

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric  
Company for Recovery of Costs to  
Implement Electric Rule 24 Direct  
Participation Demand Response  
(U39E).

Application 14-06-001  
(Filed June 2, 2014)

And Related Matters.

A.14-06-002  
A.14-06-003

**OPENING BRIEF**  
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## I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) hereby submits its opening brief in the Applications of Pacific Gas and Electric Company (PG&E), Southern California Electric Company (SCE), and San Diego Gas and Electric Company (SDG&E) for recovery of costs to implement Electric Rule 24 and Rule 32 direct participation Demand Response (DR), in the above-noticed docket. In her November 26, 2014 Ruling, the Administrative Law Judge Kelly J. Hymes directed parties to file opening briefs on December 22, 2014 on two main issues: 1) partial versus full implementation of third-party direct participation of demand response in the California Independent System Operator (CAISO) market and 2) reasonableness of proposals and costs for implementation. This brief addresses these two issues and makes the following points:

- ORA supports a multiple-step approach to implementation of third-party direct participation with an initial step that allows participation of a reasonable number of residential and nonresidential accounts to support the results of the Demand Response Auction Mechanism (DRAM).
- The proposals of all three Investor Owned Utilities' (IOUs') vary significantly in terms of implementation and cost. As such, it is difficult to assess the reasonableness of the cost estimates provided. ORA recommends the IOUs use a common template to further detail the high level tasks and associated costs, with additional IOU-specific items broken out separately. This template would enable the Commission to view a side by side comparison of each IOUs proposal/cost and determine the reasonableness of their comparative proposals.
- SCE's proposal and SDG&E's semi-automated proposal appear reasonable as they achieve similar functionality.
- PG&E should provide a proposal that offers similar functionality to SCE's proposal and SDG&E's semi-automated proposal.

## II. PARTIAL VERSUS FULL IMPLEMENTATION

### A. **Should the Commission adopt a multiple-step approach to the implementation of third-party direct participation of demand response in the California Independent System Operator (CAISO) market?**

ORA's understanding of the multiple-step approach is: (1) start with some reasonable number of residential and nonresidential customer accounts for participation in the day-ahead markets that is anticipated to be sufficiently large enough to support the results of the first DRAM pilot to be implemented in 2016, (2) expand to support more customer accounts based on participation volume in step 1 and consistent with the IOUs' applications for post-2016 DR programs, and 3) if cost-effective, further expand to support all eligible customers and participation in all accessible CAISO markets—including day-ahead and ancillary services. The IOUs' current applications, although varied with respect to functionality and the level of automation employed, appear consistent with the first step in this multiple-step approach.<sup>1</sup>

A multiple-step approach is appropriate because at this time it is not clear what level of third-party direct participation will be realized in the CAISO market as Supply Demand Response (SDR). Neither the IOUs nor the third parties have indicated the level of their interest or their ability to provide demand response in the CAISO market. This is understandable as determining the cost of such direct participation as well as the compensation third party aggregators and their customers will receive is still uncertain. Furthermore, third-party aggregators also have the option to participate as Load Modifying Demand Response (LMRDR) instead of directly participating in the CAISO market. The value streams, performance requirements, and associated costs of LMRDR are also uncertain. As the IOUs develop their applications for the next DR cycle, how the

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<sup>1</sup> See "ORA Table 2: IOU Proposals For Implementation," for a summary of the IOUs' current applications. PG&E provides cost estimates for both a limited approach and a full implementation approach.

demand response participants view benefits and costs of participating as SDR and LMRDR relative to each other will become more apparent. The Commission should not opt for full implementation until the level of interest in direct participation of demand response is properly evaluated.

While it is reasonable to have a multiple-step approach, each step should have a distinct and achievable goal that advances the process to the Commission's goal for third-party direct participation of demand response in CAISO market. An intermediate goal should be to support a reasonable capacity for third-parties to directly participate in the first DRAM pilot to be implemented in 2016 as required in D.14-12-024. Taking a multi-step approach will also allow the IOUs to have more visibility in planning as they can incorporate results of other efforts supporting direct participation. For example, work done through the Supply Side Integration Working Group is aimed at providing recommendations for changes at the CAISO for less-costly direct participation.<sup>2</sup> Gaining experience and having the flexibility to determine what should happen in subsequent steps based on actual experience is both a practical and prudent approach.

