**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

REPLY OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION TO OPENING COMMENTS ON PROPOSALS FOR REVISIONS TO DEMAND RESPONSE PROGRAMS FOR BRIDGE FUND YEARS

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This reply is submitted pursuant to the January 31, 2014 Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for Submitting Demand Response Program Proposals (Ruling). The California Large Energy Consumers Association[1] (CLECA) submits this reply to address the Opening Comments of the Office of Ratepayer Advocates (ORA).

I. ORA'S PROPOSED SUBSTANTIVE CHANGE TO THE BASE INTERRUPTIBLE PROGRAM TRIGGER SHOULD BE REJECTED

The Ruling was clear: only narrow changes are to be proposed and contemplated for revisions to demand response programs in the bridge fund years; moreover, these changes "shall be implementable within 90 days and must be completely implemented no later than December 31, 2014."[2] D. 14-01-004 was also clear: "narrow" changes were sought due to the "limited record."[3] .

[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; some CLECA members are bundled service customers and some are Direct Access customers.

[2] Ruling, at 3.

[3] D.14-01-004, at 8.

ORA proposes to change the tariff trigger for the dispatch of the Base Interruptible Program (BIP). ORA argues that this change is "to avoid excessive expensive non-RA procurement".[4] The proposal should be rejected on procedural and substantive bases. First, ORA's proposal is not a "narrow" modification to an existing DR program under the terms of the Ruling or D. 14-01-004. Second, ORA's claim of significant savings for ratepayers from its proposal is contradicted by ORA itself. Third, ORA's claims raise questions of fact, evidentiary matters than cannot be addressed through a comment-only process. Finally, based on a limited review permitted by a ten day comment period, ORA has asserted as fact information that is incorrect. For these reasons, ORA's proposed change to the BIP trigger for 2015 and 2016 should be rejected.

A. ORA's Proposal Has Not Been Shown To Be Narrow

First, ORA has not substantiated its claim that the change to the trigger is a narrow one, consistent with Finding of Fact 7 in D. 14-01-004; that Finding of Fact states that: "It is practical that the current demand response programs be revised on a narrow basis to improve their success." Changing the trigger for program events is a significant program change; it is not a narrow change. Moreover, ORA has not addressed any definition of "success" resulting from this program change that would be improved other than a claim of reduced ratepayer expense. This claim is not supported in ORA's filing and CLECA disputes it below. ORA has also not demonstrated that its proposed trigger change would

[4] ORA Opening Comments, at 9.

improve BIP's "reliability and effectiveness".[5]

B. ORA's Claim Of Significant Savings For Ratepayers Has Been Refuted By ORA Itself

ORA claims that changing the BIP trigger would avoid unnecessary payments for Exceptional Dispatch. There are many reasons for Exceptional Dispatch by the CAISO, but ORA is not clear about which uses of Exceptional Dispatch drive its concern. ORA's footnote 31 appears to refer to the use of the Capacity Procurement Mechanism (CPM). ORA claims that "[e]mergency-triggered DR programs should be available to CAISO to avoid buying expensive Non-RA Exceptional Dispatch capacity using CPM, whether it is procured within its own balancing area or from neighboring balancing authorities."[6]

Saving money is not the purpose of emergency-triggered DR programs, reliability is. However, even if saving money were a purpose of emergency-based DR programs, ORA has nowhere substantiated its claim that there would be significant savings if BIP were used for this purpose. In fact, a different part of ORA found that the costs of the CPM are very small.

> Since 2009, the CAISO has spent $32 million for short-term capacity backstop via the CPM; $28 million of this total was due to the extended outage at the now closed San Onofre Nuclear Generating Station (SONGS), which was taken out of service unexpectedly in January 2012. The CPM was used only twice in 2013, at a total cost of approximately $3 million dollars. These amounts are an infinitesimal portion of the various payments customers have made for capacity over the past several years.[7]

ORA itself thus finds that the expenditures on CPM that this ORA proposal seeks

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5 Ruling, at 2.

6 ORA Opening Comments on Proposals for Revisions to Demand Response Programs For Bridge Fund Years, at 13.

7 ORA comments on CAISO's proposed Reliability Services Issue Paper, February 18, 2014, at 5 (filed in CAISO stakeholder process).

to eliminate with a different BIP trigger are “infinitesimal”, contradicting ORA’s claim here that significant ratepayer savings could result from changing the trigger. CLECA disputes ORA’s factual claim of significant ratepayer savings.

C. ORA Raises Evidentiary Matters That Cannot Be Addressed In Comments But Require Evidentiary Hearings

In Table 3, ORA provides a list of CPM designations that it claims could have been avoided if BIP had been triggered. CLECA disagrees. ORA has provided no evidence that these events could have been avoided by BIP, nor does it provide any evidence of the cost of the CPM designations. CLECA disputes the accuracy of these factual assertions. The evaluation of ORA’s claims that these events could have been avoided and the ostensible cost saving are disputed questions of fact that require evidentiary hearings, and cannot be resolved with comments alone.

D. A Cursory Review Of ORA’s Table 3 Shows Mistaken Assumptions That BIP Could Be Used To Avoid These CPM Designations

While a 10-day comment period is insufficient to analyze ORA’s claim, several of the designations offered by ORA for analysis appear to be occasioned by events that would not be able to be mitigated by the BIP program. For example, the February 2013 CPM designation for Morro Bay Unit 4 was for a two-day Morro Bay-Midway Dual Line outage scheduled for February 23-24, 2013. ORA has not explained how the dispatch of a DR program that has a maximum use of 6 hours per day would be appropriate for a two-day transmission line outage. The May 1, 2012 designation of Huntington Beach Unit

1 was due to the SONGS outage and would similarly not have been avoided through the use of a DR program that cannot be used for more than 6 hours per day. These examples raise questions of fact about ORA's assertions.

II. CONCLUSION

The Commission should reject ORA's proposed change in the BIP trigger for the procedural and substantive reasons set forth above. If the Commission wishes to pursue any change in the BIP trigger, evidentiary hearings would have to be held to justify any such change. The current procedural schedule for these proposals does not allow for evidentiary hearings. ORA's claims are insufficient to justify a substantial program change on their face. ORA's proposal should be rejected.

Respectfully submitted,

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