

**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)

**COMMENTS OF MARIN CLEAN ENERGY  
ON DEMAND RESPONSE PILOT PROGRAM PROPOSALS  
DURING THE 2015-2016 BRIDGE FUNDING PERIOD**

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**I. INTRODUCTION**

In accordance with the instructions within the *Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for Submitting Demand Response Program Proposals* ("Ruling") issued by the Commission on January 31, 2014, Marin Clean Energy ("MCE") provides the following responses to the request for pilot proposals from both Investor Owned Utilities ("IOUs") and other parties.

**II. BACKGROUND**

MCE is the only operational Community Choice Aggregator ("CCA") within California, though Sonoma Clean Power ("SCP") will begin serving customers in May 2014. MCE is the joint powers not-for-profit public agency authorized to administer the MCE Clean Energy CCA program. MCE currently serves customers throughout Marin County and the City of Richmond. MCE provides generation services to approximately 125,000 accounts. While MCE's customers receive generation service from the CCA program, they continue to receive transmission, distribution, billing and other services from the Pacific Gas and Electric Company ("PG&E"). Currently the majority of MCE customers only have access to demand response ("DR") programs offered to them by the resident IOU. By participating in the PG&E-run Intermittent

Resource Management Phase 2 (“IRM2”) pilot, MCE aims to help adapt the existing California Independent System Operator (“CAISO”) DR market to allow for direct, efficient, and effective participation by CCAs and other non-IOW Load Serving Entities (“LSE”); however, significant systemic challenges remain. Furthermore, MCE believes a DR pilot tailored to CCA customers would prove more fruitful than the IRM2 pilot at encouraging non-IOW Load Serving Entities participation in the CAISO DR market.

### **III. MCE WISHES TO DIRECTLY PARTICIPATE IN THE PROVISION OF DR PRODUCTS AND PROGRAMS TO ITS CUSTOMER BASE**

MCE intends to provide viable DR products and programs that both present its customers with significant cost savings and reduce the Greenhouse Gases (“GHG”) emissions related to providing these customers with electricity services. MCE believes these goals can be achieved through automated DR services for the residential customer sector. Though MCE is eligible to participate in PG&E’s IRM2 pilot, MCE is finding it difficult to do so, given the constraining structure of the current DR market. These structural constraints are as follows:

#### **1. DR Funding and Cost Recovery is Anti-Competitively Biased**

MCE customers currently fund all DR programs in the same manner as PG&E’s bundled customers, through their delivery charges. Yet MCE customers are not eligible for many of PG&E’s DR offerings. CCA customers are not eligible to participate in PG&E’s Residential and Commercial SmartRate programs, Scheduled Load Reduction program, and Peak Day Pricing Program.<sup>1</sup> For the remaining DR programs such as Air Conditioning Cycling, these programs are ill-suited for customers within MCE’s mild coastal climate service territory because of the limited use of air conditioning. In other words MCE customers are currently being forced to

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<sup>1</sup> <http://www.pge.com/myhome/customerservice/energychoice/communitychoiceaggregation/faq/index.shtml>

fund existing DR programs, which either prohibit CCA customer participation or are not designed to meet these customers' needs and constraints. Thus, MCE customers are cross-subsidizing bundled customer participation in DR programs. Lastly, as of present the IOUs are the only entities permitted by the Commission to administer these DR program funds.

## **2. MCE Lacks Access to Advanced Metering Infrastructure**

Similar to the manner in which MCE customers fund all DR programs, MCE customers also equally pay for the development and deployment of Advanced Metering Infrastructure ("AMI") through their delivery charges. Despite the financial contributions of its customers and PG&E's obligation to serve as MCE's Meter Data Management Agent ("MDMA"),<sup>2</sup> MCE has only received limited AMI generated customer usage data. Access to 'real time' usage data and 'two way' communications with AMI infrastructure are necessary for MCE to offer effective DR services to its customers, whether through IRM2 or any other DR program.

## **3. DR Program Incentives Are Anti-competitive as Currently Implemented**

Ratepayer incentives for participation in DR programs are generally passed back to customers through on-bill credits. Bundled customers participating in DR programs receive these incentives as credits to both their generation and delivery charges. Since MCE does not manage the delivery portion of its customers' service, MCE cannot capture and monetize these delivery-related benefits in the way the IOUs can. Put another way, MCE can only offer incentives to its customers for the generation-related benefits, such as offset capacity requirements to meet MCE's Resource Adequacy obligations. This incentive structure forces ratepayers within a CCA's service territory that wish to participate in DR with the anti-competitive choice between either (i) a partial (generation-only) incentive for participating in DR

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<sup>2</sup> See California Public Utilities Code Section 366.2 (c) (9).

programs as a CCA or unbundled customer, or (ii) a full (generation and delivery) incentive for participating in DR programs as a bundled customer. DR programs and DR program incentives should not force ratepayers to choose between participating in a CCA or participating in DR, especially when CCA customers contribute equally with bundled customers to DR program and AMI infrastructure funds through delivery rates.

#### **4. The Timescale of this Bridge Funding Period Does Not Facilitate CCA Participation**

The tight timeline for the establishing of the 2015 -2016 bridge funding period for DR provides a very tight window of time to revise or implement new DR pilots . As stated earlier, but for the constraints faced by CCAs, MCE would have liked to propose a new pilot for a CCA run residential DR program that leverages automated DR technologies; however, MCE does not believe it would be possible to implement such a program “within 90 days” of Commission notice, and then be “completely implemented no later than December 31, 2014.” The timeline is of particular concern given the difficulty MCE has faced in attempting to receive AMI data for customers as described above. MCE has already been pressuring PG&E for access to AMI data for over two years,<sup>3</sup> because access to this data is necessary for MCE to effectively serve its customers in non-DR functions as well. As of October, 2013, MCE has been informed by PG&E representatives that AMI data for all customers will not be available to MCE for up to 20 months, or possibly longer.

#### **IV. MCE RUN DR PROGRAMS WILL BENEFIT THE BROADER RATEBASE**

MCE believes it would provide a unique means for promoting the adoption of DR technologies and programs amongst ratepayers because it operates at a more localized level than

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<sup>3</sup> MCE’s first data request to PG&E for AMI data was made in February, 2012.

the IOUs. MCE, as a local government entity governed by a board comprised of public ly appointed representatives elected by the communities choosing participating in the CCA program, is clearly well synchronized with the energy-related needs, wants, and concerns of the communities that it serves. Furthermore, MCE’s customer-base is predominantly residential and provides the ideal interested and engaged customer base to target in a pilot project manner.

Lastly, because MCE is a public agency there would be little difficulty in making the data and lessons learned from a MCE DR pilot publically available for analysis. This information could then be analyzed (i) for lower cost metering and telemetry solutions for DR programs, (ii) for the potential to aggregate DR participation across multiple Sub-Load Aggregation Point s (“Sub-LAPs”), and (iii) for the potential to mor e broadly offer automated DR to residential ratepayers. MCE believes there are many ways that a CCA run DR pilot would create added benefit to ratepayers throughout the Commission’s jurisdiction that are not currently offered through the IOU administered programs.

**V. CONCLUSION**

MCE thanks the Commission, Commissioner Peevey, and Administrative Law Judge Hymes for their attention to these comments.

Respectfully submitted,

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