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)

COMMENTS OF THE MARIN ENERGY AUTHORITY ON DEMAND RESPONSE OIR

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I. INTRODUCTION

In accordance with the instructions within the Demand Response ("DR") Order Instituting Rulemaking ("OIR") issued by the Commission on September 25, 2013, the Marin Energy Authority ("MEA") provides the following responses to the six questions raised therein.[1]

II. BACKGROUND

MEA is the only operational Community Choice Aggregator ("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. While MEA's customers receive generation service from the MCE CCA program, they continue to receive transmission, distribution, billing and other services from the Pacific Gas and Electric Company ("PG&E"). Currently MEA customers are only able to engage in DR programs offered to them by the resident Investor Owned Utility ("IOU"). By participating in the PG&E-run Intermittent Resource Management Phase 2 ("IRM2") pilot, MEA aims to help adapt the

[1] DR OIR at 22-23.

existing California In dependent System Operator ("CAISO") DR market to allow for direct , efficient, and effective participation by CCAs and other non-IOU Load Serving Entities ("LSE").

III. MEA'S RESPONSES TO THE SIX DR OIR QUESTIONS

MEA provides the following responses to the six questions raised in the DR OIR regarding the Energy Division staff proposed pilots, including the PG&E IRM2 pilot.

1. Do you find it reasonable for the Commission to authorize SCE, SDG&E, and Pacific Gas and Electric Company (PG&E) a one-year bridge funding to allow current demand response programs to continue, as is, through 2015 while the Commission contemplates changes to the structure of the overall demand response program?

MEA finds it reasonable for the Commission to grant the IOUs a one-year bridge fund to allow current DR programs to continue, as is, through 2015; however, MEA requests that this bridge funding not be used to set precedent regarding how DR program funding should be collected and allocated going forward and would like the opportunity to apply for and administer DR programs for customers in the future. MEA maintains its view that the means through which DR program funding is collected need to be reevaluated within this DR Rulemaking proceeding.

MEA raised this issue in its PHC statement and repeats it here for clarity:

> 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 pr ocurement 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 concerns in the last IOU 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.[2] This Decision goes on to recommend that this issue be taken up in "R.07-01-041 or its successor."[3] R.07-01-041 did not address the issues surrounding cost recovery

[2] D.12-04-025 at 204.
[3] Ibid.

of DR programs. <u>**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.**</u> (<u>**Emphasis Added.**</u> MEA PHC Statement, October 14, 2013 at 3-4).

2. Do you support the objectives of the staff proposed pilots? Please provide alternative suggestions for Utility pilots in 2015 if you do not.

MEA supports the objectives of the staff proposed pilots which are stated in Attachment A within the DR OIR as: a) Increase customer awareness of peak hours; b) Use feedback and social norms to encourage behavior change; and c) Introduce automated technologies that shift or reduce load during peak hours. MEA also recommends the inclusion of an additional objective for these pilots: d) Facilitate direct, efficient, and effective participation of non -IOU LSE in the CAISO DR market.

3. In Section II.C.4 of the staff proposal, Energy Division staff recommends that SCE and SDG&E will both need budgets that are 75-80 percent of PG&E's current Intermittent Resource Management Phase 2 (IRM2) budget ($2.458 million) to be able to effectively replicate the IRM2 pilot in their territories. Do you agree with that assessment? If not, what would be an appropriate budget for SCE and SDG&E to replicate the IRM2 pilot in their territories? Are there ways to modify the allocation of specific costs of the pilot such that SDG&E and SCE will not need as much as 75-80 percent of PG&E's budget?

At this time MEA has no comments on this matter; however, MEA reserves the right to comment on these matters later in this proceeding.

4. Do you agree with the proposed budgets for the other pilots in the attached staff proposal?

At this time MEA has no comments on this matter; however, MEA reserves the right to comment on these matters later in this proceeding.

5. In D.13-04-017, the Commission authorized SCE to shift $8.7 million in unspent funds from its Air Conditioner (AC) Cycling Program to fund various improvements to its Demand Response portfolio. It is Energy Division's understanding that SCE has approximately $8 million in unspent funds in its AC Cycling Program. Do you support shifting remaining unspent funds from SCE's AC Cycling Program to support the pilots described in the staff proposal? The same decision authorized SDG&E to shift $1.7 million from its 2012-2014 demand

response portfolio to fund various improvements to its Demand Response programs. Do you support additional fund shifting from SDG&E's 2012-2014 demand response portfolio to fund the pilots described in the staff proposal?

At this time MEA has no comments on this matter; however, MEA reserves the right to comment on these matters later in this proceeding.

6. In D.13-07-003, the Commission directed SCE and SDG&E to transition their Peak Time Rebate (PTR) programs to be an opt-in program (in order for participants to be paid a monetary incentive for load reductions) by May 2014. This transition will enable both utilities to save significant incentive funds for the program. Energy Division's May 1, 2013 DR Lessons Learned Report estimated that SDG&E paid $10.1 million in 2012 PTR incentives to its residential customers, yet 94 percent of the incentives paid yielded no significant load reductions. SCE paid $27 million in 2012 PTR incentives, and 95 percent of incentives were paid to customers who were not expected to or did not reduce load significantly. Do you support the Commission using the expected savings from the PTR program incentives to fund the pilot activities described in the staff proposal?

At this time MEA has no comments on this matter; however, MEA reserves the right to comment on these matters later in this proceeding.

IV. CONCLUSION

MEA thanks the Commission, Commissioner Peevey, and Administrative Law Judge Hymes for their attention to these comments.

Respectfully submitted,

/s/ Jeremy Waen

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