**B. If the Commission determines that a multiple-step approach is reasonable, should all steps be addressed in this proceeding or in separate applications?**

Yes, keeping all the steps in this proceeding is practical if the plan allows for the utilities to come back with proposals for subsequent steps. The Commission can consider funding for future steps based on experience in earlier step(s) consistent with the record of this proceeding. It will also facilitate a broader and complete review of experience with direct participation as the Commission oversees transition of current demand response to full bifurcation into SDR and LMRDR in 2018.

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<sup>2</sup> D.14-12-024, p.28.

**C. Is there a need for further coordination and integration with the CAISO with respect to third-party direct participation of demand response? What would this entail? Is there a presumption that the CAISO will grant waivers for certain requirements? Is this likely and, if not, is this problematic?**

In the immediate future, ORA sees continued need for coordination with CAISO to reduce costs of integration. IOUs should respond with the status of efforts to relax or modify CAISO's requirements for accommodating third-party participation, such as through recommendations of the Supply Side Integration Working Group. As the requirements for participation in the proposed DRAM pilots are determined, further coordination with CAISO will be necessary.

On a somewhat longer horizon, demand response is expected to play a significant role in meeting Resource Adequacy (RA) requirements for enabling integration of renewable resources such as wind and solar. As the Commission develops these requirements, further coordination with CAISO will be critical to reduce costs of such integration.

**III. REASONABLENESS OF PROPOSALS AND COSTS FOR IMPLEMENTATION**

**A. The proposals and costs for implementation are not readily comparable, complicating assessments of reasonableness.**

Rule 24<sup>3</sup> places the same requirements on each of the IOUs for supporting implementation of direct participation. ORA assumes that because the IOUs are fulfilling the same requirements, they should be achieving the same level of functionality with similar work and costs. The Commission should authorize each IOU to accomplish the same level of functionality with comparable costs.

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<sup>3</sup> Rule 32 for SDG&E.

ORA recommends the Commission order the IOUs to use a common format or template to further detail/cost the similar high level tasks that embody the effort to implement 3<sup>rd</sup> party direct participation. By doing so, the Commission can more easily compare and contrast functionality and costs. This method will also aid in identifying activities/changes specific to a single utility. ORA provides an example template below which is based on SCE’s Table II-1. SCE provides a good example as it breaks down costs between IT, Customer Information Service Request Demand Response Provider (CISR-DRP) processing and validation, customer location mapping and training which should be used as a template for the other utilities.<sup>4</sup> This template enables the Commission to more easily perform a side-by-side comparison of each IOUs proposal/costs and determine the reasonableness of each.

***Table 1: Common Template***

Cost Category	2015	2016	2017	Total
IT Costs				
CISR-DRP Processing and Validation of Customer Reservations FTE				
Customer Location Mapping FTE				
Training				
Grand Total				

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<sup>4</sup> SCE-01, p.9.

**B. Are the proposals for each step of implementation of third-party direct participation of demand response, as provided by Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company (jointly, the Utilities) on November 10, 2014, reasonable and should they be approved?**

Each IOU offers significantly differing proposals for implementation of third party direct participation and in some cases provide multiple proposals, summarized below.

*Table 2: IOU Proposals For Implementation*

Utility	Proposal
SCE <sup>5</sup>	SCE would incur costs for two information technology projects to 1) map service accounts to locational information and 2) provide an interface between SCE’s Billing and Data Exchange system and the CAISO’s DRS, make additional modifications to SCE’s Billing and Data Exchange system to support Rule 24 processes, and enhance existing secure data transfer mechanisms to support transfer of data to third-party DRPs. SCE would also incur costs for full time employees (FTEs) for CISR-DRP processing and validation of customer reservation and customer location mapping and for training in processes to support third-party DRPs. Under its application proposal, SCE would be able to support 3,500 service accounts for residential and nonresidential customers in 2015 increasing 14,000 service accounts by 2017 assuming CAISO’s Location API is available. <sup>6</sup> Support for each scenario is for participation in the day-ahead energy market.
SDG&E	SDG&E anticipates the need for FTEs to implement business processes (project implementation, enrollment/disenrollment, program management and support) in preparation for third party direct participation no matter the level of automation. SDG&E’s IT costs range from \$1.5-\$3 million depending on the level of automation. <sup>7</sup> In a fully manual process with no CAISO APIs,

<sup>5</sup> SCE-01, p.7-9.

