

**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)

**COMMENTS OF OLIVINE, INC ON PROPOSED DECISION ON DEMAND RESPONSE
PROGRAM IMPROVEMENTS AND 2015-2016 BRIDGE FUNDING BUDGET**

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I. Introduction

Olivine submits the following comments in regard to the Proposed Decision Approving Demand Response Program Improvements and 2015-2016 Bridge Funding Budget issued on April 15, 2014 as provided for by Rule 14.3 of the commission's Rules of Practice and Procedure.

II. Finding Of Fact 37: "Barriers Make It Difficult For MCE To Participate in the Northern California IRM2 Enhancement Pilot" Should be Amended to Read "There are Barriers to MCE Participation in Demand Response Markets"

As the Administrator for PGE's current IRM2 program, Olivine believes that there may be some misperceptions regarding the operations of the program that warrant clarification. References to the IRM2 pilot, IRM2 Enhancement pilot and additionally PG&E's Supply Side pilot may create confusion.

Although the IRM2 provides for bidding into CAISO wholesale markets, the structure of the program differs from the integration of current utility-managed programs into the market. In the case of IRM2, the model is consistent with direct participation, and early plans for FRACMOO with participants providing bids on a 24X7 basis within a must-offer obligation framework. This framework is consistent with PG&E's Supply Side pilot, which will be enhanced with further offerings to provide for additional participation.

While the IRM2 Enhancement Pilot proposed by the Commission staff may not have garnered much interest, there has been significant interest in the current IRM2 pilot and the ability to participate throughout the bridge funding period, given the time it takes to address registration requirements. PG&E's proposed Supply Side pilot approval should resolve this concern.

Marin Clean Energy's (MCE) comments indicate that they feel there are barriers to their participation within the Demand Response market in California. MCE did indicate that they did not have time to develop a retail program for separate consideration but the items identified as barriers or concerns were for Demand Response markets and not specific to the IRM2 Enhancement Pilot. MCE is able to participate in the IRM2 and in the CAISO wholesale markets if they can meet the requirements for participation. None of these barriers are specific to IRM2, the IRM2 Enhancement Pilot, nor PG&E's proposed Supply Side pilot.

To clarify, we would recommend updating the wording in Finding of Fact 37 to indicate that there are 'Barriers to MCE participation in Demand Response markets'.

/s/

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