

**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

**COMMENTS OF THE CALIFORNIA LARGE ENERGY CONSUMERS
ASSOCIATION ON THE PROPOSED DECISION APPROVING TWO-YEAR
BRIDGE FUNDING FOR DEMAND RESPONSE PROGRAMS**

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December 30, 2013

Subject List of Recommended Changes

Two years of bridge funding are warranted given the scope of work, but there is not enough time to generate a record for changes for 2015. The PD should be modified to adopt bridge funding for 2015 for the existing programs with no new substantive changes and a year of extended bridge funding with any appropriate changes; the PD should be revised to set the following timeline to allow time for the development of a record to support those changes (items in blue already set):

Policy Timeline	
Anticipated Foundational Issues PD 1	February 11, 2014
Ruling with Guidance for Testimony & Hearings on Additional Issues	March 14, 2014
Testimony Due	April 15, 2014
Rebuttals Due	April 30, 2014
Evidentiary Hearings	May 13-15, 2014
Briefs Due	June 15, 2014
Replies Due	June 30, 2014
Policy Decision	Summer 2014
Potential bidding of DR into CAISO	Summer 2014
Changes for 2016 Bridge Funding Year	
Utilities/parties work on proposals for 2016	November 2014 (after Summer 2014)
Utility/Party Proposals & Testimony	January 2015
Intervenor Testimony	Mid-Late February 2015
Rebuttal Testimony	Early March 2015
Evidentiary Hearings	End of March-April 2015
Final Decision on changes for 2016	July 2015
Customer Opt-out window	November 2015
2016 Bridge Year Changes Implemented	January 2016
Longer Cycle DR Programs beginning 2017	
Utilities begin work on applications	Mid-2015 (informed, if possible, by Summer 2015 pilot experiences)
Utility Applications/Testimony	January 31, 2016
Intervenor Testimony	March 2016
Rebuttal Testimony	Late March 2016
Workshops and Evidentiary Hearings	April 2016
Final Decision	July 2016
Customer Opt-out window	November 2016
Longer DR Program Cycle Begins	January 2017

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Pursuant to Rule 14.3 of the California Public Utilities Commission's Rules of Practice and Procedure, the California Large Energy Consumers Association¹ (CLECA), hereby submits these comments on the Proposed Decision (PD) issued by Administrative Law Judge Hymes on December 9, 2013.

I. INTRODUCTION

The reality is that "there is insufficient time to develop a record for a one-year bridge funding with program improvements for program year 2015."² Accordingly, the question whether to provide a "status quo one-year of bridge funding or a two-year bridge funding with improvements" was included in scope for Phase 1 of this proceeding.³ Two years of bridge funding are warranted given the scope of work, but the immutable fact remains that there is not enough time

¹ The California Large Energy Consumers Association is an organization of large, high load factor industrial electric customers of Southern California Edison Company and Pacific Gas and Electric Company. CLECA member companies are in the cement, steel, industrial gas, beverage, pipeline and mineral industries. CLECA has been an active participant in Commission regulatory proceedings and Commission Demand Response Programs since 1987.

² Joint Assigned Commissioner and Administrative Law Judge Ruling and Scoping Memo (Ruling and Scoping Memo), at 8.

³ Id.

to generate a record for substantive changes for 2015. The PD, however, proposes a two-year bridge funding with “narrow” revisions that “can be fully implemented by January 1, 2015.”⁴

Time will not stand still, and the PD’s timeline should be modified. For 2015, the existing programs should be funded **with no new substantive changes**.⁵ By the second year, however, **for 2016**, changes could be developed and implemented; this modified timeline would allow sufficient time to consider the changes, account for potential lessons from 2014, and develop a record to support a decision.⁶

II. THE BRIDGE-FUNDING TIMELINE SHOULD BE MODIFIED

The Joint Assigned Commissioner and Administrative Law Judge Ruling and Scoping Memo sets three dates for the consideration of potential changes during the bridge funding period:

- January 31, 2014 for a ruling asking for recommended program improvements;
- March 1, 2014 for responses to the ruling; and
- April 15, 2014 for a PD issuance adopting 2-year bridge funding and program improvements.⁷

⁴ PD, at 8.

⁵ PHC Transcript at page 41, lines 8-9 (recommending “one year of the programs as, so we can just, boom, and get that done”). Substantive changes, such as modifications to program event triggers, require testimony and hearings; there is insufficient time prior to 2015 for testimony and hearings.

⁶ PHC Transcript at page 41, lines 10-15 (“And then if we’re going to do a longer period of bridge funding, then it makes sense to talk about changing the programs **during** that two-year period. But I would see [that] one year with improvements as being almost a mini demand response application.”) (emphasis added).