<sup>6</sup> September Workshop Report Appendix A, p.A-12 and SCE Responses to October 9, 2014 Workshop Questions, p.4.

<sup>7</sup> September Workshop Report Appendix A, p.A-8.

	SDG&E could support 750 customers. <sup>8</sup> With a Location API and an unspecified IT cost, SDG&E could support about 7000 customers. <sup>2</sup> With full automation and a Location API, SDG&E could support 25,000 customers and with a Registration API, SDG&E could support 100,000 customers. <sup>10</sup> Support for each scenario is for participation in the day-ahead energy market.
<b>PG&amp;E</b>	<p>PG&amp;E has provided 3 proposals for implementation for the Commission to consider.</p> <ol style="list-style-type: none"> <li>1. A limited implementation proposal that predominately uses manual processes to facilitate participation of nonresidential service accounts (up to 750 in 2016) in the day-ahead energy market.<sup>11</sup></li> <li>2. A full implementation proposal that uses an automated process that can accommodate bidding of 100,000 customers in 2017 in all available CAISO markets.<sup>12</sup></li> <li>3. An alternative manual proposal to accommodate 10,000 service agreements without changes to Rule 24 by limiting the number of customer data information release requests to 500 service agreements per week and building temporary desktop computer applications that would be discarded if PG&amp;E is authorized to pursue full implementation.<sup>13</sup> This support is for participation in the day-ahead energy market.</li> </ol>

As discussed above, ORA supports a multiple-step approach to implementation of direct participation, with support for all eligible customers in all CAISO markets as the final step. The initial step for each utility should support some reasonable number of

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<sup>8</sup> SDG&E Responses to Administrative Law Judge’s Email Ruling Requesting Information and Revising Briefing Schedule, p.4.

<sup>2</sup> *Id.*

<sup>10</sup> SDG&E Responses to Administrative Law Judge’s Email Ruling Requesting Information and Revising Briefing Schedule, p.5.

<sup>11</sup> September Workshop Report Appendix A, p.A-8, A-11.

<sup>12</sup> PGE-01Appendix A, p.A-3 – A-4.

<sup>13</sup> December 3, 2014 Motion of PG&E to Supplement the Record by Entering a Declaration into the Record of this Proceeding Appendix A, p.2.

residential and nonresidential customer accounts for participation in the day-ahead markets which would be sufficient for running a DRAM pilot.

SCE's proposal appears to achieve this initial step by accommodating 14,000 residential and nonresidential service accounts in the day-ahead energy market for \$2.7 million.<sup>14</sup> SDG&E's semi-automated IT system approach accommodating about 7,000 residential and nonresidential service accounts in the day-ahead energy market also appears to fit the requirement of this first step.<sup>15</sup> SDG&E estimates its semi-automated approach would cost \$1.5 million and its fully automated approach would cost \$3 million.<sup>16</sup> At this point in time, the need for SDG&E's full system approach is too speculative as it is unclear that customer demand will warrant a full system approach.

ORA supports SCE's proposal and SDG&E's semi-automated proposal as a first step. Once the level of participation grows to the level that would necessitate the need for a fully-automated approach, SDG&E can come back to the Commission to request the authority to develop its IT system to enable a fully automated approach. SCE's proposal and SDG&E's semi-automated proposal appear to offer similar levels of functionality and the costs are similar as detailed further in the next section.

PG&E's limited implementation proposal that predominately uses manual processes is not reasonable as it would only support up to 750 service agreements for \$2.8 million, approximately the same cost for SCE and SDG&E to support 14,000 and 7,000 customers respectively.<sup>17</sup> PG&E fails to explain why its limited implementation proposal costs roughly the same as the SCE and SDG&E proposal yet PG&E can only support a tiny fraction of customers that SCE and SDG&E can support. PG&E's full

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<sup>14</sup> SCE Responses to October 9, 2014 Workshop Questions, p.4.

<sup>15</sup> SDG&E Responses to Administrative Law Judge's Email Ruling Requesting Information and Revising Briefing Schedule

<sup>16</sup> September Workshop Report Appendix A, p.A-8.

