BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

O(d⬚(Instituting Rul⬚⬚aking to Enhan⬚⬚th⬚Rol⬚of ⬚⬚⬚and R⬚spons⬚in M⬚⬚ting th⬚Stat⬚'s R⬚sou(⬚⬚ Planning N⬚⬚ds and Op⬚(ational R⬚qui(⬚⬚⬚nts.	Rul⬚⬚aking ⬚)-, 9-, ⬚⬚ Fil⬚d S⬚pt⬚⬚ ⬚(⬚9⬚⬚, ⬚)

STEM⬚INC. AN⬚ SOLARCITY CORPORATION COMMENTS ON THE ASSIGNE⬚ COMMISSIONER AN⬚ A⬚MINISTRATIVE LAW JU⬚GE RULING AN⬚ SCOPING MEMO

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Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.	Rulemaking 13-09-, Filed September 19, 2013

In accordance with the California Public Utilities Commission's ("Commission's") Rules of Practice and Procedure Stem Inc. and SolarCity Corporation ("Joint Parties") submit these opening comments on the *Assigned Commissioner and Administrative Law Judge Ruling and Scoping Memo* issued by Assigned Commissioner Michael Picker and Assigned Administrative Law Judge Kelly Hymes on November 2013 (hereafter the "Scoping Memo").

I.   DESCRIPTION OF STEM INC.

Stem is a developer, owner, and operator of grid-connected advanced energy storage systems. Stem was founded in 2009 in California and has a portfolio of projects in operation and in various stages of development around the state. Stem systems install and interconnect at customer sites behind the utility meter. The Company uses advanced analytics to send control signals to charge and discharge the storage devices therefore managing customer load for optimal economic benefit. Stem systems when operated in aggregate also provide a measurable, verifiable, and dispatchable grid resource located in congested load centers offering local capacity, flexible ramping, transmission congestion relief, and if so desired by the host distribution utility distributed voltage and reactive power management to assist in the delivery of high quality power to ratepayers.

II.   DESCRIPTION OF SOLARCITY

SolarCity is California's leading full service solar power provider for homeowners and businesses - a single source for engineering design financing installation monitoring and

suppo(t. Ou(company p(ovides cost-effective financing that enables custome(s to eliminate the high upf(ont costs of deploying sola(. Sola(City has mo(e than 1,2, , Califo(nia employees based at 3- facilities a(ound the state.

III.   INTRODUCTION

The Joint Pa(ties a(e suppo(tive of the Commission's effo(ts to inc(ease the penet(ation of demand (esponse (he(eafte("DR") in Califo(nia's (esou(ce base. DR has played a c(itical (ole in p(oviding a (eliability (esou(ce in Califo(nia fo(decades and has an oppo(tunity to fu(the((educe system cost.

IV.   COMMENTS ON BIFURCATION OF DR

Joint Pa(ties suppo(t the Commission's effo(t to examine splitting DR between demand and supply (esou(ces. Joint Pa(ties believe anothe(way to view the diffe(ence between demand-side and supply-side DR is by dispatchability. Demand-side DR pe(the Commission's desc(iption app(a(s to be non-dispatchable while supply-side DR seems to be dispatchable.

As stated above dispatchability is a key component fo((educing system cost. As such Joint Pa(ties suppo(t examining the state's DR p(og(ams as eithe(dispatchable o(non-dispatchable.

Cu((ent non-dispatchable DR in Califo(nia is based on static p(ice signals while dispatchable DR can (espond to dynamic p(ice signals o(system contingencies.

Joint Pa(ties believe both dispatchable and non-dispatchable DR add value to the Califo(nia powe(system but the(e is (oom to evaluate them sepa(ately.

V.   COMMENTS ON COST ALLOCATION

If the Commission p(oceeds with the p(oposed bifu(cation Joint Pa(ties suppo(t a (eview of the cost allocation methodologies fo(supply-side o(dispatchable DR. Since these p(og(ams ope(ate mo(e like wholesale (esou(ces (athe(than time-of-use p(ice signals to custome(s Joint Pa(ties believe the evaluation should be updated as well.

Updating the cost allocation methodology for supply-side dispatchable DR should be part of a stakeholder process managed by the Commission.

VIII. CONCLUSION

Joint Parties are supportive of the Commission's decision to reassess California's DR programs through the lens of system cost reduction. We believe that there is room for multiple DR products in the state's resource base and the costs and benefits of those products should be considered independently.

Respectfully submitted,

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