

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)

**THE OFFICE OF RATEPAYER ADVOCATES' OPENING COMMENTS
ON PROPOSED DECISION APPROVING TWO-YEAR BRIDGE
FUNDING FOR DEMAND RESPONSE PROGRAMS**

SUDHEER GOKHALE
XIAN MING "CINDY" LI
Analysts

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1546
Email: Xian.Li@cpuc.ca.gov

LISA-MARIE SALVACION
Attorney

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2069
Fax: (415) 703-4432
Email: lms@cpuc.ca.gov

December 30, 2013

I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) submits the following comments on the Proposed Decision (PD) of Administrative Law Judge Kelly A. Hymes dated December 9, 2013. The PD grants up to two years of bridge funding for the 2015-2016 Demand Response (DR) programs operated by Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE).¹ The two-year bridge funding provides continuity while the California Public Utilities Commission (CPUC) determines the role of DR in meeting California's resource needs.

The PD does not specify the amount of bridge funding but caps the amount equal to each utility's 2013-2014 DR program budgets until the exact amount is determined in a later decision by the Commission.² The PD provides that a future assigned Commissioner and Administrative Law Judge will issue a guidance Ruling for filing DR program improvement recommendations by the utilities and parties to Rulemaking (R.)13-09-011.³

ORA supports two years of bridge funding for 2015-2016 DR programs to allow for changes to the programs. ORA also encourages making changes to the programs that could be applied in 2014 or before the future guidance Ruling is issued.⁴

II. DISCUSSION

As stated in its October 30, 2013 response,⁵ ORA supports bridge funding for 2015 as it will provide time to address issues with the current structure of DR programs to prepare them for the future role envisioned in the Rulemaking. The PD states the

¹ PD, OP # 1.

² PD, OP # 1.

³ PD, OPs # 2, 3.

⁴ In its October 30, 2013 response to questions asked in R.13-09-011, ORA made specific recommendations regarding changes to the Base Interruptible Program (BIP) and PG&E and SCE's Aggregator Managed Portfolio (AMP) programs.

⁵ R.13-09-011. The Office of Ratepayer Advocates' Comments on Demand Response Bridge Funding and Staff Pilot Proposals, dated October 30, 2013.

current DR programs be revised on a “narrow basis” to improve their success⁶ but does not define what the “narrow basis” means. Discussion in the PD implies revisions can be implemented by January 1, 2015 would fulfil this “narrow basis.”⁷ Rather than wait until 2015, ORA supports the ability to implement program improvements before 2015 or on a continuous basis throughout the bridge funding years.

In comments, ORA identifies several program changes the Commission can implement without further delay.⁸ The changes ORA identifies are intended to clarify *program administration* to ensure that the programs provide the benefits expected when the Commission first approved the programs. The recommended changes are based on problems with current DR program administration practices and the performance of programs in 2013.

It is possible that the Commission can implement ORA’s recommended changes in 2014 *before* the 2015 bridge funding year or even before the future guidance Ruling is issued. For example, on December 18, 2013, PG&E filed a Petition to Modify (PFM) Commission decision D.13-01-024 approving its Aggregator Managed Portfolio contracts.⁹ Before the PFM itself was filed, PG&E consulted with ORA and aggregators involved in the DR program to jointly support the PFM. The PFM included changes necessary to appropriately tie incentives to performance expected in the contracts and to align the program design with the Commission’s goal of DR participation in CAISO’s wholesale market. The Commission should encourage parties to work collaboratively to

⁶ PD, FOF # 7.

⁷ PD, p. 8.

⁸ R.13-09-011. The Office of Ratepayer Advocates’ Comments on Demand Response Bridge Funding and Staff Pilot Proposals, dated October 30, 2013.

⁹ Joint Petition of EnerNOC Inc., EnergyConnect, Inc., Energy Curtailment Specialists, and Pacific Gas and Electric Company (U39E) For Modification of Aggregator Managed Portfolio Contracts under Decision 13-01-024, dated December 18, 2013.

implement necessary program changes identified by ORA in 2014. ORA remains ready to participate in such a collaborative process. If necessary, Energy Division staff should facilitate meetings with the utilities to help implement necessary program changes identified by ORA for adoption via advice letter filings or other proper procedural mechanisms through the bridge funding years.

Furthermore, parties may identify additional program changes in their filings in response to the guidance Ruling that are truly “narrow.” If such changes are adopted by the Commission in the future guidance Ruling, they should also be implemented in 2014 or as soon as they can be implemented on a continuous basis throughout the bridge funding years.

III. CONCLUSION

In summary, ORA expresses support for bridge funding as it will provide the time needed to address the issues with the current structure of DR programs to prepare them for the future role envisioned in the Rulemaking. ORA urges the Commission to require all parties to work collaboratively to implement in 2014 the program changes recommended by ORA in its October 30, 2013 response to the Rulemaking. Finally, the Commission should require utilities to implement any additional program changes the Commission adopts resulting from the guidance Ruling as soon as they can be implemented, on a continuous basis throughout the bridge funding years.

Respectfully submitted,

/s/ LISA-MARIE SALVACION

Lisa-Marie Salvacion
Staff Counsel

Attorney for the Office
of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2069
Email: lms@cpuc.ca.gov

December 30, 2013