

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)

**THE OFFICE OF RATEPAYER ADVOCATES' REPLY COMMENTS  
ON PROPOSED DECISION ADDRESSING DEMAND RESPONSE  
PROGRAM IMPROVEMENTS AND BRIDGE FUNDING BUDGET**

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May 12, 2014

## I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) submits the following reply comments on the Proposed Decision (PD) of Administrative Law Judge Kelly A. Hymes dated April 15, 2014. The PD approves and authorizes budgets for certain Demand Response (DR) program and activities operated by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) for 2015-2016.<sup>1</sup> ORA makes the following recommendations:

- Reject the California Large Energy Consumers Association's (CLECA) proposed modifications to Findings of Fact (FOF) 16 and keep it unchanged.
- Modify Ordering Paragraph (OP) 17 to allow SCE to submit negotiated Aggregator Managed Portfolios (AMP) contract modifications through a Tier 2 Advice Letter (AL) rather than an Application.
- Change specific requirements for the adopted reporting requirement to increase its value.

## II. DISCUSSION

### A. The Commission Properly Found That ORA's Concerns Regarding The Placement Of BIP In The CAISO Operating Procedure 4420 Are Valid

CLECA recommends the PD's FOF 16 is in error and should be changed.<sup>2</sup> CLECA argues that ORA makes factual contentions regarding the Base Interruptible Program (BIP) and that ORA had contradicted itself on the ratepayer cost of Capacity Procurement Mechanism.<sup>3</sup>

ORA never claimed that moving the BIP trigger would necessarily achieve significant savings for ratepayers as CLECA alleges.<sup>4</sup> On the contrary, ORA stated that even after moving the placement of BIP trigger, BIP would still be called rarely and would be consistent with the business needs of BIP customers who are currently only called during near emergency conditions.<sup>5</sup> ORA only stated that if the CAISO finds using BIP as an appropriate response, it

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<sup>1</sup> PD, OP # 1.

<sup>2</sup> Comments of the California Large Energy Consumers Association Regarding Programs For Bridge Fund Years, May 5, 2014, p. 1.

<sup>3</sup> *Id.*

<sup>4</sup> CLECA Reply March 13, 2014 p. 3.

<sup>5</sup> The Office of Ratepayer Advocate's Opening Comments on Proposals for Revisions to Demand Response Program for Bridge Fund Years, March 3, 2014, p. 16.

may avoid buying expensive Exceptional Dispatch (ED) capacity under its Capacity Procurement Mechanism (CPM).<sup>6</sup>

ORA's proposal is consistent with exactly the same reasons why the Commission adopted the Reliability-Based Demand Response Settlement (Settlement) in ("D.") 10-06-034 in the first place. In adopting the new trigger specified in the Settlement, the Commission noted,

[M]ost importantly, the reliability-triggered demand response program will be triggered prior to the California Independent System Operator's canvassing of neighboring balancing authorities for energy or capacity. This new practice would eliminate the anomalous treatment whereby emergency-triggered demand response counts for Resource Adequacy yet, unlike all other power that counts for Resource Adequacy, the California Independent System Operator currently procures costly 'exceptional dispatch energy or capacity' before using this energy resource, a practice that has led to charges that ratepayers 'pay twice' for this power.<sup>7</sup>

Clearly, the Commission wants to ensure that demand response programs that count for Resource Adequacy (RA) are used before CAISO procures costly 'exceptional dispatch energy or capacity.'

ORA's proposal is intended to faithfully carry out the Commission's intentions in Decision ("D.") 10-06-034 for emergency-triggered demand response programs that receive RA capacity credits. ORA is proposing nothing more than that. The Commission should reject CLECA's proposal and keep the PD's FOF 16 unchanged.

**1. Revision To BIP Trigger In The CAISO Operating Procedure 4420 Is Necessary To Ensure That BIP Is Considered As A potential Alternative To Procuring Exceptional Dispatch Capacity**

CLECA states that PG&E also disagreed with ORA's concern about the BIP trigger.<sup>8</sup> In its March 13, 2014 reply comments PG&E argued against revising the BIP trigger because it is not necessary, stating that the CAISO already has the ability to dispatch the BIP at any step of the sequence under section 3.3.2 of Operating Procedure 4420 after it issues a Warning Notice.<sup>2</sup> In addition, PG&E notes, even when a Warning Notice has not been issued, PG&E's E-BIP rate

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<sup>6</sup> *Id.*

<sup>7</sup> D.10-06-034, p. 2.

<sup>8</sup> Comments of the California Large Energy Consumers Association Regarding Programs For Bridge Fund Years, May 5, 2014, p. 2.

<sup>2</sup> Reply Comments Of Pacific Gas and Electric Company (U 39 E) On Assigned Commissioner And Administrative Law Judge's Ruling Providing Guidance For Submitting Demand Response Program Proposals, March 13, 2014, p. 7.

schedule expressly states that the CAISO can request that PG&E dispatch the BIP “based on forecasted system conditions and operating procedures ...Or even in the event of a transmission system emergency.”<sup>10</sup>

Any changes to the BIP trigger proposed by ORA need to be formalized in the CAISO’s Operating Procedure 4420. Formalizing the ORA-proposed BIP trigger in CAISO’s Operating Procedure 4420 would also provide additional transparency to BIP customers about when they could be called to provide demand response. The Commission should reject PG&E’s arguments that revising the BIP trigger is not necessary because of existing authorities under CAISO operating procedures or under PG&E’s E-BIP rate schedule.

