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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Demand Side Resource Programs.

Rulemaking 14-10-003
(Filed October 2, 2014)

**JOINT ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW
JUDGE'S RULING AND SCOPING MEMO**

Pursuant to Pub. Util. Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules), this Ruling and Scoping Memo sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held December 5, 2014.¹ This ruling is appealable only as to category of these proceedings under the procedures in Rule 7.6.

1. Background

On October 2, 2014, the Commission approved the Order Instituting this Rulemaking (OIR), which sought to consider the development and adoption of a regulatory framework to provide policy consistency for the direction and review of Demand-side resource programs. According to the OIR, the framework is envisioned to be a unified mechanism to authorize and direct the Commission-regulated electric and gas utilities to achieve demand response reduction and load shaping using demand-side management resources. The intention of the

¹ All references to rules are to the Commission's Rules of Practice and Procedures. These rules are available on the Commission's website at http://www.cpuc.ca.gov/word_pdf/RULES_PRAC_PROC/63835.doc.

OIR is to consider how to best enable the utilities, other administrators, and electric market actors to offer a wide portfolio of demand modifying technologies best tailored to the specific characteristics of individual customers. Additionally, the proceeding seeks to identify and reduce or eliminate existing barriers to providing customers with tailored demand-side management solutions.

The OIR named Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE) as respondents to this rulemaking. Interested parties were invited to file comments to the OIR on November 7, 2014. Replies to those comments were filed on November 21, 2014.

The assigned Administrative Law Judge (ALJ) held a prehearing conference on December 5, 2014 to confirm the parties to the proceeding, determine the categorization of the hearing and the need for hearing, and discuss the scope and schedule for the proceeding. At the prehearing conference, Southern California Gas Company was identified and named as a respondent to this proceeding, correcting the inadvertent omission in the OIR.

2. Category

In the OIR, the Commission preliminarily established two phases to this proceeding and preliminarily categorized Phase I, predominantly policy-oriented, as quasi-legislative and Phase II, establishing mechanisms to fulfill any goals set in Phase I, was preliminarily categorized as ratesetting. Only Marin Clean Energy, both in comments and during the prehearing conference, expressed concern regarding the categorization of Phase One as quasi-legislative. Marin Clean Energy stated that certain elements regarding shareholder incentive mechanisms and unification of funding authorizations are ratesetting elements and should be designated as such.

We agree that ratesetting elements should be categorized as such. While we confirm the preliminary assessment of Phase One as quasi-legislative and Phase II as ratesetting, we will ensure that all ratesetting matters are addressed in Phase II. This categorization ruling may be appealed. Appeals as to the categorization only must be filed and served within 10 days (Rule 7.6.)

3. Need for Hearing and Discovery

The OIR contemplated that the outcome of the proceeding would be determined through written comments and workshops, without the need for evidentiary hearings. The comments to the OIR supported this preliminary finding. During the prehearing conference, parties reiterated the support for workshop.

Given the success of the workshops in the demand response rulemaking,² we agree that workshops are an efficient mechanism toward achieving success in this proceeding. Thus, we will plan for workshops in the schedule provided below.

4. Filing, Service, and Service List

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements.

Parties are encouraged to file and serve electronically, whenever possible. This proceeding will follow the electronic service protocols adopted by the

² Rulemaking 13-09-011 held workshops in June 2014 that led to settlement discussions, which then led to a filed motion to approve a settlement on August 4, 2014.

Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule allows electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

Parties are responsible for ensuring that the correct information is contained on the service list, and notifying the Commission's Process Office and other parties of corrections or ministerial changes. (Rule 1.9(f).) Substantive changes (e.g., to be added or removed as a party) must be made by motion. Motions to become a party must conform to Rule 1.4(a) and (b). Over the course of the proceeding, parties must use the most current service list each time service is performed. The service list for this proceeding is on the Commission's web page.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

5. Intervenor Compensation

The prehearing conference in this matter was held on December 5, 2014. Pursuant to Pub. Util. Code § 1804(a)(1), a party who intends to seek an award of compensation must have filed and served a notice of intent to claim

compensation by today, January 5, 2015. Pursuant to Rule 17.1(b), an amended notice of intent may be filed within 15 days after the issuance of the scoping memo in the proceeding.

