

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA**

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39-E), for Approval of 2006 – 2008 Demand Response Programs and Budgets.	Application 05-06-006 (Filed June 1, 2005)
Southern California Edison Company's (U 338-E) Application for Approval of Demand Response Programs for 2006-2008 and Cost Recovery Mechanism.	Application 05-06-008 (Filed June 1, 2005)
Application of San Diego Gas & Electric Company (U 902-E) for Approval of Demand Response Programs and Budgets for Years 2006 through 2008.	Application 05-06-017 (Filed June 2, 2005)

**SAN FRANCISCO COMMUNITY POWER'S PROPOSAL IN RESPONSE TO
AUGUST 9, 2006 AND AUGUST 22, 2006 ASSIGNED COMMISSIONER'S
RULINGS AND PROPOSALS FOR ENHANCEMENTS TO DEMAND
RESPONSE PROGRAMS**

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**SAN FRANCISCO COMMUNITY POWER'S PROPOSAL IN RESPONSE TO
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San Francisco Community Power (SF Power) is a non-profit organization that has been implementing energy management programs, and engaging in state-sponsored energy research, since 2001. SF Power's Small Customer Aggregation Pilot Program was approved by the Commission in its March decision, D. 06-03-024. The program has a goal of obtaining one megawatt (MW) of enrolled curtailable load by the end of 2006, and another up to two MW by the end of 2007, and is limited to Alameda, San Francisco, and San Mateo counties

Based on its early success, SF Power proposes to expand the program to include Santa Clara County, add \$150,000 to its 2007 budget, and extend the program to 2008 with an additional \$400,000, with a "stretch" goal of 5 MW of enrolled load by May, 2008. SF Power also proposes to expand the program's service territory to include Santa Clara County. This recommendation is based on the following:

- *The Small Customer Aggregation Pilot Program shows early signs of success.*

As of September 5, SF Power had enrolled 40 commercial customers willing to

reduce a total of 760 kilowatts (kW) of load.¹ This despite the fact that the program was launched from a cold-start just five months previously; unlike industrial customers, Pacific Gas and Electric Company (PG&E) has limited existing contacts with commercial customers, and as a result is less able to provide referrals; and SF Power did not obtain a fully executed contract for the work until August, after most of the peak season.²

- *The Small Customer Aggregation Pilot Program cost-effectiveness is likely to compare well with other demand-response (DR) programs.* As of September 1 SF Power had obligated 60 percent of its budget, and achieved 75 percent of its program goals.³ Given the significant program set-up costs – including hiring and training staff, developing and distributing marketing and ancillary materials and identifying leads – this is a promising “burn rate.” If the Commission extends the program’s first year contract period to June, 2007, as recommended by PG&E; releases year two funds and provides an additional \$150,000 as soon as the one MW goal is reached; extends the program to 2008 with an additional \$400,000; and expands its geographic scope to Santa Clara County the program’s experience to date indicates it will exceed its 2006 goals and be able to achieve upwards of 5 MW of load reduction by May 2008.

¹ This enrollment number reflects the amount of load for which SF Power has obtained signed paperwork. However, not all of this load is fully ready for curtailment: in some cases missing data, especially related to meter identification numbers, needs to be collected, meters need to be installed, and, particularly in the case of direct access customers, institutional challenges may need to be resolved.

² PG&E’s account executives have historically focused on developing relationships with larger customers. That said, PG&E account representatives have referred several commercial customers to the program, who have subsequently enrolled. Likewise, it’s important for the Commission to understand that its decisions are not like spigots – it takes time for PG&E to execute contracts, which places an extra burden on third-party implementers, such as SF Power, to self-finance the launch of new programs, a non-trivial challenge.

- *The Small Customer Aggregation Pilot Program adds important diversity to the limited number of DR programs offered to commercial customers. As indicated by PG&E, “The Statewide Pricing Pilot (SPP) and related DR research indicates that there is not a single DR offering that will attract and meet the needs of all customers.”⁴ Even with the addition of other DR programs, such as an expanded air conditioning (A/C) cycling initiative, many small customers will prefer, and be better suited to, the Aggregation Pilot Program.*
- *The Small Customer Aggregation Pilot Program may provide a good platform to achieve other Commission goals. Commercial customers have historically been “hard-to-reach,” yet they represent significant untapped energy savings. As part of the program SF Power refers enrolled customers to other available energy management programs. In addition, participants have already requested additional information for their tenants, including energy-saving tips, training, and newsletter materials, which, as with the Business Energy Coalition program, will result in beneficial energy management ripple effects to the residential class. Likewise, as the state implements its ambitious climate change policies it will require “all hands on deck” – particularly the commercial sector – to adopt measures to reduce greenhouse gas emissions. As commercial customers become accustomed to taking steps to reduce their energy use through a variety of tactics they will be more likely to extend this process to other resource realms.*

³ This does not include meter installation costs.

⁴ Page 6, August 30 filing.

In addition to expanding the Small Customer Aggregation Pilot Program SF Power encourages the Commission to adopt rules and appropriate technology to enable individual commercial (and agricultural) customers to aggregate their meters for the purposes of participating in DR programs. SF Power has found that in many cases – particularly with older buildings, and throughout the agricultural sector – individual customers have more than one meter but each of these meters may be treated as an individual “customer” by the utility. This makes energy management more difficult for energy users who want to participate in DR programs. The multiple meter-single customer situation is an artifact of past building uses and utility policies.

Under current Commission rules each of these individual sub-meters must be replaced with an advanced meter to participate, an expensive and unnecessary action, as well as a barrier to customer enrollment in other DR programs, such as Critical Peak Pricing. It would be preferable if a customer could choose to have one aggregated meter installed, enabling all of the customer’s load to be metered and managed at a single site.⁵

⁵ This situation may become particular expensive as the utilities roll-out their advanced meter initiatives.

San Francisco Community Power appreciates the opportunity presented by the Commission to enhance its current programs to other potential businesses and customers of PG&E.

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Respectfully submitted,

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