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November 27, 2013

Public Utilities Commission of the State of California  
Energy Division  
Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

**Subject: Reply of Pacific Gas and Electric Company, on Behalf of the Investor-Owned Utilities, to Protest of the Office of Ratepayer Advocates on the Utilities Joint Advice Letter on a Statewide Automated Demand Response Program Design Proposal/AL 4306-E, et al.**

Dear Energy Division Tariff Unit:

On October 31, 2013, Pacific Gas and Electric Company (PG&E), on behalf of San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE), and itself (collectively the investor-owned utilities or IOUs), filed Advice Letter (AL) 4306-E (for PG&E), AL 2534-E (for SDG&E) and AL 2960-E (for SCE) (jointly, the Advice Letter). The Advice Letter requests approval of a joint Statewide Automated Demand Response (ADR) Program Design Proposal for post-2014.

The Advice Letter complied with Decision (D.) 12-04-045 Ordering Paragraph 58 which directed the IOUs to "develop a statewide (ADR) program with common program rules and incentive levels and submit a Tier 2 Advice Letter with a proposal no later than October 31, 2013."<sup>1</sup>

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<sup>1</sup> D.12-04-045, p.225.

On November 20, 2013, the Office of Ratepayers Advocates (ORA) protested the IOUs' Advice Letter. The Protest argues: (1) the changes proposed for post-2014 ADR may not be properly aligned with the DR program changes in the new rulemaking (R.13-09-011); (2) the Advice Letter only offers a program design proposal without consideration of funding level; and (3) the Demand Response Measurement & Evaluation Committee<sup>2</sup> (DRMEC) studies on the 2011-2012 Load Impact Evaluation of California Statewide ADR programs and an ADR Process Evaluation Study, not available until the end of 2013, would inform stakeholders of the value and impacts of ADR and greatly aid in the determination of the appropriate funding for ADR.

The IOUs agree with ORA that the new rulemaking may require the IOUs to modify their post-2014 ADR proposal to accommodate the changes to DR programs. The IOUs also agree that the two DRMEC Studies, available at the end of 2013, should help the IOUs identify other areas of improvement on the ADR program designs and would help the stakeholders to better evaluate the IOUs' proposed changes.

Accordingly, the IOUs agree with ORA that the Advice Letter may be rejected at this time without prejudice to the IOUs' ability to refile a new advice letter regarding the ADR program at a later date.

The IOUs look forward to continuing to work with the CPUC, ORA and interested stakeholders to ensure the successful implementation of a post-2014 ADR Program.

Sincerely,

Handwritten signature of Brian Cherry in cursive script.

Vice President, Regulatory Relations

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<sup>2</sup> The DRMEC is comprised of staff from SCE, SDG&E, PG&E, the California Public Utilities Commission (CPUC), the California Energy Commission (CEC) and the California Independent System Operator (CAISO).

cc: Michael Campbell, PM, Division of Ratepayer Advocates  
Megan Caulson, Regulatory Tariff Manager, SDG&E  
Russell Edwards, Energy Division  
Cindy Li, ORA  
Megan Scott-Kakures, Vice President, SCE  
Leslie Starck, Senior Vice President, SCE