<sup>17</sup> September Workshop Report Appendix A, p.A-11.

implementation proposal is also unreasonable to implement as a first step as it is overly ambitious in attempting to support participation in all CAISO markets for a cost of \$18.9 million.<sup>18</sup> Proposals for supporting participation in all CAISO markets should only be considered after getting sufficient experience in the day-ahead markets and based on substantial customer demand for the service. PG&E's alternative proposal appears to be more reasonable as it would support 10,000 residential and nonresidential service agreements in the day-ahead energy market and would also fit the requirements of this first step.

PG&E's alternative proposal is for a manual process while SCE and SDG&E are providing automation for relatively the same costs and to accomplish the same requirements in Rule 24. PG&E should provide similar functionality and cost as SCE and SDG&E. ORA's concern is that if and when PG&E will need to support more customers and services under Rule 24, it will require additional funding to develop the same automation that SCE and SDG&E are requesting in these applications. PG&E already stated that its alternative proposal would require building temporary desktop computer applications that would be discarded if and when PG&E is authorized to build its enterprise level solution.<sup>19</sup> PG&E should be providing a proposal similar to SCE and SDG&E's for relatively the same amount of funding to achieve the same tasks.

PG&E's proposal should be rejected, and PG&E should be required to re-file with a proposal that is similar to the approaches used by SCE and SDG&E.

**1. Should the Utilities be authorized to use a manual process and then migrate to an automated process, as part of the initial and/or partial implementation?**

SCE and SDG&E's proposals provide semi-automated processes for this initial step in implementation of Rule 24 direct participation. PG&E should be providing a

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<sup>18</sup> PGE-01 Appendix A, p.A-16.

<sup>19</sup> December 3, 2014 Motion of PG&E to Supplement the Record by Entering a Declaration into the Record of this Proceeding Appendix A, p.2.

similar proposal with similar automation at similar costs. Otherwise, PG&E would need to seek additional funding in the future to achieve the same functionality that SCE and SDG&E are providing.

**2. Do the limits on the number of demand response providers, customers, meters, etc. imposed in the first phase of each utility's proposal create any barriers to participation?**

While each utility's proposal has limits on the number of service accounts that they would be able to support, at this point it is unclear how many customers will participate. Rather than opting for additional spending and delays likely to be caused for a build out for an unlimited number of participants, the utilities should be required to start with a quick rollout that allows for limited but sufficient participation to provide experience and gauge participation demand. The IOUs' proposals appear to accommodate a reasonable number of residential and nonresidential customer accounts large enough to support the DRAM pilots. Experience gained in implementing these proposals will reveal barriers to participation and inform subsequent steps in the process of facilitating increasing amounts of direct participation.

**C. Are the costs for the implementation proposals just and reasonable and should they be approved?**

The proposals of all three IOUs' vary significantly in terms of implementation and cost. As such, it is difficult to assess the reasonableness of the cost estimates provided.

SCE's proposal includes \$1.506 million for IT costs and \$1.238 million for FTEs and training, for a total of \$2.744 million.<sup>20</sup> Its IT projects would develop and maintain mapping of service accounts to locational information and allow for SCE's system to interface with CAISO's Demand Response System (DRS), provide support for Rule 24

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<sup>20</sup> SCE-01, p.9.

processes and enhance data transfer mechanisms.<sup>21</sup> Its FTEs will manage DR Provider accounts, process CISR-DRP forms, validate customer reservations in the CAISO DRS and Map customers to locations.<sup>22</sup> SCE proposes to use funds from the \$5.056 million already authorized in D.12-04-045 for activities to prepare for direct participation.<sup>23</sup>

SDG&E's proposal includes business process costs ranging from \$600,000 to \$750,000 (\$150,000 is for contingencies).<sup>24</sup> Its FTEs will address IT project implementation, enrollment and disenrollment, program management and program support.<sup>25</sup> SDG&E has provided little detail around their proposal and providing \$150,000 for contingencies on top of an overly vague proposal is unreasonable. SDG&E's IT costs ranging from \$1.5 for a semi-automated approach to \$3 million for a fully automated approach.<sup>26</sup> Its IT work would modify existing IT systems and integrate them with the CAISO's systems and provide enhancements to support enrollment, validation, business rules and data and reporting requirements.<sup>27</sup> At this point, developing a fully automated system is unnecessary and too speculative. A semi-automated system with the ability to scale it up to a fully automated system as demand warrants is a more prudent approach. As discussed in section D below, SDG&E requests a new Memorandum Account that would allow it to only recover those costs actually incurred.<sup>28</sup>

While it is not clear if SCE and SDG&E are providing the same level of functionality, ORA assumes that they will be doing the same work to fulfill the same

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<sup>21</sup> SCE-01, p.7.