6. Ex Parte Communications

Ex parte communications are governed by the Public Utilities Code and Commission Rules. In any quasi-legislative proceeding, *ex parte* communications are allowed without restriction. However, in any ratesetting proceeding, *ex parte* communications are restricted and subject to the reporting requirements set forth in Rule 8.3. (Rule 8.3(c)).

7. Presiding Officer

Because we find evidentiary hearings unnecessary, at least during the policy-oriented discussions, determining a Presiding Officer is not necessary for Phase I of this proceeding. If it is determined that hearings are necessary in Phase II, a ratesetting proceeding, the assigned ALJ will be the Presiding Officer.

8. Preliminary Issues

The OIR provided an interim scope for this proceeding. In comments to the OIR, parties provided a long list and broad range of issues that the Commission should address in this proceeding. However, no specific safety issue was identified either in comments to the OIR or during the prehearing conference. During the prehearing conference, parties discussed the idea of a workshop to separately discuss the breadth of the issues to be addressed, e.g., whether the breadth should be narrowed to only energy efficiency and demand response or broadened to include all related proceedings. Over the course of the prehearing conference, the concept of holding two workshops emerged. It was suggested that a first workshop could entail an overview of past integrated demand-side management activities and a discussion of what may have

hindered these activities from achieving success. From this first workshop, we should be able to take the next step of considering the breadth of the proceeding in a subsequent workshop and an amended scoping memo.

As a result of this discussion, we adopt the following scope of the proceeding, keeping in mind that the workshop on the breadth of future IDSM activities will provide more detail:

Phase One: Policy Issues

- Review of past IDSM activities;
- Review of activities in related proceedings as outlined in the OIR;
- Determine reasons/barriers hindering past IDSM success;
- Develop guiding principles for future IDSM activities;
- Develop priorities and goals for IDSM;
- Determine the breadth of future IDSM activities, i.e., broad vs. narrow;
- Develop objectives for IDSM, including metrics; and
- Consider the structure of future IDSM activities.

Phase Two: Ratesetting Related Activities

- Phase Two will be determined by the outcomes of Phase One. At this time, we anticipate that Phase Two may include the development of required mechanisms based on the outcomes of Phase One, possibly including shareholder incentive mechanisms, funding mechanisms, and necessary unification mechanisms.

9. Preliminary Schedule

As previously discussed, both the OIR and the comments to the OIR presented a broad array of issues to be discussed in this proceeding. As such, we have determined that the initial steps in this proceeding will be a series of

workshops facilitated by the ALJ: two to three fact-finding workshops to discuss past IDSM and related activities and one workshop to discuss the breadth of future IDSM activities. The first workshop has been scheduled. As recommended by parties during the prehearing conference, the workshop will be held in the Auditorium and will be webcast. During the first workshop, parties will have the opportunity to discuss proposals for the other workshops. A schedule for the remaining workshops will be determined following the first workshop. We adopt the following preliminary schedule:

Date	Event
January 5, 2014	Preliminary Scoping Ruling Issued
January 22, 2014 - 10 a.m.	Fact Finding Workshop I
TBD	Fact Finding Workshop II
TBD	Fact Finding Workshop III
TBD	Breadth of Future IDSM Activities Workshop

The assigned Commissioner or Judge may adjust this schedule as necessary for efficient management of this proceeding.

IT IS RULED that the items addressed in the body of this ruling are adopted. In particular:

1. The category of Phase I of this proceeding is quasi-legislative and the category of Phase II of this proceeding is ratesetting. Appeals of the categorization only, if any, must be filed and served within 10 days.
2. Hearings are not necessary in Phase I but may be held in Phase II.
3. *Ex parte* communications are permitted in Phase I but are limited in Phase II. (See § 1701.3(a); Rules 8.2(a))

4. Pursuant to Rule 13.2 of the Commission's Rules of Practice and Procedure, Administrative Law Judge Kelly A. Hymes is the Presiding Officer in Phase II of this proceeding.

5. The issues for this proceeding are as stated in the "Preliminary Issues" section of this ruling. The issues may be expanded following the workshops.

6. The schedule stated in the "Preliminary Schedule" section of this ruling is adopted. The assigned Commissioner or Administrative Law Judge may adjust this schedule as necessary for efficient management of this proceeding.

Dated January 5, 2015 at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

/s/ KELLY A. HYMES

Kelly A. Hymes
Administrative Law Judge