

**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)

**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC
COMPANY (U 39 E) ON ALJ PROPOSED DECISION
APPROVING TWO-YEAR BRIDGE FUNDING FOR
DEMAND RESPONSE PROGRAMS**

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I. INTRODUCTION

Pursuant to Rule 14.3 (d) of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) provides its reply comments in response to the opening comments provided by parties to the December 9, 2013 Proposed Decision (PD) Approving Two-Year Bridge Funding for Demand Response (DR) Programs. All parties agreed that DR programs must not suffer any lapse in service while the California Public Utilities Commission (Commission) determines the enhanced role of DR in meeting California's resource planning needs and operational requirements. Therefore, PG&E focuses its reply to parties' comments on program improvements and the funding cap for years 2015 and 2016.

II. DISCUSSION

A. Program improvements for 2014 and 2015 should not create significant additional costs, disruption to customer participation, and should be implemented on a "narrow basis"^{1/}, as agreed upon by parties.

Parties expressed varying degrees of concern on the potential program modifications. For example, the California Large Energy Consumers Association (CLECA) asks the Commission to modify the bridge funding for 2015 with no new changes to existing programs and funding for 2015, but with possible changes to allow for time to develop a record supporting

1/ PD, p. 8.

changes later. San Diego Gas & Electric Company (SDG&E) supports program revisions but requests 60 days instead of 30 days after the issuance of the guidance ruling to file the program revision recommendations. The Joint Comments of EnerNOC, Inc., Johnson Controls, Inc., and Comverge, Inc. (Joint DR Parties) ask the Commission to recognize the recently filed Joint Petition for Modification (Joint PFM) of D.13-01-024. Finally, the Office of Ratepayer Advocates (ORA) contends that it is possible for the Commission to implement program changes, including those in the Joint PFM, in 2014 even before the future guidance ruling is issued.

PG&E reiterates its position that improvements to current programs can be considered if these are implementable in a reasonable timeframe without creating significant additional costs and disruption to customer participation. PG&E supports ORA's suggestion that parties must work collaboratively to determine mutually-beneficial program improvements, an example of which is the Joint PFM, which is supported by PG&E, the Joint Parties, and ORA. Furthermore, PG&E agrees with the Joint DR Parties that the Joint PFM should be in scope for 2015 and 2016. However, as explained in the PFM, the Commission must approve the modifications to PG&E's Aggregator Managed Portfolio (AMP) contracts no later than March 1, 2014 for the changes to go into effect for 2014. Nothing in this case, R.13-09-011, changes that deadline.

B. The funding for years 2015 and 2016 and the amount at which it will be capped should be made clear.

Only the three utilities, i.e., SCE, SDG&E, and PG&E, provided comments on the PD's funding and the amount at which it will be capped cap for years 2015 and 2016. SDG&E requested the Commission to allow for a cap of two-thirds (2/3) of the adopted 2012 – 2014 DR program cycle budget and to maintain the permitted budget funding fungibility between program years^{2/}. SCE requested that the funding and cap only apply to DR programs that were authorized

2/ SDG&E Comments to PD, p. 2.

in D.12-04-045 and related proceedings; and exclude program funds approved in the Energy Efficiency and in the Statewide ME&O Applications.^{3/}

PG&E agrees with SDG&E's intent that the permitted fund shifting flexibility between program years should be maintained and supports the concept that the funding cap for years 2015 and 2016 for the programs authorized in D.12-04-045 be equal to 2/3 of the authorized program budget. However, as SCE pointed out, there are other programs that have been authorized for cost recovery in other proceedings^{4/}. While PG&E agrees with SCE that funds for DR-related activities should be maintained in 2015 and 2016, and those that are not directly related, such as Flex Alert funding and Statewide Marketing and Evaluation in A.12-08-007, et seq., should be excluded; PG&E disagrees that the DR-related IDSM funding approved in D.12-11-015 with respect to PG&E should be excluded.

Therefore, PG&E would like the PD to authorize the continued cost recovery for years 2015 and 2016 with respect to PG&E, as designated in the following Decisions: D.12-04-045 (DR programs subject to the 2/3 funding cap), D. 13-01-024 (AMP contract incentive recovery in ERRRA), and D.12-11-015 (DR portion of IDSM funds). Furthermore, PG&E reiterates its request that the Commission coordinate the increase in the annual revenue requirement to reflect PG&E's 2014 GRC I Partial Settlement.^{5/} Accordingly, PG&E requests the additional revisions to Ordering Paragraph 1 (in response to revisions proposed by SCE in their December 30, 2013 opening comments). PG&E proposes these revisions to OP 1 because the sources of funding for each utilities' 2012-2014 demand response budgets is slightly different:

PROPOSED OP1.

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company are granted up to two years of bridge funding for the 2015-2016 demand response programs. The exact amount of

3/ SCE Comments to PD, p. 3.

4/ SCE Comments, footnote 8.

5/ PG&E Comments II. D., p. 4

funding will be determined in a later decision but is currently capped at an amount equal to each utility's 2013-2014 demand response program budget. For SCE the funds and cost recovery for 2013-2014 were approved in D.12-04-045, D.13-04-017, D.08-09-039 and D.12-11-051, but excludes DR program funds approved in the Energy Efficiency (A.12-07-001, et al.) and the Statewide ME&O (A.12-08-007, et al.) cases. For PG&E, the funds and cost recovery for 2013-2014 were approved in D.12-04-045 and D.13-01-024, with DR IDSM funding approved in D.12-11-015, but otherwise excludes DR program funds approved in the Energy Efficiency (A.12-07-001, et al.) and Statewide ME&O (A.12-08-007, et al.) cases.

III. CONCLUSION

The Commission has received broad support from all parties to continue the existing DR portfolio through 2015 and 2016 to ensure that all DR programs do not suffer any lapse in service. Program improvements to be considered during this time should be implementable in a reasonable timeframe and agreed upon by parties. A collaborative effort between parties can be productive such as demonstrated by the Joint PFM. Finally, the funds for 2015 and 2016 should be clarified to include certain DR-related funds authorized in other proceedings and to support fund shifting flexibility.

Respectfully Submitted,

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