

**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)

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

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Monday, May 12, 2014

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I. Introduction

Olivine submits the following reply 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.

On May 5th, Olivine filed comments on the Proposed Decision Approving DR Program Improvements and the 2015-2016 Bridge Funding Budgets that was issued April 15, 2014. In those comments, Olivine observed that the barriers reported by Marin Clean Energy in their comments dated March 3, 2014 were not specific to participation in either the proposed or existing IRM2 pilots, as was suggested by FOF 37 in the proposed decision. Instead, these barriers are more accurately characterized as being general market obstacles that would exist independent of participation in any existing or proposed IRM2 pilot construct. To remedy, in the comments filed on May 5th, we suggested that Finding of Fact 37 be amended to state that there are "Barriers for MCE Participation in Demand Response Markets."

It has come to our attention that our comments may be misunderstood. Although we agree that there may be obstacles to MCEs participation in demand response and wholesale market integration, we do not mean to indicate that MCE is the only market participant that would face corresponding challenges. We have covered on multiple occasions the sorts of barriers that exist to wholesale market participation for ALL potential participants in previous comments filed within the R.13-09-011 proceeding and in the report, "Distributed Energy Resources Integration: Summarizing the Challenges and Barriers". We are not aware of any record in this proceeding or elsewhere that objectively analyzes the applicability of each of these barriers for individual market participants. We believe that FOF 37 should be amended to clarify that the barriers reported by MCE may be encountered by other potential wholesale market participants as well.

/s/

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