



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

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12-14-11
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Application of Pacific Gas and Electric Company for)
Approval of Modifications to its SmartMeter™) Application 11-03-014
Program and Increased Revenue Requirements to) (Filed March 24, 2011)
Recover the Costs of the Modifications. (U39M))

NOTICE OF EX PARTE COMMUNICATION

DAN DELUREY

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Dated: December 14, 2011

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OF THE STATE OF CALIFORNIA**

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NOTICE OF EX PARTE COMMUNICATION

In accordance with Rule 8.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Demand Response and Smart Grid Coalition (“DRSG”) hereby gives notice of ex parte communication in A.11-03-014. At approximately 11:41 AM on December 14, 2011, Dan Delurey, Executive Director of the Demand Response and Smart Grid Coalition, sent an email to Commissioner Michael Peevey; Commissioner Michel Florio; Commissioner J.K. Sandoval; Commissioner Mark Ferron; Commissioner Timothy Alan Simon; and Assigned ALJ Amy Yip-Kikugawa. This email is included as Attachment A to this Notice.

The DRSG is the trade association for companies that provide products and services in the areas of demand response, smart meters and smart grid technologies. DRSG works to educate and provide information to policymakers, utilities, the media, the financial community and stakeholders on how demand response and smart grid technologies such as smart meters can help modernize our electricity system and provide customers with new information and options for managing their electricity use. Members of the DRSG Coalition include: Aclara ; Ambient; CABA; Cisco; Comverge; Conservation Services Group; Constellation NewEnergy; Cooper Power Systems; Corporate Systems Engineering; Echelon; Electrolux; eMeter; Energy Curtailment Specialists; EnerNOC; EnOcean Alliance; Enspira Solutions; GE; Google;

HomeGrid Forum; Honeywell; Ice Energy; Ingersoll Rand; Intel; Itron; Johnson Controls;
Landis+Gyr; Schneider Electric; Sensus; Siemens; Silver Spring Networks; SmartSynch; Steffes;
Tendril; Trilliant Networks; Tropos Networks; UISOL; Universal Powerline Association; U-
SNAP Alliance; Whirlpool; and ZigBee Alliance. More information is available at
www.drsgcoalition.org.

Respectfully submitted this 14th day of December, 2011,

/s/ Dan Delurey

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ATTACHMENT A

From: [Paul M. Pietsch](mailto:Paul.M.Pietsch)
To: ["mp1@cpuc.ca.gov"](mailto:mp1@cpuc.ca.gov); ["mike.florio@cpuc.ca.gov"](mailto:mike.florio@cpuc.ca.gov); ["catherine.sandoval@cpuc.ca.gov"](mailto:catherine.sandoval@cpuc.ca.gov);
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Cc: ["dan.delurey@drsgcoalition.org"](mailto:dan.delurey@drsgcoalition.org); ["Paul M. Pietsch"](mailto:Paul.M.Pietsch)
Subject: DRSG Comments on Proposed Decision RE: PG&E Smart Meter Opt-Out Option
Date: Wednesday, December 14, 2011 11:40:00 AM

Dear Commissioner,

I am writing to you as Executive Director of the Demand Response and Smart Grid Coalition (DRSG), a trade association of companies that provide technologies, products and services in the area of demand response and smart grid.

While not a party to A.11-03-014, DRSG is writing to express its thoughts on this important proceeding. The promise of smart grid and demand response, both in California and elsewhere in the country, is based on the modernization of the electricity system in a comprehensive and complete manner. It is based on giving those who operate the system new and greater choices for how they optimize the way that the system is planned, designed and operated. It is based on giving customers on the system new and greater choices for optimizing when and how they use electricity. It is also based on the premise that not all customers will undertake smart grid or demand response actions at all times, but all customers will benefit when even some of the customer base takes action at a given time.

The policy set forth in California some years ago on demand response and smart grid was sound then and remains so today. It is important that steps taken in this case do not adversely impact that policy and customers who stand to benefit from it.

We respectfully offer the following comments in response to the Commission's Proposed Decision Modifying Pacific Gas and Electric Company's Smart Meter Program to Include an Opt-Out Option (mailed on November 22, 2011):

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Costs Should Be Borne Exclusively by Customers Opting-Out

DRSG recommends that the costs of opting out of smart metering should be borne exclusively by customers electing to opt out. It does not make sense for all ratepayers to subsidize one segment of customers who demand and receive a different and more-expensive level of service. Such a scenario would be unfair and would contradict basic principles of cost causation. Furthermore, distributing the costs of opting out to the entire customer base generally reduces the net benefits of the Smart Meter program.

DRSG notes that the Proposed Decision is wrong when it says that the costs of opting out are "related to the Smart Meter program as a whole" (Proposed Decision at p. 32). The opt-out costs—the majority of which are due to developing and maintaining separate back-office systems for non-communicating meters—are solely the result of the opt-out program.

The Proposed Decision does not include any justification for spreading opt-out costs to the entire customer base. In absence of such a justification, the opt-out costs should remain strictly with the customers opting-out.

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Exit Fees Should Be Included

DRSG supports the creation of an “exit fee” and thinks the Proposed Decision incorrectly ignores exit costs associated with the opt-out program. The Proposed Decision skirts the issue by explaining that "PG&E has not provided sufficient information to justify why an exit fee is necessary" (Proposed Decision at p. 32). DRSG maintains that there are clear reasons why an exit fee is justified. In particular, DRSG thinks it is important to ensure that the costs of upgrading a non-communicating meter do not fall on a new resident who has not opted-out.

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New Customers Do Not Pay for Their Communicating Meter

DRSG highlights the fact that when an opt-out customer terminates service and a new customer initiates service, the new customer has a right to receive a communicating meter at no cost. The Proposed Decision does not present or explain this fact. While it may seem intuitive, DRSG thinks the point should be made explicitly in the Final Decision.

Support for Requirement that Non-Communicating Meters Have Certain Smart Meter Capabilities

DRSG commends the Commission for including in the Proposed Decision the requirement that the non-communicating meters provided to opt-out customers be able to capture interval data and provide smart grid benefits in the future (Conclusion of Law 6 and 9, Proposed Decision at p. 41). Interval data is critical to support DR and time-variant pricing. As the Proposed Decision notes, opting-out of a communicating Smart Meter does not exclude a customer from the state's overall policy objectives. Use of a non-communicating meter supports both the opt-out decision and the state's ongoing energy

goals.

Sincerely,
Dan

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