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11/14/18
04:59 PM

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

Application of Pacific Gas and Electric
Company (U39E) for Approval of Demand
Response Programs, Pilots and Budgets for
Program Years 2018-2022.

And Related Matters

Application 17-01-012

Application 17-01-018

Application 17-01-019

**OPENING COMMENTS ON PROPOSED DECISION ADDRESSING REMAINING
ISSUES FOR THE 2018-2022 DEMAND RESPONSE PROCEEDING**

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Dated: November 14, 2018

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

Application of Pacific Gas and Electric Company (U39E) for Approval of Demand Response Programs, Pilots and Budgets for Program Years 2018-2022.	Application 17-01-012
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I. INTRODUCTION

Pursuant to Rule 14.3(d) of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits these comments on the “PROPOSED DECISION RESOLVING REMAINING APPLICATION ISSUES FOR 2018-2022 DEMAND RESPONSE PORTFOLIOS AND DECLINING TO AUTHORIZE ADDITIONAL DEMAND RESPONSE AUCTION MECHANISMS PILOT SOLICITATION” (the “PD”). While PG&E believes the PD is generally well-crafted and balances the interests of stakeholders, PG&E provides input on several areas for consideration by the Commission (CPUC).

II. DISCUSSION

a. Demand Response Auction Mechanism

PG&E supports the Commission’s decision to deny a 2020 Demand Response Auction Mechanism (DRAM) pilot and to follow a procedural process and schedule to arrive at an informed decision in mid-2019 for the future of DRAM. It is extremely important that the experience with DRAM is properly considered before the CPUC decides if DRAM should continue past the auctions held to date. PG&E has worked diligently with the CPUC staff in responding to a number of data requests in order for the CPUC to have the requisite data to undertake a balanced assessment. A careful consideration of the facts and experience from the

auctions by the CPUC is absolutely essential before deciding if more customer-funded DRAM contracts should be required. PG&E cautions that if the ambitious timeline for completing the assessment by the end of 2018 is not possible, it would be reasonable for the schedule to be adjusted in order to reach an informed conclusion.

b. Dual Participation

PG&E agrees with the Commission that dual participation is a multidimensional and complex issue to resolve. PG&E requests that the PD's process for implementing the restriction on CPP customers be adjusted. While the PD would grandfather existing dual participating CPP customers, the update to impacted tariffs for other CPP customers "beginning immediately and until further notice,"^{1/} would occur up to 60 days after issuance of the decision.^{2/} PG&E is unable to institute the appropriate process and tariff changes within 60 days of issuance, PG&E requests that the PD language be changed to allow enough time for both process and tariff changes to occur prior to the exclusion of dual participation taking effect. PG&E's requests the PD language be changed to allow six months to make the appropriate system and process changes and to submit updated tariffs implementing the grandfathering of existing dual participation CPP customers and the exclusion of other CPP customers from dual participation. As such, the prohibition for new dually enrolled customers and the tariff updates would occur no later than May 1, 2019, which is the start of the Demand Response season.

c. Prioritization Under the Reliability Cap

PG&E disagrees with the Commission's assertion that giving priority to customers of third-party providers (Aggregators) in the queue for available Reliability Cap headroom is consistent with the Commission's goal of preserving customer choice.^{3/} The proposed change would effectively mean that a prospective BIP customer would be required to enroll with a third-

1/ PD at p. 13. PG&E interprets this phrase to mean as of the issuance date of the final decision.

2/ PD at OP 1.

3/ PD at FOF 33 states "Customers continue to have the choice of demand response providers."

party Aggregator even if that customer prefers to be directly enrolled in an IOU's BIP program.^{4/} The proposal previously articulated by the IOUs was to provide for a randomized approach based on value buckets.^{5/} The IOUs' process would give an equal chance to all eligible customers without preference to the IOUs or Aggregators. The PD should be revised to approve the IOUs' proposal.

The PD should also be clarified to provide that Reliability Demand Response Resource (RDRR) megawatts obtained through the Demand Response Auction Mechanism (DRAM) count against the Reliability Cap, while other DRAM megawatts associated to Proxy Demand Resource (PDR) products do not, because PDR is not a reliability product.^{6/}

PG&E also requests a modification to the discussion stating that "PG&E initially proposed a five-tier hierarchy." PG&E clarifies that the Energy Division proposed the original five-tier hierarchy, though PG&E utilized it for the management of the reliability cap during the 2018-2019 DRAM RFO.^{7/}

d. Pilot for Disadvantaged Communities

PG&E appreciates the Commission providing additional clarity on the Commission's preferences with respect to the DR pilot for Disadvantaged Communities (DAC pilot). PG&E also appreciates the Commission providing clarity regarding the regulatory process for proposing and approving the DAC pilot.

e. Auto Demand Response

(i) Battery Storage and ADR

PG&E supports the process set forth in the PD to address the intersection between Auto Demand Response (ADR) and battery storage. PG&E's one caveat is that the PD's schedule is

4/ D. 16-06-045, FOF 72 states "The principle of consumer choice dovetails with the principle of competition."