<sup>22</sup> SCE-01, p.7-8.

<sup>23</sup> SCE-01, p.9.

<sup>24</sup> SGE-01, p.5.

<sup>25</sup> SGE-05.

<sup>26</sup> SGE-01, p.5-6 and September Workshop Report Appendix A, p.A-8.

<sup>27</sup> SGE-01, p.5-6.

<sup>28</sup> SGE-01, p.7.

requirements for Rule 24. Given that their costs are roughly the same, their functionality should be as well. If this is the case, their costs appear reasonable: \$2.744 million for SCE and \$2.1 million for SDG&E.<sup>29</sup> Reporting the same high levels tasks and associated costs under a common template would better demonstrate whether or not this holds true.

PG&E's alternative proposal replaces the manual approach submitted in its application.<sup>30</sup> PG&E estimates that a completely manual approach would cost a total of \$2.877 million for the business labor, business process improvements and meter configuration migration.<sup>31</sup> PG&E's costs are similar to SCE (\$2.7 million) and SDG&E (\$2.1 million) but yet PG&E is using a manual approach while SCE and SDG&E also provide automation for this cost. PG&E should be providing a proposal to achieve the same functionality for similar costs, not providing less functionality at the same cost.

**1. Are the cost differences between each utilities' application reasonable? Is it reasonable for the Commission to approve different costs for the same proposed task?**

ORA would expect some variation in costs between each utilities' application as they each have different systems in place and proposals to support direct participation at this point. To the extent that IOUs are doing the same or similar task for widely differing costs, the Commission should further scrutinize those discrepancies. As discussed in Section III.A, ORA recommends the Commission require the utilities to use a common template/format to further detail the same high level tasks and associated costs. This template would enable to Commission to view a side-by-side comparison of each IOUs proposal and determine the reasonableness of their comparative costs.

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<sup>29</sup> For SDG&E: \$600,000 for business processes and \$1.5 million for semi-automated IT.

<sup>30</sup> December 3, 2014 Motion of PG&E to Supplement the Record by Entering a Declaration into the Record of this Proceeding Appendix A, p.4.

<sup>31</sup> PGE-01, p.2-12.

**2. Is there any overlap of costs with other cost recovery that any of the utilities either have already used or will need to bid their own demand response programs into the CAISO market.**

PG&E and SCE stated that these applications do not contain costs for bidding their own DR programs into the CAISO markets.<sup>32</sup> However, as stated by SDG&E, “If the utilities are ordered to integrate the existing load-modifying DR into the market, full automation will be required.”<sup>33</sup> This indicates that the IT work approved in these applications could also serve to enable integration of utility DR program into the CAISO markets. However, at this point, it’s unknown how much of the utilization will be to facilitate third party direct participation and how much will be to support integration of the IOUs’ own programs. Future cost recovery from the IOUs for bidding their own programs in the CAISO markets should not overlap with any costs approved through this application. The IOUs should design their systems so the additional work required to bid their own programs is incremental and complimentary to the work done to accommodate third party bidding into CAISO markets.

**D. Are the fee schedules as proposed by the Utilities reasonable and should they be approved? Should the Utilities use the same charges that were adopted for electric service providers and apply them to demand response providers?**

The fee schedules proposed by the IOUs reflect services that DRPs or their customers may need to facilitate direct participation, including metering installation, programming, inspection, etc. In general, the fee schedules should closely reflect the actual cost of providing service and should not become an obstacle to direct participation. As these are the same services that the utilities provide to Direct Access (DA) and Community Choice Aggregation (CA) customers under the Commission’s approved fee

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<sup>32</sup> PGE-01, p.1-2 and SCE-01, p.4.

<sup>33</sup> SGE-01, p.5.

schedules it is reasonable to adopt the same fee schedules for demand response providers. In the case of PG&E, these fees have been established in Schedule E-EUS for End User Service and are used as the basis for its proposed fee schedule.<sup>34</sup> For SCE, these fees are reflected in Schedule Customer Choice – Discretionary Service Fees (CC-DSF) and are used as the basis for its proposed fee schedule.<sup>35</sup> While SDG&E has provided a proposed fee schedule, it has not identified the fee schedule used to provide the same services to electric service providers as a basis for its proposed fees.<sup>36</sup> SDG&E’s fees for DRPs should also be consistent with charges adopted for electric service providers for providing the same services.

