

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)

**JOINT DEMAND RESPONSE PROGRAM PROPOSALS BY
ENERNOC, INC., JOHNSON CONTROLS, INC., AND COMVERGE, INC.
("JOINT DR PARTIES")**

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March 3, 2014

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EnerNOC, Inc., Johnson Controls, Inc., and Comverge, Inc. ("Joint DR Parties") respectfully submit their Joint Demand Response Program Proposals in response to the Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for Submitting Demand Response Program Proposals issued in this rulemaking on January 31, 2014 (January 31 AC/ALJ's Ruling). The Joint DR Parties' Proposals are filed and served pursuant to the Commission's Rules of Practice and Procedure and the January 31 AC/ALJ's Ruling.¹

**I.
INTRODUCTION**

By the January 31 AC/ALJ's Ruling, the "Utilities" (Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE)) were provided guidance "regarding the required filing of proposals to improve Commission-regulated demand response programs in 2015 and 2016."² In the same ruling, "[o]ther parties" were also "invited to file proposals following the same guidance."³ This guidance and the requested proposals are responsive to the Commission's "goal" for this

¹ Because the due date set for these proposals by the January 31 AC/ALJ's Ruling (30 days after issuance of the ruling or March 2) fell on a Sunday, the due date for these proposals is today (Monday) March 3, 2014. (Commission Rules of Practice and Procedure, Rule 1.15 ("Computation of Time").)

² January 31 AC/ALJ's Ruling, at p. 1.

³ Id.

rulemaking of “enhancing the role of demand response programs in meeting the state’s long-term clean energy goals while maintaining system and local reliability.”⁴

Specifically, these “guidelines” include (1) improving program performance to make load reduction capacity more dependable, consistent and predictable; and (2) increasing the availability and/or flexibility of programs.⁵ In following those guidelines, parties’ proposals could include “program revisions” to program design features, operation, coordination, and communication practices of utility staff. However, those revisions should also offer a basis for evaluation, measurement, and verification; maintain adopted program funding “caps” (i.e., the Aggregator Managed Portfolio (AMP)); include a revised cost-effectiveness calculation if program revisions result in changes to inputs to that calculation; and must be implementable within 90 days, with implementation completed no later than December 31, 2014.⁶

The Joint DR Parties offer their DR Program Proposals and revisions below consistent with these guidelines. These proposals specifically address PG&E’s and SCE’s AMP programs.

II. JOINT DR PARTIES’ PROPOSAL FOR PG&E’S AGGREGATOR-MANAGED DR PROGRAMS

At its Business Meeting of February 27, 2014, the Commission issued Decision (D.) 14-02-033 granting a Joint Petition for Modification (Joint PFM) of PG&E’s Aggregator-Managed Portfolio (AMP) Program Contracts approved in D.13-01-024.⁷ The amendments to the AMP Contracts included in the Joint PFM and effective in 2014 were designed, among other things, to better align payment with performance, align the contract design more closely with the California Independent System Operator’s (CAISO’s) Proxy Demand Resource (PDR) design,

⁴ January 31 AC/ALJ’s Ruling, at p. 2.

⁵ *Id.*, at p. 2.

⁶ *Id.*, at p. 3.

⁷ The PFM was jointly filed by PG&E, EnerNOC, and Energy Curtailment Specialists.

include incentives for accurate forecasting of available capacity. The Joint PFM was supported by the Office of Ratepayer Advocates (ORA) and was not contested by any party. In granting the Joint PFM, D.14-02-033, the Commission found that the Joint PFM and contract amendments were reasonable and would lead to improved performance, forecasting accuracy, and alignment with CAISO's market design.⁸

In comments on the Proposed Decision (PD) on Bridge Funding (issued as D.14-01-004 on January 16, 2014) PG&E, ORA, and the Joint DR Parties supported the modifications in the Joint PFM and encouraged consideration of those contract amendments as meeting the directive to submit program improvements in exchange for access to bridge funding for the two-year period, January 1, 2015 through December 31, 2016.⁹

With the adoption of the Joint PFM and the contract amendments in D.14-02-033, the Joint DR Parties renew their request that the Commission find that these program improvements to PG&E's AMP Program, approved in D.14-02-033, are consistent with the "guidance" provided by the January 31 AC/ALJ's Ruling and meet the conditions necessary to access bridge funding for 2015 and 2016. In turn, the Commission should find that no further requirements are necessary to be considered for that purpose at this time.