5/ Joint IOU Reliability Cap Workshop Report dated March 30, 2018 at p. 9.

6/ There is a typographical error in Finding of Fact 39 where "RDD" should be "RDRR".

7/ A.17-01-012, PG&E 2018-2022 Demand Response Programs, Pilots and Budgets Rebuttal Testimony, filed on June 5, 2017, p. 2F-5.

too aggressive,^{8/} because it would only provide three months between initiating the stakeholder process (January 31, 2019) and submitting the final report (May 1, 2019). Besides the number of substantive issues that are scoped within the seven questions,^{9/} the request by the PD to attempt to “develop a consensus proposal” undoubtedly will require additional time.^{10/} Recognizing that the PD provides for the ALJ to authorize an extension to the report, PG&E submits that a more realistic target for the final report is no sooner than July 31, 2019.

On a related note, PG&E points out that the schedule set forth in the body of the PD on page 59 doesn’t match the schedule in OP 10. As discussed above, PG&E assumed the intended schedule was the one prescribed in the body of the PD; although PG&E recognizes that the OP generally prevails in the event of an inconsistency between the body of the PD and the OP. To illustrate, OP 10 would only provide two months from the beginning of the process (January 31, 2019) until the filing of the report (April 1, 2019) which would clearly be infeasible based on the desired outcome. The below table illustrates the differences between the schedules set forth in the body of the PD, that of OP 10 and the one PG&E recommends for adoption.

Table 1
Battery Storage and ADR Process Schedule

Activity	Body of PD (p. 59)	OP 10 of PD (p. 103)	PG&E’s Recommendation
First Stakeholder Meeting	January 31, 2019	Not specified	January 31, 2019
Status Update	March 30, 2019	March 1, 2019	April 30, 2019
Final Report	May 1, 2019	April 1, 2019	July 31, 2019
Opening Comments	May 15, 2019	April 15, 2019	August 15, 2019
Reply Comments	May 30, 2019	April 30, 2019	August 30, 2019

For subsequent years, PG&E recommends the list of issues be identified no later than September of the prior year, so that the load impact evaluations may have sufficient time to

8/ PD at p. 59.

9/ PD at OP 10.

10/ PD at p. 58-59.

incorporate them into the scope of the annual Load Impact filing if an in-depth analysis is called for. It would be difficult, if not impossible, for the impact evaluations to address a list of complex ADR issues identified in January, while the load impact filing is due on April 1.

(ii) DR Control Eligibility Criteria

Both PG&E's Fast Track and SCE's Express ADR Programs are designed for small and medium business customers. Therefore, PG&E recommends adding "medium business" in the eligibility criteria set forth in the PD on page 52, e.g., "For residential, small and medium business customers, the control must be able to receive an Open Auto Demand Response-compliant 2.0 a or b certified Auto Demand Response signal. The control may be located either on site or (as part of a control system) on site and at the manufacturer/demand response aggregator or provider cloud level. Only the customer is eligible for the Auto Demand Response incentive, not the aggregator or manufacturer cloud portion of the control." In addition, PG&E recommends the CPUC remove the word "compliant" as indicated above, which is consistent with Title 24 requirements. The existing use of the term "compliant" leaves room for different interpretations.

(iii) Future Revision to the ADR Guidelines

An area of uncertainty created by the PD's proposed pathway for addressing ADR Guidelines relates to PG&E's previously adopted multi-party settlement approved by D. 17-12-003.^{11/} The settlement provides for a collaborative stakeholder process which includes, but is not limited to: i) the development of a list of residential ADR-enabled end-use devices to be considered for eligibility for an ADR incentive; and ii) the development of relevant criteria to determine the order in which the load impact study for the residential ADR-enabled end-use devices identified should be done, as an input to the calculation of their associated ADR incentive. This settlement process was initiated by PG&E with a webinar on February 5, 2018

11/ MOTION OF THE SETTLING PARTIES FOR ADOPTION OF SETTLEMENT ON SPECIFIED ISSUES IN PACIFIC GAS AND ELECTRIC APPLICATION 17-01-012, June 26, 2017. Attached Settlement Agreement, Section VI(E) at p. 10.

that was followed-up by a broader session on March 15, 2018. It is unclear at this time whether this settlement track should continue on its own or be folded into the proposed statewide annual stakeholder process, including the statewide battery storage stakeholder process. At this time PG&E welcomes input from stakeholders to assist PG&E and the Commission to better understand how to best proceed.