**E. Are the cost allocation and cost recovery methodologies as proposed by each of the utilities reasonable and should they be approved?**

PG&E states that “[r]ecovery of Demand Response (DR)-related revenue requirements via distribution rates is appropriate, as DR programs ... are available to both bundled electric customers and customers served by an Energy Service Provider or Community Choice Access provider.”<sup>37</sup> Under PG&E’s proposal, costs for implementing Rule 24 requirements to support third party direct participation in the CAISO markets would be allocated to all customers because those services will be available support direct participation of all customers. For example, PG&E could serve as the Meter Data Management Agent (MDMA) for bundled, DA or CCA customers and would be required to send Revenue Quality Meter Data (RQMD) on an ongoing basis under Rule 24.<sup>38</sup> ORA agrees with PG&E’s proposal as it is consistent with the cost allocation principle adopted in R.13-09-011 in D.14-12-024:

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<sup>34</sup> PGE-01, p.1-9.

<sup>35</sup> SCE-01, p.11.

<sup>36</sup> SGE-02, p.1-2.

<sup>37</sup> PGE-01, p.3-2.

Ordering Paragraph 8. We adopt the following cost causation principles for demand response:

a) Any demand response program or tariff that is available to all customers shall be paid for by all customers. If a demand response program or tariff is only available to bundled customers, the costs for that program or tariff can only be borne by bundled customers.<sup>39</sup>

Cost recovery to support direct participation should be consistent with cost recovery for other DR activities authorized. PG&E proposes to use its Distribution Revenue Adjustment Mechanism to recover Rule 24 revenue requirements from all customers and to track program expenses through its Demand Response Expenditure Balancing Account (DREBA).<sup>40</sup> The same account is being used to recover its authorized DR revenue requirements from all customers for its approved DR programs.<sup>41</sup> PG&E's proposal for its cost recovery method should be approved.

SDG&E proposes to use a new Direct Participation Demand Response Memorandum Account (DPDRMA) and to transfer the balance to the Rewards and Penalties Balancing Account (RPBA) annually for recovery through distribution rates.<sup>42</sup> In this process, SDG&E only recovers the actual level of program expenditures up to the Commission approved caps.<sup>43</sup> This is similar to SDG&E's current process for recording and recovering its various DR program costs through its Advanced Metering and Demand

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<sup>38</sup> PGE-01, p.2-3 and p.2-7.

<sup>39</sup> D.14-12-024, p.87.

<sup>40</sup> PGE-01, p.3-2.

<sup>41</sup> D.12-04-045, p.199.

<sup>42</sup> September Workshop Report Appendix A, p.A-8.

<sup>43</sup> SGE-01, p.7.

Response Memorandum Account (AMDRMA) and RPBA.<sup>44</sup> SDG&E's proposed cost recovery method should be approved.

SCE proposes to use the DR funding approved in D.12-04-045 for direct participation to fund the costs of its application and will include any ongoing costs expected beyond 2017 in its 2018 GRC.<sup>45</sup> That decision approved recovery of funding through its Base Revenue Requirement Balancing Account (BRRBA) and tracking and reporting of expenditures through its existing Demand Response Programs Balancing Account (DRPBA) and monthly expenditure report.<sup>46</sup> While SCE has not specified what sub-accounts of the BRRBA and DRPBA will be used in this proceeding, cost recovery and tracking should be done through the distribution sub-accounts to ensure recovery from all customers. SCE's proposed cost recovery method should be approved with the use of distribution sub-accounts.

Regardless of the accounting mechanism names, PG&E, SCE and SDG&E should clarify that 1) they would recover only actual costs incurred up to the authorized amounts and 2) consistent with the Commission's decision on cost recovery based on the cost causation principle in OP 8, costs are recovered from both bundled and unbundled customers. The IOU's proposals for cost recovery appear reasonable.

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<sup>44</sup> D.12-04-045, p.201.

<sup>45</sup> SCE-01, p.4.

<sup>46</sup> D.12-04-045, p.200.

#### IV. CONCLUSION

As discussed above, the Commission should adopt ORA's recommendations.

Respectfully submitted,

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