

**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

**ISSUES OF MATERIAL FACT IN DISPUTE ON BEHALF OF THE  
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

Barbara Barkovich  
Barkovich & Yap, Inc.  
PO Box 11031  
Oakland, CA 94611  
707.937.6203  
[barbara@barkovichandyap.com](mailto:barbara@barkovichandyap.com)

Nora Sheriff  
Alcantar & Kahl LLP  
33 New Montgomery Street  
Suite 1850  
San Francisco, CA 94105  
415.421.4143 office  
415.989.1263 fax  
[nes@a-klaw.com](mailto:nes@a-klaw.com)

Consultant to the California Large  
Energy Consumers Association

Counsel to the California Large  
Energy Consumers Association

May 20, 2014

**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

**ISSUES OF MATERIAL FACT IN DISPUTE ON BEHALF OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

**I. INTRODUCTION**

On May 16, 2014, Administrative Law Judge (ALJ) Kelly Hymes issued an email ruling requesting lists of "facts in dispute" in Tracks 2 and 3 of this proceeding. The California Large Energy Consumers Association (CLECA) provides its list below.

**II. FACTS IN DISPUTE**

Parties are somewhat hampered in developing this list since 1) they have not seen rebuttal testimony, which will elucidate areas of disagreement on fact and policy and 2) they have not had the benefit of cross examination which would likewise elucidate such areas. In addition, it is not clear whether the ALJ's request for issues of material fact includes disputes as to matters of implementation or interpretation of policy. CLECA has interpreted the Scoping Ruling and her email ruling literally to address only matters of material fact. In so doing, we recognize that there are numerous disputes over policy, which are evident in the direct testimony in this proceeding. We note that expert witness opinions can differ on matters of policy, and these differences can and should be explored in evidentiary hearings on the record.

Furthermore, CLECA is very troubled that for a critical matter, i.e. the implementation costs for integration of demand response (DR) into the California Independent System Operator's (CAISO's) markets, only Pacific Gas and Electric Company (PG&E) has provided any detail about these costs in its testimony in this proceeding. PG&E states that more information will be available in its June 2, 2014 filing for the costs of implementing Rule 24. Southern California Edison Company (SCE) has deferred its *entire* input on this matter to its June 2, 2014 filing for costs of implementing Rule 24. San Diego Gas and Electric Company (SDG&E) has provided what are apparently no more than rough estimates, with more to come in its June 2, 2014 filing. This information must be made a part of the record in this rulemaking for parties to be able to answer the questions posed in the April 2, 2014 Scoping Ruling on integration costs. In addition, it must be made available so that critical assessments of cost-effectiveness of integration can be performed. Without such information, which is truly factual, we are left with a record that is full of policy statements and positions.

CLECA's list of facts in dispute is as follows:

1. What is the cost of integrating DR into the CAISO markets? How does this cost differ for the Reliability Demand Response Resource (RDRR) as opposed to the Proxy Demand Resource (PDR), and for various products, such as energy, ancillary services, and flexibility? How does it differ by utility? How do these costs affect the cost-effectiveness of bidding this DR into those markets as a supply resource?
2. How would any proposed changes to the cost-effectiveness methodology affect the cost-effectiveness of bidding DR into the CAISO markets?
3. What are the attributes of DR that would be required for it to be bid into the CAISO markets for local resource adequacy (RA)? What are the attributes of DR that would be required for load modifying DR to qualify to avoid local RA requirements?
4. What would be the costs and time frame to implement the proposed DR Auction Mechanism (DRAM)?

5. If integration of DR into its markets is not cost-effective, is the CAISO willing to make changes to its markets or their rules to render this integration more cost-effective? If so, which changes will it make and when?
6. How can DR be structured to provide flexibility and at what cost?
7. What is the relevance of the KEMA report cited in the testimony of PG&E and the Natural Resources Defense Fund (NRDC) as to the use of back-up generation (BUG) by customers engaged in DR or dynamic pricing?
8. What would be the cost of replacing BUG with storage, as proposed by NRDC and the Environmental Defense Fund?

### III. CONCLUSION

CLECA strongly urges the Commission to develop a full record on the costs of integrating DR programs into the CAISO's markets before making any decisions on bifurcation of existing DR programs. This record must be informed by the utilities' June 2 filings on their Rule 24 implementation costs. CLECA requests that those filings be incorporated into the record of this proceeding and subject to cross-examination. We also urge the Commission to verify the service that DR needs to provide to qualify for local RA. Otherwise, there can be no means of procuring it in the proposed DRAM or through any other mechanism.

Respectfully submitted,

/S/

Barbara Barkovich

Consultant to the California Large  
Energy Consumers Association

May 20, 2014