

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)

REBUTTAL TESTIMONY OF KEVIN WOODRUFF  
ON BEHALF OF THE UTILITY REFORM NETWORK REGARDING  
PROPOSED DEMAND RESPONSE AUCTION MECHANISM

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1 “...RFPs can unlock additional valuable DR resources that may not show up under the  
2 Commission’s Demand Response Auction Mechanism (DRAM) proposal...the RFP  
3 approach provides much more flexibility for the IOUs to work with DR providers on  
4 agreements that bring the maximum amount of DR to the state. While standard product  
5 definitions and contract terms could help make DRAM an efficient vehicle for procuring  
6 some types of DR, PG&E’s experience with DR RFPs has shown that some flexibility in  
7 these areas (e.g., settlement structure) is needed to fully leverage third parties’ ability to  
8 bring valuable DR resources to market.”<sup>7</sup>  
9

10 Q. Do you agree with PG&E’s suggestion that RFPs could yield more DR resources – and  
11 possibly more valuable DR resources – than the DRAM?

12 A. Yes. PG&E is correct that a utility RFP could procure more cost-effective DR compared  
13 to the “plain vanilla” approach the DRAM would take.<sup>8</sup> Such an RFP might procure  
14 more valuable and more cost-effective DR in “\$/kW” cost terms. For example, the  
15 DRAM as structured would presumably ensure that all products meet the Proxy Demand  
16 Response or Reliability Demand Response Resource eligibility requirements, existing  
17 system and local Resource Adequacy (RA) requirements, and any future flexible RA  
18 requirements. A utility RFP could consider other product characteristics not specified in  
19 these rules. Such an approach might thus be a good alternative or supplement to the  
20 DRAM.  
21

22 Q. If you agree that alternate procurement approaches could yield more beneficial DR, do  
23 you continue to support the DRAM?

24 A. Yes. As general context, I strongly support the Commission’s effort to implement  
25 competitive procurement of DR based on consistent and transparent evaluation criteria. I  
26 thus continue to support the DRAM as a means to this important end.  
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28 Moreover, utility procurement of a broader menu of DR options via an RFP would likely  
29 require greater effort and expense to manage than a DRAM, given the added need to

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<sup>7</sup> PG&E Opening Testimony, Volume I, page 1-9, lines 5-16.

<sup>8</sup> I am not commenting on the JDRP’s citations to the DR procurement mechanisms operated by the PJM Interconnection and the Electric Reliability Council of Texas (ERCOT) because the Commission has said it will not implement such “centralized” markets in California. (See Rulemaking 14-02-001, pp. 4-5.)