

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)

**OPENING COMMENTS OF JOINT DEMAND RESPONSE PARTIES
ON DRAFT WORKSHOP REPORT ON THE
WORKSHOPS HELD ON JUNE 9, 10, AND 11, 2014**

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July 1, 2014

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The Joint Demand Response (DR) Parties (EnerNOC, Inc., Johnson Controls, Inc., and Comverge, Inc.) respectfully submit these Joint Opening Comments on the Draft Workshop Report on the Workshops Held on June 9, 10, and 11, 2014, filed by Pacific Gas and Electric Company (PG&E) in this proceeding on June 24, 2014 (June 24 Draft Workshop Report). These Joint Opening Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure and ALJ's Email Ruling Granting Request to Revise Hearing Schedule dated June 23, 2014, which also formalized the schedule for submission of the Draft Workshop Report and responsive comments.

**I.
JOINT DR PARTIES' CORRECTIONS TO JUNE 24 DRAFT WORKSHOP REPORT**

Based on the discussion at the Workshops, it is the Joint DR Parties' understanding that the "comments" on the Draft Workshop Report are to focus on "corrections" to that report. To that end, the Joint DR Parties attach and incorporate by reference their corrections to the Draft Workshop Report in Attachment A hereto.

The Joint DR Parties, however, do have other questions regarding certain statements or summaries contained in the Draft Workshop Report attributed to other parties or Commission personnel. The Joint DR Parties will wait to see if corrections are offered by other parties that

clarify these statements and offer comments, if necessary, in its Reply Comments due on July 8, 2014.

II. CONCLUSION

The Joint DR Parties submit their corrections to the Draft Workshop Report in Appendix A hereto. The Joint DR Parties request that the Final Workshop Report include these changes.

Respectfully submitted,

July 1, 2014

/s/ SARA STECK MYERS

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On Behalf of Joint DR Parties

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APPENDIX A

JOINT DR PARTIES' CORRECTIONS TO JUNE 24 DRAFT WORKSHOP REPORT

The Joint DR Parties request that the June 24 Draft Workshop Report be revised to include the corrections indicated on the following pages. Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**. Comments are in *italics*.

(1) Draft Workshop Report at Page 7, second paragraph, second sentence:

B. Back-Up Generation (June 9th, morning)

EnerNOC also stated that the EPA RICE regulations governing reciprocating combustion engines limit ~~BUGtheir use, to no more than 100 hours for testing and for system or local emergencies as determined by CAISO or the local distribution company but there can be exemptions that CAISO can determine (e.g., emergencies).~~ The EPAUC ~~could~~ requires generation owners (those who have BUGs) to report ~~and justify~~ their use of BUGs ~~to ensure compliance with the regulations for DR (e.g., emergency).~~

(2) Draft Workshop Report at Page 8, paragraph 3:

C. CAISO integration costs (June 9, afternoon)

2. Discussion of CAISO Integration Costs

The Joint Parties discussed **that they don't collect 1-minute interval data for energy resources. This is an expensive proposition. Plus, any data collected would be raw data and may not meet CAISO's requirement for data to be within plus or minus 2% of true value. Joint DR Parties also said that the data they currently collect their use of their systems and** raw operating information to monitor customer performance relative to their commitment to the IOUs so that they can provide feedback to the customer to meet delivery commitments. **This is not verified, edited or estimated or revenue quality meter data. Further, reducing the portfolio size, below 10 MW, to avoid telemetry requirements increases the performance risk profile of the resource and may violate internal risk controls.** Comverge stated that the New England market had 1200MW of demand response, which has fallen to 300MW with no prospect of growth, due to requirements such as local dispatch and must offer requirements.⁵ **Requiring sub-LAP dispatch for all resources, even for system resources, may actually decrease the amount of DR that is provided. Because sub-LAPs will reduce the diversity of customers within a portfolio, in order to manage performance risk, EnerNOC may have to limit the customers that are invited to participate in its portfolio to EnerNOC stated that if settlement is based on performance within a sublap, it will only want** good performers. SCE indicated that

the CAISO single Load Serving Entity (LSE) limitation is causing them to strand lots of DR. CAISO expressed a willingness to examine these issues.

(3) Draft Workshop Report at Page 9, paragraph 2:

D. Bifurcation/Categorization of load modifying resource and supply side resource

2. Load and resource forecasts

~~Most Dispatchable~~ DR is normally counted as a supply-side resource and reconstituted for purposes of the CEC's forecast, which means dispatchable DR is not reflected in the CEC's forecast. Dispatchable DR receives RA credit, but is not fully reflected ~~reduces the amount of new generation procured~~ in the RA and-LTPP proceedings and, therefore, does not fully reduce the need for new generation. ~~For most DR programs, load reductions are added back to the load data so the CEC's load forecast is established without DR called.~~ Nondispatchable DR is reflected in the CEC forecast by reducing the load forecast. The CEC recently reclassified IOU Critical Peak Pricing and Peak Time Rebate programs as demand-side programs (and therefore should reduce the load forecast), but if the CPUC counts the RA value of these programs, then these programs would be double-counted.

(4) Draft Workshop Report at Page 10, at the end of the third full paragraph:

EnerNOC said that the change in the way DR resources are categorized, as either load modifiers or supply side resources, will change the existing convention and will require coordination with the DAWG and the CEC to accurately reflect the new treatment.

(5) Draft Workshop Report at Page 11, at the end of the third full paragraph:

EnerNOC said that if the CAISO reduces the RA value for DR resources which are not dispatched at full RA value at CP, CAISO would have to adjust all RA value for generation that were not fully dispatched as well.

(6) Draft Workshop Report at Page 15, paragraph 4:

E. CAISO Must Offer Obligation (June 10, afternoon)

6. Day ahead vs. real time

EnerNOC also brought up the issue that requirements on the system are of changing such that peaking needs will not be the only consideration in our system, which will also change the requires definition that for the DR providers will include into submit their supply plans.

(7) Draft Workshop Report at Page 18:

F. Demand response goals (June 10, afternoon)

2. Sanctions

EnerNOC agreed **that sanctions are premature**, but acknowledged ~~they~~**at goals do** provide guidance for procurement.

(8) Draft Workshop Report at Page 19, paragraph 3:

G. Demand Response Auction Mechanism (DRAM) and Cost Effectiveness Protocols – (Part I) (June 10, afternoon and June 11, morning)

1. DRAM cost cap and weighted average calculation

Ms. Morgenstern indicated that ED had not calculated an avoided cost for flexibility.

(9) Draft Workshop Report at Page 12, end of first paragraph:

5. Local and Flexible Demand Response [page 22, end of first paragraph]

CAISO specified that it does not require both flexible and system DR. Local DR qualifies for system DR. [*Comment: Not clear what this means. Perhaps CAISO can clarify.*]