

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

Order Instituting Rulemaking to Enhance the
Role of Demand Response in Meeting the
State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**PREHEARING CONFERENCE STATEMENT OF
MARIN ENERGY AUTHORITY**

Jeremy Waen
Regulatory Analyst
MARIN ENERGY AUTHORITY
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Telephone: (415) 464-6027
Facsimile: (415) 459-8095
E-Mail: jwaen@marinenergy.com

October 14, 2013

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. BACKGROUND	2
III. MEA'S COMMENTS ON PRELIMINARY TOPICS OF SCOPE.....	2
A. ADDITIONAL ISSUES FOR CONSIDERATION WITHIN THE RULEMAKING.....	3
1. <i>Proper Cost Recovery Methodology Must Be Addressed to Ensure Fairness.....</i>	<i>3</i>
2. <i>CCA Data Access Is Necessary for DR Market Participation.....</i>	<i>4</i>
B. NEED FOR EVIDENTIARY HEARINGS	5
C. PROPOSED SCHEDULE	5
IV. CONCLUSION	5

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

Order Instituting Rulemaking to Enhance the
Role of Demand Response in Meeting the
State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**PREHEARING CONFERENCE STATEMENT OF
MARIN ENERGY AUTHORITY**

I. INTRODUCTION

In accordance with the initial Guidance Ruling of California Public Utilities Commission (“Commission”) Administrative Law Judge (“ALJ”) Kelly A. Hymes issued on October 2, 2013 and the subsequent Clarification Ruling issued on October 10, 2013, the Marin Energy Authority (“MEA”) submits this prehearing conference statement (“PHC Statement”) regarding the Demand Response (“DR”) Order Instituting Rulemaking (“OIR”) issued by the Commission on September 25, 2013. MEA is particularly interested in expanding the abilities of Community Choice Aggregators (“CCA”) to engage in the DR market.

If the Commission truly intends to thoroughly explore and address the potential “dismantling of the utility -centric model” for DR programs within this proceeding, then proper costs recovery methodology for DR programs and appropriate data access pathways for CCAs must be explored.¹

¹ OIR at 5-6.

II. BACKGROUND

MEA is the only operational CCA within California. MEA is the joint powers not-for-profit public agency authorized to administer the MCE Clean Energy (“MCE”) CCA program. MEA currently serves customers throughout Marin County and the City of Richmond. MEA provides generation services to approximately 125,000 accounts. MEA’s customers receive generation service from MEA, and receive transmission, distribution, billing and other services from PG&E. Currently MEA customers are only able to engage in DR programs offered to them by the resident Investor Owned Utility (“IOU”).

MEA has sparingly engaged in the Commission’s DR proceedings to date.² This light involvement was largely due to the nascence of MEA, which began offering generation services to customers in December 2010, and the resulting limitations of its operational bandwidth. Since DR programs were properly explored in depth, MEA’s own sophistication as a Load-Serving Entity (“LSE”) has grown tremendously. In addition to expanding its customer-base nearly nine-fold from its initial 14,000 accounts, MEA now administers comprehensive Energy Efficiency (“EE”) programs for the 2013 -2014 program funding cycle, as authorized by the Commission. Just as MEA has proven its capability to administer EE programs, MEA is ready to begin providing innovative, well-targeted DR programs to ratepayers within its service territory.

III. MEA’S COMMENTS ON PRELIMINARY TOPICS OF SCOPE

The DR OIR sets forth four general topics as within scope for this proceeding: “1) program bifurcation, 2) program approval and funding cycle, 3) a roadmap for future demand

² MEA has engaged to a limited degree in R.07-01-041, where parties and the Commission continue to deliberate the nuances of implementation for Rule 24. MEA provided rebuttal testimony in Application (“A.”) 11-03-001 *et al.* regarding its support for testimony served jointly by the Direct Access Customer Coalition (“DACC”) and Alliance for Retail Energy Markets (“AREM”). Therein, MEA reiterated the need for the Commission to properly “develop cost recovery mechanisms that appropriately reflect the accrual of Demand Response program benefits.”

response, and 4) potential bridge year funding and staff proposed pilots.”³ The ALJ’s Guidance Ruling directs parties PHC Statements to address:

- (a) Any additional issues the Rulemaking should consider and why;
- (b) The need for hearing (i.e., state whether hearings are necessary and, if so, list potential material issues of disputed fact which require an evidentiary hearing.); and
- (c) A proposed schedule for the proceeding in order for the Commission to resolve this proceeding within 24 months of its initiation (see Pub. Util. Code § 1701.5(b)).

