

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013

(Filed June 21, 2012)

**THE CONSUMER FEDERATION OF CALIFORNIA PREHEARING CONFERENCE
STATEMENT FILED PURSUANT TO THIRD AMENDED SCOPING MEMO AND
RULING OF ASSIGNED COMMISSIONER DATED APRIL 15, 2014**

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I. INTRODUCTION

The CFC is a non-profit 501(c)(4) federation of individual consumer members and organizations that are comprised of California consumers, consumer groups, senior citizen groups, labor groups, community based groups and other organizations.

The Consumer Federation of California (CFC) would like to thank the California Public Utilities Commission (the Commission) and the Administrative Law Judge for the opportunity to file and serve this Prehearing Conference (PHC) Statement.

This (PHC) Statement is filed pursuant to instructions in the most recent scoping memo, entitled *Third Amended Scoping Memo and Ruling* (scoping memo), dated April 15, 2014. Pursuant to the instructions in the scoping memo, and in accordance with the procedural schedule set forth therein, CFC respectfully submits this Prehearing Conference Statement, in preparation for the prehearing conference currently scheduled for May 13, 2014.

As set forth in the scoping memo the purpose of the PHC is to determine what evidence will have to be adduced in order to resolve factual disputes about Time-of Use (TOU) rate design structure.

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II. DISCUSSION

CFC agrees that the evidentiary record will need to include evidence addressing the disputed factual issues raised by the possibility of default TOU rates. CFC also agrees that given the complexity of the issues relating to default TOU more time is needed to develop and review factual evidence related to the potential positive, and negative, impacts of default TOU rates. CFC also agrees that there are a number of issues that may require cross-examination. That said, CFC supports the Commission's decision to allow the parties to create a robust record upon which a well informed final determination of the various factual disputes will be based.

A. Valuation

In paragraph 3.2, on page 7 of the Order Instituting Ratemaking (OIR) the Commission recognized the deficiencies of the previous pilot demand response programs in relation to attempts to value demand response resources. Perhaps we are "jumping the gun" with this issue, as it may have to be addressed at a later date, or as part of rate hearing, but CFC remains focused on valuation and how the "value" of residential customers demand response resources will flow back to residential customer.

Evidence as to whether "savings" attributable to increased efficiency can be quantified would be helpful. Evidence on whether the "savings" reflected in resource planning is quantifiable would be interesting. Evidence as to whether a "value" can be placed upon the projected "savings" related to the avoidance of having to fire up peaker plants should help to round out the record. Evidence relating to consumer rebates or refunds and how those could be incorporated into the planning framework would be excellent.

Evidence as to reduced capital expenditures for operations, reduced maintenance expenses and as well as reduced expenditures for transmission and distribution systems would also be very helpful.

Evidence relating to the pecuniary benefits enjoyed where TOU demand response mitigates impact to the grid and is translated into system Resource

Adequacy credits should also be explored.

As of now there is no price or value directly attached to capacity credits derived from TOU demand response resources. If we look at these credits as savings, which they are, should this value not be quantified, and if warranted, should not some part of the saving be passed on to consumers? Some evidence relating to this issue would be helpful.

B. Load Shifting

In theory increased demand response will lower energy costs and prices for residential electricity. We believe evidence in support of this theory would be very helpful.

And, as a corollary, in theory, Time-of-Use (TOU), demand response models are supposed to deliver a host of spectacular environmental benefits. However, a competing theory challenges these assumptions and claims the environmental benefits many believe will result from the use of TOU rate design structures are nullified because all TOU rate structures do is shifts the use of electricity to another time and therefore TOU rate structures do not result in spectacular environmental benefits. CFC believes this issue should be viewed as a factual dispute and evidence should be taken to help resolve this issue.

C. Consumer Education and Outreach

CFC agrees with the Commission that, while not a factual dispute, *per se*, evidence relating to previous attempts at consumer education and outreach would be helpful. While we can iron out all the factual disputed relating to default TOU rates, it will all go for naught if consumers are not educated, motivated and engaged.

In one relevant survey finding PG&E reported:

74 percent of PG&E respondents have *shifted* usage to try to save money on their bill. However, only 22 percent *believed* they were on a TOU rate, and less than 2 percent actually are on a TOU rate. A large group of customers think that shifting usage can save them money on their bill, but few understand that they must make an active choice for a rate plan option that rewards this behavior. However, only 22 percent *believed* they were on a TOU rate, and less than 2 percent actually are on a TOU rate (PG&E RDP, page 66.)

For this and a host of other reasons CFC believes consumer education and outreach needs to be explored.

D. Attachment A

CFC believes that Attachment A represents a comprehensive list addressing many, if not all, areas that may be deemed to be factually disputable. Even though Attachment A is as comprehensive as it seems, CFC can only hope that the points made in this PHC statement help in some way to identifying issues or to identifying area of focus.

III CONCLUSION

We sincerely hope this document helps the Commission in analyzing the real impact of default TOU on California's residential electricity consumers and we thank the Commission for the opportunity to file serve these comments.

Respectfully Submitted and Signed, May 2, 2014, at San Francisco, California

_____/s/_____,

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