

**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 COMMENTS ON THE PROPOSED DECISION  
ADDRESSING FOUNDATIONAL ISSUES OF THE  
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

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March 18, 2014

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This filing is submitted pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission's) Rules of Practice and Procedure. The California Large Energy Consumers Association<sup>1</sup> (CLECA) respectfully submits this reply on the Proposed Decision (PD) addressing foundational issues for Demand Response (DR).

**I. REPLY**

These comments emphasize several key points that bear heightened attention by the Commission regarding the condition of the record; they also seek to clarify CLECA's positions in response to the opening comments of the California Independent System Operator (CAISO).

**A. The Condition of the Record**

First, numerous parties cite the lack of record support for the PD's proposed bifurcation of existing programs, agreeing that it is premature to bifurcate existing DR

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<sup>1</sup> 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. CLECA has been an active participant in Commission regulatory proceedings and Commission Demand Response Programs since 1987.

programs into the proposed categories on the basis of the existing record.<sup>2</sup> This aspect of the PD requires changing to reflect the record. Second, CLECA agrees with SDG&E and others that DR does not have to be bid into ISO markets to make the markets successful.<sup>3</sup> Further, many parties, including CLECA, explained that the risk of double counting is adequately addressed in current rules and does not have to be addressed with bifurcation now.<sup>4</sup> The PD should be revised as recommended in CLECA's opening comments to delete this proposed rationale for bifurcation. CLECA also agrees with PG&E that evidentiary hearings are needed prior to the categorization of existing DR programs.<sup>5</sup>

Additionally, there is general agreement that the PD's proposed second purpose of DR in Finding of Fact 7, with the reference to minute-by-minute load following, is unsupported and should be changed.<sup>6</sup> Finally, CLECA agrees with CEERT that there should not be a strict deadline for the end of current DR programs; rather, a longer transition period should be provided to "allow DR programs to properly expand and adjust to bifurcation and to provide for customer certainty in DR".<sup>7</sup>

We disagree with PG&E, however, on its proposed modification of the definition of Supply Resources. PG&E argues that Ordering Paragraph 3 should be changed to say Supply Resources "are required to participate" in CAISO markets.<sup>8</sup> There is an

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<sup>2</sup> See SCE Opening Comments at 2; *see also* CEERT Opening Comments, at 3-8; *see also* SDG&E Opening Comments, at 3; *see also* Joint DR Parties Opening Comments, at 4-6; *see also* PG&E Opening Comments, at 2-4 and 6 and *see* Sierra Club Opening Comments, at 1-5.

<sup>3</sup> See SDG&E Opening Comments, at 2.

<sup>4</sup> See PG&E Opening Comments, at 9-10; *see also* Joint DR Parties Opening Comments, at 9-10; *see also* Clean Coalition Opening Comments, at 4.

<sup>5</sup> See PG&E Opening Comments, at 4-5.

<sup>6</sup> See PG&E Opening Comments at, 6-7; *see also* SCE Opening Comments, at 3; *see also* Joint DR Parties Opening Comments, at 8-9 and *see* Clean Coalition Opening Comments, at 4-5.

<sup>7</sup> See CEERT Opening Comments, at 4.

<sup>8</sup> See PG&E Opening Comments, at 9.

insufficient record to support such a requirement and this proposed change should be rejected.

## **B. Clarification of CLECA's Positions and Concerns**

The CAISO states that BIP customers “have no requirement to provide telemetry” as a counter to CLECA’s concerns regarding the costs of telemetry as a potential barrier to DR integration and participation in the CAISO markets.<sup>9</sup> CLECA appreciates this clarification and agrees that BIP customers will not be required to install telemetry to participate as RDRR. This does not dispel the concern, however.

CLECA members are potentially interested in other, future DR products, beyond BIP; for example, some CLECA members anticipate the possible provision of ancillary services.<sup>10</sup> Notably, CLECA members are **large industrial** customers. The CAISO’s point regarding “a demand response perspective” [more] is very applicable to commercial customers,<sup>11</sup> but it is inapposite for large industrial customers; it is certainly inapplicable to most CLECA members. Numerous CLECA members could offer **more than** 10 MW of demand response from a single industrial site; indeed, some members could potentially offer **significantly** more than 10 MW of demand response. CLECA perhaps misunderstands the current telemetry requirements – perhaps they would **not** apply to an end user seeking to offer more than 10 MW of demand response from a single site as an ancillary services product. This understanding has driven CLECA’s concern regarding telemetry requirements, along with the possibility that BIP may at some point in the future be modified or replaced with other DR programs, leading to the

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<sup>9</sup> See CAISO Opening Comments, at 6.

<sup>10</sup> See e.g., CLECA Comments on Foundational Issues, dated Dec. 13, 2013, (describing potential new services that new DR programs and products could offer).

<sup>11</sup> See CAISO Opening Comments, at 7.

possible imposition of telemetry requirements on large customers in such a successor reliability DR program. Perhaps the CAISO similarly misunderstood the size of the CLECA members and their broad interest in demand response. CLECA would welcome an open, constructive and clear dialogue with the CAISO on these (and other) topics, to clear up such potential misunderstandings.

## **II. CONCLUSION**

For all of the foregoing reasons and those stated in CLECA's opening comments, the PD should be revised prior to its adoption.

Respectfully submitted,

A handwritten signature in black ink that reads "Nora Sheriff". The signature is written in a cursive, slightly slanted style.

Counsel to the California Large Energy  
Consumers Association

March 18, 2014