A. Additional Issues for Consideration within the Rulemaking

MEA believes there are two issues of major significance to CCAs that must be explored within the context of this proceeding . (i) Proper cost recovery methodology for Demand Response programs must be explored in detail so that these cost recovery mechanisms appropriately reflect the accrual of these program benefits. (ii) Issues regarding CCA s’ rights to access accurate and timely customer usage data so that CCAs may participate in the California Independent System Operator (“CAISO”) DR -related wholesale energy markets, must be explored if CCAs are to competitively participate in the DR marketplace.

1. Proper Cost Recovery Methodology Must Be Addressed to Ensure Fairness

As the OIR recognizes, one of the primary benefits for a Load -Serving Entity (“LSE”) due to engaging in DR programs, is the reduction of the Resource Adequacy (“RA”) procurement obligations. Capacity procurement is inherently a generation service. MEA believes due to these generation -related benefits, it is inherently problematic to continue allowing the Investor Owned Utilities (“IOUs”) to continue recovering DR program costs through distribution-related rates. MEA and other parties raised these concern s in the last IOU

³ ALJ Hymes’ Guidance Ruling, October 2, 2013 at 1.

DR program Application cycle, A.11 -03-001 *et al.* In D.12-04-025 the Commission determined that “additional data and fact finding” would be necessary to establish proper cost recovery methodology for DR programs.⁴ This Decision goes on to recommend that this issue be taken up in “R.07 -01-041 or its successor .”⁵ R.07-01-041 did not address the issues surrounding cost recovery of DR programs. Just as the OIR recognizes “the time is ripe” to consider the need to move away from IOU -centric DR program structures, the time is also ripe to address the cost recovery methodologies for DR programs as well.

2. *CCA Data Access Is Necessary for DR Market Participation*

For a CCA to effectively engage in the DR marketplace they will need accurate and timely access to customer interval usage information. Specifically, CCAs will need access to Advanced Metering Infrastructure (“AMI”) and Home Area Network (“HAN”) DR functionality, which currently only the IOUs have access to , along with any other technologies that prove necessary for to bidding into the CAISO market. To date, MEA has only received AMI data for approximately 7,800 of its 125,000 customer accounts from PG&E. This is in spite of numerous requests to both PG&E and the Commission for this data over the past eighteen months. PG&E currently projects this data will be delivered to MEA in yet another fifteen to twenty months, severely limiting MEA’s ability to participate fully in the DR marketplace. This proceeding provides the opportunity for the Commission to develop alternative methodologies for providing CCAs with the types of data necessary to administer DR programs.

Additionally, there may need to be coordination between the Commission and the CAISO to modify minimum bidding requirements or establish a bidding aggregation process, so that smaller providers of DR programs can participate equally in the CAISO market.

⁴ D.12-04-025 at 204.

⁵ Ibid.

B. Need for Evidentiary Hearings

MEA believes there will be need for testimony and evidentiary hearings within this proceeding. Such steps will likely be necessary to tease out the details necessary to establish the proper cost recovery methodology and data access requirements details prior. MEA suspects there will be other unforeseen topics of dispute that will require technical analysis and vetting through testimony and evidentiary hearings as well.

C. Proposed Schedule

Due to the anticipated lengthy nature of this proceeding, MEA will defer to the best judgment of the Commission, as well as other parties, to determine this proceeding's schedule.

IV. CONCLUSION

MEA thanks the Commission, Commissioner Peevey, and Administrative Law Judge Hymes for their attention to this PHC Statement.

Respectfully submitted,

/s/ Jeremy Waen

Jeremy Waen
Regulatory Analyst
MARIN ENERGY AUTHORITY
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Telephone: (415) 464-6027
Facsimile: (415) 459-8095
E-Mail: jwaen@marinenergy.com

October 14, 2013