III. JOINT DR PARTIES' PROPOSAL RELATED TO SCE'S AGGREGATOR-MANAGED DR CONTRACTS

Joint DR Parties have not negotiated revisions to their AMP contracts with SCE like the amendments reached with PG&E and approved in D.14-02-033. EnerNOC, however, has made

⁸ D.14-02-033, at p. 4.

⁹ Joint DR Parties Opening Comments on Bridge Funding Proposed Decision, at pp. 3-4; ORA Opening Comments on Bridge Funding Proposed Decision, at p. 2; PG&E Opening Comments on Bridge Funding Proposed Decision, at p. 3.

outreach to SCE to pursue such negotiations, and the Joint DR Parties believe that similar modifications could be made to the SCE AMP Contracts as have been adopted for PG&E.

The Joint DR Parties note that there are recognized differences between the SCE's AMP Contracts and PG&E's AMP Contracts such that the amendments would not be identical. However, SCE's AMP Contracts could certainly be amended to better align contract payments and performance and provide latitude for annual and monthly nominations similar to those that were negotiated with PG&E. SCE's programs are already designed to be dispatched on a sub-LAP (load aggregation point) basis; so, that aspect of the contract need not be modified.

Per the directives in the January 31 AC/ALJ's Ruling, modifications to the programs must be capable of being implemented within 90 days and no later than by December 31, 2014.¹⁰ As such, Joint DR Parties would like to continue to work with SCE to achieve a negotiated agreement to amend the contracts, in a manner that would be comparable to those made to PG&E's Contracts and still meet this timing directive so that the changes could be effective for 2015 and 2016.

The Joint DR Parties, therefore, request the ability to continue to pursue negotiated modifications with SCE, with the goal of achieving program improvements, on par with those achieved with PG&E, so as to meet the specified timing contained in the January 31 AC/ALJ's Ruling. The Joint DR Parties, however, also want to have some clarity and certainty as to the ability for these contracts to receive bridge funding for 2015 and 2016 as soon as possible. As such, it is desirable to establish a date by which such negotiations should be concluded or by which parties could solicit an extension to continue negotiations. The Joint DR Parties propose that an ACR or ALJ's Ruling be issued adopting July 1, 2014, as the date by which the parties

¹⁰ January 31 AC/ALJ's Ruling, at p. 3.

notify the Commission that either contract negotiations are concluded or submit a request to extend their negotiations.

IV. CONCLUSION

The Joint DR Parties respectfully request that, by further ruling or decision, the Commission find that the amended PG&E AMP Contracts approved in D.14-02-033 be found to meet the directives of the January 31 AC/ALJ's Ruling for PG&E AMP Contracts. Joint DR Parties also request that comparable contract amendments to SCE's AMP Contracts, similar to those adopted for PG&E, with consideration of the differences in the underlying contracts, be deemed to meet the objective of this ruling to improve DR program operation. To that end, the Joint DR Parties further request that an ACR or ALJ's Ruling be issued adopting July 1, 2014, as the date by which the parties notify the Commission that either contract negotiations with SCE are concluded or an identified time extension for their negotiations is requested.

These requested actions by the Commission are necessary so that parties may have certainty for access to bridge funding for 2015 and 2016 as soon as possible. In that regard, the Commission should act to grant these requests in advance of the deadlines identified in the January 31 AC/ALJ's Ruling.

Respectfully submitted,

March 3, 2014

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