**B. The PD Should Be Modified To Allow For Negotiated AMP Contract Extensions To Be Submitted Through A Tier 2 AL**

ORA agrees with the Joint DR Parties and SCE that successfully negotiated AMP contract modifications and extensions for 2015-2016 should be submitted through an advice letter rather than a more time intensive application process.<sup>11</sup> As long as ORA is a party to the discussions, a Tier 2 AL would provide ample time for consideration and approval for all stakeholders and Commission staff. ORA recommends the following modification to OP 17 to address this change:

17. No later than July 15, 2014, Southern California Edison Company shall file ~~an application~~ **a Tier Two Advice Letter** requesting approval of 2015-2016 re-negotiated Aggregator Managed Portfolio program agreements.

**C. The PD’s Requirements For The Reporting Requirement Should Be Modified To Increase Its Value**

The PD appropriately adopts ORA’s recommended reporting requirement and requires the utilities to meet with Commission Staff, ORA, and all other interested stakeholders to develop a template to be filed in a Tier One AL.<sup>12</sup> Below, ORA addresses changes recommended by parties in their May 5, 2014 opening comments.

ORA supports SCE’s recommendation to implement the reporting requirement on a trial basis from July to September 2014 with a workshop at the end of the DR season to discuss

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<sup>10</sup> *Id.*

<sup>11</sup> Joint DR Parties Comments, p.2 and SCE Comments, p. 4.

<sup>12</sup> PD, p. 15-16.

lessons learned and program modification resulting from the information reported.<sup>13</sup> The workshop would provide a valuable opportunity to understand the value of the report, consider any changes to the template and discuss program modifications.

ORA agrees with SCE that BIP and Agricultural Pumping & Interruptible (API) should be excluded from the requirement as they are dispatched on an emergency basis in response to system constraints rather than economic triggers.<sup>14</sup> ORA also agrees that SCE's Critical Peak Pricing (CPP) program should be excluded since it is required to be dispatched 12 times a year and SCE's decision is not subject to economic criteria.<sup>15</sup> SCE states that the SDP program should also be excluded because it will be transitioned into the CAISO market under a limited number of hours. ORA disagrees. While SCE expects to file an AL which will limit the number of CAISO dispatch hours as it transitions the resource into the CAISO market, such an AL has not yet been filed and approved.<sup>16</sup> Even if the AL is approved, based on SCE's comments, the program would still be tied to a fixed price trigger for the times in which it is not used in the CAISO market under the limited number of hours. This puts SDP under an economic trigger that warrants its inclusion in the reporting requirement.

SCE also requests that the reporting should only cover the times when a program's trigger condition is met but the program is not dispatched, and exclude events when a program is dispatched to avoid duplicative reporting.<sup>17</sup> ORA disagrees. This reporting requirement is meant to provide transparency to the utilities decisions to dispatch the programs.<sup>18</sup> Rather than requiring stakeholders to piece together separate reports to understand how programs are or aren't dispatched, the utilities should be required to provide all information in one report to allow for a comprehensive review.

The PD orders the utilities to meet with interested stakeholders within 30 days of the issuance of the decision to develop an agreed-upon reporting template and to file a Tier 2 AL

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<sup>13</sup> SCE Comments, p. 5.

<sup>14</sup> SCE Comments, p. 5-6.

<sup>15</sup> *Id.*

<sup>16</sup> SCE Comments footnote 6, p. 5.

<sup>17</sup> SCE Comments, p. 6.

<sup>18</sup> PD, p. 16.

requesting approval of the final template within 30 day of the initial meeting.<sup>19</sup> PG&E's request would extend the timeframe to 120 days before filing the AL, and result in reporting requirement not being applied to the summer of 2014.<sup>20</sup> ORA disagrees. The required 30 days for meeting and discussion of the reporting template is enough time for parties to consider the requirement and express their views on the template, especially given the draft template included in the PD. In the event that agreement cannot be reached by all parties, the utilities would file separate ALs, with an opportunity for all parties to comment, and the Commission would decide on a final template. Through this process, the template would gather vital information on the 2014 DR season rather than waiting until after the 2015 DR season before providing useful information.

SDG&E requests that the weekly reporting requirement be changed to monthly as it would place an undue burden on the staff.<sup>21</sup> ORA agrees that monthly reporting may be as effective as weekly in achieving the intent of the reporting requirement without putting undue burden on the utility staff.

### III. CONCLUSION

ORA respectfully recommends rejection of CLECA's changes to FOF 16. ORA recommends a Tier 2 AL instead of an Application in OP 17 and certain modifications to the reporting requirement discussed in these comments.

Respectfully submitted,

/s/ CHRISTOPHER CLAY

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<sup>19</sup> PD OP 2, p. 45.

<sup>20</sup> PG&E Comments, p. 9-10.

<sup>21</sup> SDG&E Comments, p. 2.