

**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).

And Related Matters

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

Application 14-06-002
Application 14-06-003

**COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION OF ALJ HYMES**



THE UTILITY REFORM NETWORK

Lower bills. Livable planet.

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COMMENTS OF THE UTILITY REFORM NETWORK ON THE PROPOSED DECISION OF ALJ HYMES

1 Introduction

Pursuant to Rule 14.3, the Utility Reform Network (TURN) submits these comments on the Proposed Decision of ALJ Hymes “Approving Recovery of Costs to Implement an Initial Level of Demand Response Direct Participation,” mailed on February 20, 2015.

TURN strongly supports how the PD balances the Commission’s interest in moving forward with third party utilization of Rule 24 to participate in wholesale demand response markets, with the need for caution to prevent wasting money on stranded assets if third party participation does not materialize to any significant extent. The PD requires reporting so as to determine when to implement further steps to increase participation beyond the authorized initial step. The PD authorizes the initial step of implementation with sufficient time and funding to allow for third party participation in a potential Demand Response Auction Mechanism (DRAM) procurement process by January 1, 2016. TURN supports the PD and recommends that the Commission adopt the PD with minor modifications to address certain policy errors as described below.

2 TURN Proposes Certain Modifications

2.1 The PD Should Clarify the Text Regarding “Mass Market”

The PD unambiguously concludes in text and ordering paragraphs that the initial target numbers for the authorized first step for customer participation through Rule 24 “should include both residential and commercial & industrial customers.”¹

However, at page 22 of the text the PD discusses the fact that the proposed numbers are small enough so as to preclude “mass market direct response participation” at this time. The PD directs that utilities to file future applications for “mass market demand response direct participation.” It is TURN’s impression from discussions ongoing in the R.13-09-011 working groups that the term “mass market” has created a certain amount of confusion, since this term is commonly been used to refer exclusively to “residential” customer participation. In order to prevent any unintended confusion, TURN recommends that the text on page 22 simply add the following footnote: “By the term mass market we refer strictly to the number of participants, and in no way imply restrictions on participation by residential customers in the initial step of Rule 24 implementation.”

2.2 The Budgets for Real Time and Ancillary Services May Require Additional Review

The PD requires the utilities to include functionality for third party submission of bids into the real-time and ancillary markets, and orders the utilities to submit a proposed budget within 30 days. (Ordering Paragraph No. 6) The PD allows other parties to provide comments 14 days after submission of the proposed budgets. The PD does not specify a process for approving

¹ PD, text p. 34 and Ordering Paragraph No. 4.

these budgets, but presumably the Commission would have to issue another decision authorizing such budgets, if they exceed the authorizations in this PD.

TURN is concerned that a 14-day comment period may not offer adequate opportunity to conduct any factual discovery and address any issues. It is not clear how difficult providing ancillary and real-time services may be; however, the record in this proceeding indicates that at a minimum the utilities would have to program residential meters to collect and transmit 15-minute interval data, rather than the current one-hour data.

TURN recommends that the PD be modified to specify that *if* the proposed budgets for ancillary and real-time services more than double the authorized costs for the initial steps, those budgets and activities should be postponed and re-filed as part of any application to implement the next phase of Rule 24 implementation. Alternatively, the PD should allow for some other process, in addition to a mere 14-day comment period, to review any additional budgets.

2.3 Use of Green Button Data

The PD determines that this issue is moot based on utility representations that Revenue Quality Meter Data will be available to third party participants. However, to our knowledge PG&E's "Share My Data" platform is not yet active. In the same way that the PD makes certain actions subject to change depending on how reality unfolds, so the PD should provide a process in case the utility's representations of data availability turn out to be overly optimistic. Thus, TURN recommends that the PD 1) require reporting on the progress of RQMD availability as part of the quarterly reporting; and 2) allow the use of Green Button data as a proxy if by any chance RQMD data is not available to third parties by January 1, 2016.

Date: March 12, 2015

Respectfully submitted,

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