



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

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Order Instituting Rulemaking Pursuant to Consider Smart Grid Technologies Pursuant to Federal Legislation and on the Commission's Own Motion to Actively Guide Policy in California's Development of a Smart Grid System.

R.08-12-009
(Filed December 18, 2008)

**COMMENTS OF THE
ALLIANCE FOR RETAIL ENERGY MARKETS
ON PROPOSED INTERIM SMART GRID METRICS**

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Date: January 24, 2011

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The Alliance for Retail Energy Markets ("AReM")¹ submits these comments in accordance with *Administrative Law Judge's Ruling Seeking Comments on Proposed Interim Metrics to Measure Progress by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company in Implementing a Smart Grid* ("OIR"), issued on December 29, 2010, which set this date for submittal of comments on proposed interim metrics.

The Ruling asks parties to comment on the proposed interim metrics discussed in a report distributed by the utilities on October 22, 2010 ("Report"). In particular, the ruling requests comments on the reasonableness of the proposed "consensus" metrics discussed therein and whether the "non-consensus" metrics are appropriately described. AReM respectfully raises several concerns with the proposed metrics.

The proposed metrics do not recognize that utilities perform more than one function in the California market. Utilities are all of the following: (1) load-serving entities ("LSEs") serving

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California's direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

only bundled customers; (2) Demand Response Providers (“DRPs”) serving customers enrolled in such programs; and (3) utility distribution companies (“UDCs”) providing transmission and distribution services to all customers, both bundled and direct access. Further, all utility consumers, both bundled and direct access, pay for the development of Smart Grid through their transmission and distribution charge and use the grid to serve their loads. Therefore, the Smart Grid metrics should focus primarily on measuring and evaluating utility performance as the UDC.

For example, while most of the proposed Grid Operations Metrics are reasonable measures of UDC performance,² others relate to *energy use* by customer type,³ which only pertains to bundled customers, and energy deliveries by customer-owned facilities,⁴ which are unrelated to UDC performance. In fact, many of the metrics focus on the utility as the LSE serving bundled customers⁵ or as the DRP serving demand response (“DR”) participants.⁶ AReM requests that the Commission require Smart Grid metrics that measure UDC performance and reject proposed metrics that measure other utility functions, which support only a subset of the full range of customers paying for Smart Grid development.

Moreover, the Report discusses “benefits” of the Smart Grid, such as additional DR,⁷ potential future greenhouse gas (“GHG”) reductions,⁸ achieving Renewable Portfolio Standards (“RPS”) goals,⁹ and increased use of renewable distributed generation (“DG”).¹⁰ The Report

² See, Report, Consensus Metrics: Grid Operations Metrics 1 through 4 and 8.

³ Report, Consensus Metrics: Grid Operations Metric 5; Non-Consensus Metrics, Customer/AMI Metrics, p. 36.

⁴ Report, Consensus Metrics: Grid Operations Metrics 6 and 7.

⁵ Report, Consensus Metrics: Customer/AMI Metrics 4, 5 and 8; Grid Operations Metric 5.

⁶ Report, Consensus Metrics: Customer/AMI Metrics 2, 3 and 9.

⁷ Report, Consensus Metrics: Customer/AMI Metrics 2 and 3; Non-Consensus Metrics: Customer/AMI Metrics, p. 36 and Environmental Metrics, p. 38.

⁸ Report, Non-Consensus Metrics: Environmental Metrics, p. 38.

⁹ Report, Non-Consensus, Environmental Metrics, pp. 38-39.

implies that these benefits are directed solely to the utility. Such an approach would be inequitable. Basic fairness requires that benefits related to Smart Grid development should accrue to those paying the costs. If Smart Grid is found to provide GHG and RPS benefits, those benefits should accrue to all customers and their respective LSEs. Thus, direct access customers are entitled to get a proportional share of any such benefits. Likewise, any renewable or GHG benefits associated with DG connected to the Smart Grid should accrue to the DG providers, without whom there would be no such benefits.

In summary, to the extent that Smart Grid is paid for by all customers, the “metrics” used to determine utility performance must address all, not just bundled, customers, and any associated benefits must accrue to all the LSEs serving those customers, not just to the utility. Further, the Commission should select metrics that truly reflect the performance of the *UDC* and reject metrics that are either unrelated or focused on other utility functions.

Respectfully submitted,

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¹⁰ Report, Consensus Metrics: Grid Operations Metrics 6 and 7.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Comments of the Alliance for Retail Energy Markets on Proposed Interim Smart Grid Metrics* on all parties of record in **R.08-12-009** by serving an electronic copy on their e-mail addresses of record and, for those parties without an e-mail address of record, by mailing a properly addressed copy by first-class mail with postage prepaid to each party on the Commission's official service list for this proceeding.

This Certificate of Service is executed on January 24, 2011 at Redwood City, California.

/s/ Susan J. Mara

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CERTIFICATE OF SERVICE FOR ELECTRONIC MAIL – R.08-12-009

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