs targeted to specific local areas, or to shave peak load (which would reduce the load forecast). However, there are no demand response programs at this time which the ISO believes meet reliability criteria.~~

20. [116] ~~By D.11-10-003 and D.12-06-025, demand response programs must be locally dispatchable in order to qualify for local resource adequacy. At a minimum, locally dispatchable demand response programs within the LA Basin and the Big Creek/Ventura LCAs should count toward meeting or reducing the local capacity requirement. The record does not provide a way to quantify any amount of locally dispatchable demand response for the purposes of determining the LCR need in this proceeding.~~

20.a. It is reasonable to assume that existing, locally-dispatchable demand response will be at least partially to fully effective in reducing the local capacity requirement.

21. [116] It is likely that some amount of locally-dispatchable demand response resources will be available **in 2013 and will continue to grow so as to be able** to meet or reduce future LCR needs ~~through by~~ 2021.

44. [119] **The Commission will hold a proceeding in which information will be provided by SCE, who will need to** undertake technical studies to integrate certain preferred resources (including energy storage resources) so **as to determine** that they meet local reliability needs, and to work with the ISO to assess the impacts of such resources to meet or reduce LCR needs.

NEW FINDING OF FACT: There is no CAISO protocol or tariff that establishes performance criteria for local reliability.

PROPOSED CONCLUSION OF LAW:

7. [121] SCE should be authorized to start the process to procure a minimum of 1,050 MW and a maximum of 1,500 MW in the West LA sub-area of the LA basin local reliability area. No more than 1,2050 MW should be from conventional gas-fired sources, up to 450 MW ~~may~~**must** be from preferred resources in addition to resources already authorized or required to be obtained via Commission decisions in energy efficiency, demand response, RPS and relevant dockets.

PROPOSED ORDERING PARAGRAPHS:

1. [123] In this decision, we authorized Southern California Edison Company to procure between 1,050 and 1,500 Megawatts (MW) of electrical capacity in the West Los Angeles sub-area of the Los Angeles basin local reliability area to meet long-term local capacity requirements by 2021. Procurement must abide by the following guidelines:

- a. [124] ~~At least 1,000 MW, but no more than 1,200 MW,~~ of this capacity must be from conventional gas-fired resources;
- b. At least 50 MW of capacity must be procured from energy storage resources;
- c. ~~Up to~~ **At least** 450 MW of capacity **must** be procured through preferred resources consistent with the Loading Order of the Energy Action Plan and/or energy storage resources. Distributed generation procured as part of this authorization must be incremental to the 1,519 MW of distributed generation already forecast to be available in the LA Basin in the California Independent System Operator Environmentally Constrained portfolio. To the extent that 1,519 MW of distributed generation has not already been authorized in other Commission decisions, such authorization is granted here.

3. [124] Southern California Edison Company (SCE) shall use existing Resource Adequacy (RA) program rules (as developed in Rulemaking 11-10-023 and successor proceedings) to assess the effectiveness of **all** proposed ~~generation~~ solutions for meeting the local capacity requirements need established in this Order. SCE shall identify its assumptions on the effectiveness of any resource for which the RA program does not provide clear guidance.