III. CONCLUSION

PG&E appreciates the opportunity to comment on the this PD. PG&E requests that its proposed modifications and recommendations be adopted by the Commission to improve the final decision. Where appropriate, PG&E has offered modifications to the PD's ordering paragraph in the attachment to this pleading.

Respectfully Submitted,

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SUGGESTED MODIFICATIONS TO ORDERING PARAGRAPHS

Changes in strike-out and italicized bold font, or statement to delete all text in an OP

Ordering Paragraph 1:

Enrollment in Critical Peak Pricing and another utility or third-party administered demand response program is prohibited for all customers not currently dually-enrolled, beginning *with the effective date of the Tier One Advice Letter* ~~immediately~~ and until further notice. ~~Within 60 days of the issuance of this decision~~ *By May 1, 2019*, Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Edison Company (the Utilities) shall file Tier One Advice Letters revising tariffs to implement this prohibition. Customers of the Utilities currently enrolled in Critical Peak Pricing and another demand response program may continue to dually participate.

Ordering Paragraph 2:

The following reliability demand response policy statements are adopted:

- a. ***Reliability Demand Response Resource (RDRR)*** megawatts procured through the demand response auction mechanism pilot count toward the two percent reliability cap.
- b. The Base Interruptible Program open season rules are modified to ***implement the IOUs' process to give an equal chance to all eligible customers without preference to the IOUs or Aggregators.*** ~~To only allow disenrollment and decrease in participation in demand response of existing customers. Any increase in participation levels or new allocations shall be performed as part of the adopted allocation parameters in Ordering Paragraph No. 3 of this decision.~~
- c. The use of Reliability Demand Response Resources (***RDRR***) can occur anytime within the California Independent System Operator (CAISO) Warning Stage, in the case of In-Market dispatch and (Out-Of-Market or Exceptional dispatch.

Ordering Paragraph 5:

Delete all text in the PD's OP 5, and replace with the following:

The IOUs' proposal previously to provide for a randomized approach to allocate available headroom under the utility's allocation of the two-percent reliability cap based on value buckets is consistent with providing customer choice and opportunity for providers to serve customers, without preference to third party providers or the IOUs. The IOU proposal is approved.

Ordering Paragraph 6(g):

For residential, ~~and~~ small ***and medium*** business customers, the control must be able to receive an Open Auto Demand Response-compliant 2.0 a or b certified Auto Demand Response signal. The control may be located either on site or as part of a control system, on site ~~and~~ at the manufacturer/demand response aggregator or provider cloud level. Only the customer is eligible for the Auto Demand Response incentive, not the aggregator, provider or manufacturer cloud portion of the control.

Ordering Paragraph 10:

The Director of the Energy Division is authorized to establish a stakeholder process to develop an overall strategy proposal for battery storage participation in Auto Demand Response. Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company, and Southern California Edison Company (the Utilities) shall and other stakeholders may participate in the process. The Utilities shall file an update on the progress of the group no later than ~~March 1~~ **April 30**, 2019. Unless otherwise directed by the Assigned Administrative Law Judge, a final proposal recommending solutions to the issues below shall be filed no later than ~~April 1~~ **July 31**, 2019. Comments to the filed proposal shall be filed on ~~April~~ **August** 15, 2019; replies shall be filed no later than ~~April~~ **August** 30, 2019. The assigned Administrative Law Judge is authorized to extend the deadline for the stakeholder report through a Ruling, if deemed reasonable. Until the Commission adopts guidance on the policy issues described below, the Utilities shall not provide Auto Demand Response incentives for battery storage controls except in the case of incentive applications received before October 26, 2018. The stakeholder process shall address the following issues:

- a. Should the Commission authorize Pacific Gas and Electric Company to continue to provide auto demand response control incentives for battery storage controls to nonresidential customers?
- b. Should the Commission require San Diego Gas & Electric Company and Southern California Edison Company to offer the same auto demand response control incentive?
- c. Should the Commission allow residential customers to receive an incentive for battery storage controls?
- d. Should the Commission limit the auto demand response control incentives for battery storage to hardware and software costs, as currently provided by PG&E?
- e. Should the Commission adopt the same incentive structure developed in the annual Guidelines update process established in Ordering Paragraph No. 8 or should the Commission adopt a separate control incentive structure for battery storage controls?
- f. If the Commission adopts a separate control incentive structure for battery storage controls, what should the structure entail?
- g. What precautions should the Commission adopt to ensure ratepayers are not paying more than one incentive for the same control?

Finding of Fact 39:

After the CAISO calls a Warning State, the locational marginal price must reach the RDRR strike price before ~~RDRR~~ **RDRR** load is dropped, unless an exceptional dispatch is issued.