

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



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Application of Pacific Gas and Electric Company (U 39-E) for Approval of Demand Response Programs, Pilots and Budgets for Program Years 2018-2022.

A.17-01-012
(Filed January 17, 2017)

And Related Matters.

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**REPLY OF OHMCONNECT, INC. TO PARTIES' RESPONSES TO
ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING RESPONSES TO
QUESTIONS AND FILING OF PREVIOUS DEMAND RESPONSE BASELINE
DEVELOPMENT AND IMPLEMENTATION COSTS**

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May 3, 2019

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Pursuant to Administrative Law Judge (ALJ) Hymes's *Ruling Directing Responses to Questions and Filing of Previous Demand Response Baseline Development and Implementation Costs* ("Ruling"), mailed April 8, 2019 in the above-captioned proceeding, OhmConnect, Inc. (OhmConnect) respectfully submits this timely reply to parties' April 24, 2019 responses to the Ruling.¹

I. REPLY TO PARTIES

1. DRAM Sellers should be permitted to calculate Demonstrated Capacity using any baseline methodology authorized by the CAISO Tariff.

Parties' April 24, 2019 responses to the Ruling indicate disagreement as to whether DRAM Sellers may use the baseline methodologies approved by the FERC as part of the CAISO's Energy Storage and Distributed Energy Resources (ESDER) Phase 2 stakeholder initiative to calculate Demonstrated Capacity. PG&E contends:

¹ In addition to OhmConnect, four other parties filed responses to the Ruling on April 24, 2019: California Efficiency + Demand Management Council ("Council"), Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company ("SCE").

“Currently, only the 10-in-10 methodology is approved by the CPUC for retail use to settle capacity payment. Therefore, it is reasonable that all DRPs, including DRAM providers, are limited to this methodology at this time for capacity payment.”²

Conversely, SCE explains:

“For the [DRAM], considering that it is currently a Resource Adequacy product, with third parties’ direct participation in the wholesale market, the Sellers should be allowed to use any CAISO approved baseline to measure delivered performance. In fact, this approach is already allowed under the current DRAM *pro forma* contract, where test and dispatch options under Demonstrated Capacity rely on performance as measured by the approved CAISO baselines.”³

Similar to SCE, the Council observes that “[t]he current DRAM Purchase Agreement has the flexibility, with no additional changes or Commission action required, for a DRAM Seller to choose whatever baseline is allowed by the CAISO”.⁴ OhmConnect concurs with SCE and the Council that the current DRAM contract permits Sellers to select *any* CAISO-approved baseline methodology for the purpose of calculating Demonstrated Capacity. If the Commission decides to continue the DRAM beyond 2019, OhmConnect strongly recommends that Sellers continue to be allowed to choose from among the set of CAISO-approved baselines to ensure the most accurate measurement of participating customers’ DR performance.

OhmConnect also notes that each Utility indicates it will require additional time (and perhaps additional funding) to implement the IT systems necessary to utilize the ESDER Phase 2 baselines for its own DR programs.⁵ As OhmConnect explained in its April 24, 2019 response, “[f]ollowing the approval and implementation of ESDER Phase 2, the [Scheduling Coordinator (SC)] is the responsible entity for submitting performance data to CAISO”.⁶ The Utilities do not serve as SCs to DRAM Sellers, and hence DRAM Sellers do not depend on the Utilities to calculate and submit to CAISO their baseline and performance data. Therefore, implementation delays by the Utilities need not preclude DRAM Sellers from immediately using the ESDER Phase 2 baselines, provided that the Seller (or, more precisely, its SC) has in place the systems to calculate and submit to CAISO baseline and performance data.

² PG&E Response, at p. 2.

³ SCE Response, at p. 3 (original emphasis).

⁴ Council Response, at p. 3.

⁵ PG&E Response, at p. 5; SCE Response, at p. 2; SDG&E Response, at p. 5.

⁶ OhmConnect Response, at pp. 2-3.

2. The Commission should afford DRAM Sellers flexibility to measure their *energy* and *capacity* performance using different methodologies.

SCE states in its April 24, 2019 response that “the Utilities should not be required to use the same baseline at the retail and wholesale level, regardless of what decisions are made in this proceeding about retail baselines”.⁷ Furthermore, SDG&E states in its response that “[t]he baseline(s) used for determining capacity payments/penalties for utility [DR] programs and for the [DRAM], if DRAM continues in any form, should be the same in order for the playing field to be as level as possible”.⁸ Together, these statements suggest that SCE and SDG&E might be receptive to DRAM Sellers using different baselines to measure their energy (i.e. “wholesale”) versus capacity (i.e. “retail”) performance. Indeed, this would accord with SCE’s January 3, 2019 *Pre-Hearing Conference Statement* in this proceeding, in which SCE “cautions against focusing on perfect alignment of the distinct retail and wholesale baselines over focusing on the intended purpose of baselines, which is to accurately measure DR performance”.⁹ Therefore, to better enable accurate measurement of DRAM resource performance in the event that the Commission continues the DRAM into 2020 and beyond, OhmConnect recommends DRAM Sellers be afforded flexibility to measure their energy and capacity performance using different methodologies.

II. CONCLUSION

OhmConnect appreciates the Commission’s interest in ensuring the baseline methodologies available to the IOUs and third-party DR providers enable accurate measurement of DR performance, and thanks the Commission for the opportunity to provide this brief reply.

Respectfully submitted,

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⁷ SCE Response, at p. 6.

⁸ SDG&E Response, at p. 2.

⁹ January 3, 2019 *Pre-Hearing Conference Statement* of SCE, at p. 4.

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