⁷ Ruling and Scoping Memo, at 10. Administrative Law Judge Hymes, as the Presiding Officer, may amend this schedule to manage the proceeding efficiently. *Id.*

The PD asks for parties' recommended changes to "include an explanation and justification of how the revision improves the flexibility or reliability of the demand response program."⁸ However, neither testimony nor hearings are scheduled for the changes to be tested on the record, despite likely issues of fact; there simply is not enough time to properly vet any proposed substantive changes to DR programs for 2015. Critical questions will likely arise on how to define and measure "improved flexibility or reliability"⁹ as well as on the costs and benefits of any proposed changes.

Moreover, the referenced Energy Division (ED) staff report reviewed SCE and SDG&E programs, but not those of PG&E; furthermore, it only looked at one summer.¹⁰ Neither staff nor the Commission will have enough information to determine what changes would be beneficial or how customers might respond to those proposed changes. Additionally, in 2014, some DR is expected to be bid into CAISO markets, but this could not inform possible changes under the set schedule, nor would any lessons be available from the planned pilots. The PD should be modified to reflect an alternate timeline (items in blue already set¹¹):

⁸ PD, at 8.

⁹ Notably, CAISO staff is currently making significant changes to its FRAC-MOO proposal; it is not final.

¹⁰ PHC Transcript, at 87-88 (Joint DR Parties object to report's use with no further process).

¹¹ Ruling and Scoping Memo, at 10.

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Other parties should support this proposed alternate schedule. CAISO has stated, “we do support just a one-year funding with no change and then changes starting in 2016.”¹² The proposed modified timeline provides for this outcome. The Joint DR Parties stated:

We really think a priority is to have bridge funding in place especially for the 2015 programs... but I wouldn't want to leave out the possibility for a two-year decision or one that extends it beyond that one year later in the

¹² PHC Transcript at page 50, lines 21-23.

quarter or in early next quarter 2014 if improvements or revisions to programs are to be considered. I don't think there's probably enough time to do that effectively, and I think not having the bridge funding in place for 2015 becomes a worrisome proposition for the people who are going to be providing the demand response, which are actually the customers. So I would propose that that not be an either or proposition.¹³

The proposed modified timeline combines one year of the status quo with a year of extended bridge funding with any appropriate changes, and allows time for the development of a record to support those changes. As the CAISO noted, "there will be plenty of information by 2015 for us to start the process of the changes."¹⁴

Demand response is an important and valuable resource. It would be a shame and a waste not to take advantage of the data that will be available to inform the Commission's determinations on what changes could and should be made after the first year of the bridge funding period.

III. CONCLUSION

For the foregoing reasons, the bridge-funding timeline in the PD should be modified as recommended above, and the PD should be expeditiously adopted.

Respectfully submitted,



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December 30, 2013

¹³ PHC Transcript, at pages 79-80, lines 15-6.

¹⁴ PHC Transcript at page 51, lines 3-5.

Appendix of Proposed Findings of Fact and Conclusions of Law

(deletions ~~stricken through~~; insertions underlined)

Findings Of Fact

[new]. There is insufficient time to build a record for any substantive changes to demand response programs for 2015 and address most other issues in this proceeding.

7. It is practical that the current demand response programs be revised for 2016 on a limited ~~narrow~~ basis to improve their success.

Conclusions Of Law

2. It is reasonable for the Commission to take this opportunity to combine one year of the status quo with a year of extended bridge funding with any appropriate changes, and allow time for the development of a record to support those changes ~~use what we have learned from demand response programs over the past year and a half to improve 2015 and 2016 outcomes of the programs~~

Ordering Paragraphs

2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall file ~~2015-2016~~ demand response improvement recommendations, as further directed by a future assigned Commissioner and Administrative Law Judge guidance Ruling, to be issued in October 2014. The deadline for the filings will be January 31, 2015. ~~30 days following the issuance of the guidance Ruling.~~

Delete Ordering Paragraph 3.

Changes to Text

Page 8: Furthermore, as articulated by some parties, it is reasonable for the

Commission to take this opportunity to develop a record to inform improvements for the 2016 bridge year ~~use what we have learned from demand response programs over the past year and a half to improve 2015 and 2016 outcomes of the programs.~~ We find it practical that the current demand response programs be revised to improve their success but on a limited narrow basis, in order to be implemented in 2016~~2015~~. However, there is a limited insufficient time to develop a record to allow the Commission to discuss and approve any substantive recommendations for 2015. Thus, in a future ruling, we will solicit parties' recommendations on how to improve the reliability and effectiveness of current demand response programs for 2016. The ~~parties should keep in mind that the Commission is looking at changes that can be fully implemented by January 1, 2016~~ 2015. Thus, we require that any recommendation be ~~implementable within a 90-day time period.~~ Furthermore, the recommendations should include an explanation and justification of how the revision improves the flexibility or reliability of the demand response program. Following the issuance of this decision, the assigned Commissioner and ALJ will provide additional guidance through a ruling in the fall of 2014 to the utilities and parties for filing their demand response program proposed revisions recommendations. The deadline for filing the demand response proposed revisions recommendations for 2016 will be January 31, 2015 and the following schedule is set ~~30 days following the issuance of the guidance ruling.~~

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