

**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)
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**RESPONSE OF THE
SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK AND THE
SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK TO
ALJ RULING DIRECTING DEMAND RESPONSE PROGRAM PROPOSALS**

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For THE SAN FRANCISCO BAY
AREA REGIONAL ENERGY
NETWORK

For THE SOUTHERN CALIFORNIA
REGIONAL ENERGY NETWORK

March 3, 2014

I. INTRODUCTION

As directed in the *Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for Submitting Demand Response Program Proposals*, the County of Los Angeles on behalf of the Southern California Regional Energy Network ("SoCaREN") and the Association of Bay Area Governments on behalf of the San Francisco Bay Area Regional Energy Network ("BayREN") submits this Response. The SoCalREN and BayREN appreciate the opportunity to provide brief recommendations on enhancing the role of demand response programs in the State. The RENs encourage the California Public Utilities Commission ("Commission") to use the infrastructure and resources of local government Regional Energy Networks to expand the availability and prevalence of demand side energy programs.

II. RENs CAN BE USED TO DEVELOP AND IMPLEMENT DEMAND RESPONSE PROGRAMS

Under D.12-11-015 the Commission authorized the creation of the SoCalREN and the BayREN to independently administer energy efficiency programs in regional territories. As part of this authorization, the SoCalREN has created the Public Agency Technical Support Program, which provides technical services that augment services provided by Southern California Edison ("SCE") and Southern California Gas Company ("SCG") to help the development and implementation of energy efficiency projects in municipal buildings and facilities. The SoCalREN is also providing technical support services to other public agencies and special districts including: water and wastewater agencies, ports, and school districts. These services include:

- Investment grade audits performed by highly qualified engineering firms
- Pre-bidding for approved pools of specialty contractors (electrical and mechanical) to implement energy measures on an expedited basis

- Transparent and guaranteed project pricing under the National Joint Powers Alliance’s Indefinite Quantity Contracting Program
- Project management support services from project start to finish
- Project specification and design services by independent third party experts
- Assistance with IOU incentive and financing eligibility review and applications
- Standardized, simplified contracting documentation
- Access to public agency Energy Project Lease Financing
- Construction management support services

This Program has been successful in providing public agencies with a turnkey, energy project development and implementation program that provides objective, one-stop technical services and project management support to jurisdictions that typically do not have the in-house resources to develop these projects on their own or to evaluate technical proposals from a multitude of marketplace vendors.

At present, however, these services are only available to evaluate eligible energy efficiency measures (“EEEMs”) which qualify for energy efficiency incentives from the investor-owned utilities . The SoCalREN proposes that, under R.13 -09-011, the RENs be provided funding to provide similar technical and project implementation assistance services in support of Demand Response programs and technologies. For example, the SoCalREN could provide on behalf of its public agency customers the following services:

- Inclusion of Demand Response potential as a component of the investment grade audits
- Technical reports that objectively and thoroughly evaluate Demand Response costs and benefits
- Transparent information and explanation about the obligations and actions required of Demand Response program participants
- Aggregation of multiple building Demand Response projects
- Solicitation of aggregated Demand Response projects to third party administrators under SCE’s Demand Response Program
- Coordination and execution of agreements to provide aggregated Demand Response output to selected third party administrators
- Bundling of Demand Response and Energy Efficiency project approaches to maximize the opportunities from both within public agency buildings and facilities

The RENs propose that the infrastructure established to support the development and implementation of energy efficiency measures in public agency buildings could be leveraged to provide similar support to develop and implement Demand Response measures. Just as most public agencies do not have the in-house expertise or available resources to evaluate and develop energy efficiency projects, they similarly do not possess these same resources to take advantage of demand response opportunities.

The SoCalREN proposes that a relatively small amount of the SCE Demand Response budget be allocated to the SoCalREN to provide the services suggested above, to develop a pipeline of potential demand response projects. The SoCalREN does not envision becoming a third-party implementer who contracts with SCE to guarantee to delivery of a set level of demand response load reduction; rather the SoCalREN could develop and aggregate a number of projects for solicitation to third party implementers and inclusion in their portfolio of Demand Response projects.

The SoCalREN proposes that \$500,000 be allocated from SCE's Demand Response budget to implement this program within SoCalREN. The SoCalREN envisions that an Agreement would be executed with SCE to administer this amount. Assuming that it would take the better part of 2014 to negotiate a final agreement with SCE, the SoCalREN proposes that the budget and project scope be in effect in starting calendar year 2015.

The SoCalREN also provides outreach and technical support services in the commercial building sector under its Property Assessed Clean Energy ("PACE") support program. The SoCalREN works with commercial building owners to evaluate and assess energy measures that may be financeable under a PACE financing program. Similar technical support and potential

aggregation of commercial sector buildings' demand response measures could be performed by the SoCalREN under the proposed budget amount.

III. CONCLUSION

The Commission recognized the value that RENs offered for energy efficiency as a part of the discussions that led to D. 12 -11-015. Those same values should also apply to all demand side management measures and not just energy efficiency. The SoCalREN has created a unified program delivery infrastructure that works with public sector and private sector building owners, in both the residential and non-residential sectors. R.13-09-011 presents the first opportunity for the Commission to leverage the infrastructure of the RENs across another demand side management measure proceeding. Utilizing the infrastructure and resources of the RENs provides a truly innovative approach to creating integrated, demand -side management programs administered by a community-focused, unbiased, and non-profit organization dedicated to more sustainable energy practices that will result in comprehensive greenhouse gas reductions and significant progress toward achieving the State's clean energy future.

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Respectfully submitted,



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