BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.	R.13-09-011 (Filed September 19, 2013)

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) OPENING COMMENTS TO THE PROPOSED DECISION ADOPTING BRIDGE FUNDING FOR 2017 DEMAND RESPONSE PROGRAMS AND ACTIVITIES

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SOUTHERN CALIFORNIA EDISON COMPANY OPENING COMMENTS TO THE PROPOSED DECISION ADOPTING BRIDGE FUNDING FOR 2017 DEMAND RESPONSE PROGRAMS AND ACTIVITIES

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I.

INTRODUCTION AND OVERVIEW

Pursuant to Rules 14.3[1] of the Rules of Practice and Procedure of the California Public Utilities ("Commission"), Southern California Edison Company ("SCE") hereby submits its comments on the Proposed Decision ("PD") of Administrative Law Judge ("ALJ") Hymes *Adopting Bridge Funding for 2017 Demand Response Programs and Activities,* issued on May 3, 2016. SCE supports the Commission's efforts to enhance demand response ("DR") programs in response to the temporary moratorium on gas injections into the Aliso Canyon Gas Storage Facility ("Aliso Canyon"). SCE is committed to taking actions to increase the use of its DR programs in order to help mitigate the electric reliability risks resulting from the Aliso Canyon injection moratorium. SCE appreciates ALJ Hymes' and Commissioner Florio's thoughtful

[1] Rule 14.3(b) requires comments on a proposed decision to include a table of authorities. However, SCE's comments do not cite any external authorities and, as such, SCE has not included a table of authorities.

consideration of the issues that arose in the context of Aliso Canyon and for the swift efforts they dedicated to issuing a timely PD.

Although SCE generally supports the PD, SCE respectfully requests that the Commission adopt the PD with the modifications and clarifications discussed below relating to SCE's Aliso Canyon proposals and 2017 DR Bridge Funding proposals.[2] Specifically, SCE recommends the PD be modified to:

- Allow SCE's Aliso Canyon DR enhancements to *prioritize* marketing, education, and outreach ("ME&O") in the LA Basin, but not exclude other parts of SCE's territory;
- Specify that a custom DR auction for Aliso Canyon should be optional because SCE and other stakeholders require more time to determine whether it is needed;
- Remove the requirement for SCE to demonstrate that increased marketing has increased participation (or decreased attrition) as a condition of justifying its 2017 Summer Discount Plan ("SDP") marketing spend;
- Eliminate the requirement for SCE to study the use of programmable communicating thermostats ("PCTs") versus direct load control devices ("DLCs") on SDP;
- Approve a $50 PCT rebate for SCE's PTR-Enabling Technology ("ET")-DLC, which will combine with a $50 rebate from the Southern California Gas Company ("SoCalGas") to provide most customers the potential for $100 in rebates;
- Base the enrollment target for PTR-ET-DLC on the rebate amount being offered to customers;
- Clarify that authorized Aliso Canyon DR costs are recoverable through a balancing account;

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2 SCE notes that the PD contains a typographical error on page 38, in which it states that "PG&E is authorized a budget of $55.29 million, SDG&E is authorized a budget of $50.28 million, and SDG&E is authorized a budget of $22.3 million." Consistent with Ordering Paragraph 27, the section of this PD, as indicated in Appendix A hereto, should be corrected to state that "SCE is authorized a budget of $50.28 million."

- Adopt SCE's proposed parameters for the Automated Demand Response ("Auto-DR") program; and
- Remove the requirement for SCE to allow Capacity Bidding Program ("CBP") participants to break a resource into sub-10 megawatt ("MW") resources and allow performance to be measured across all.

SCE includes its proposed modifications to the PD in Appendix A hereto, including recommended revisions to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs.

II.

DISCUSSION

In this section, SCE recommends specific changes to the PD. Subsection II.A addresses SCE's Aliso Canyon proposals, and subsection II.B addresses SCE's 2017 DR Bridge Funding proposals.

A. Aliso Canyon Proposal

1. Locational Targeting Issues

a) The PD Should Be Modified So That SCE's SDP Can Prioritize LA Basin Local Reliability Area but Not Exclude Other Parts of SCE's Territory

The PD requires that "SCE's proposal for the Summer Discount Plan focus solely on the [Los Angeles ("LA")] Basin Local Reliability Area."[3] Finding of Fact ("FOF") 37 also states, "[d]emand response program changes addressing the Aliso Canyon leak shall be targeted to the LA Basin."[4] The PD justifies focusing solely on the LA Basin by relying on a statement made by the California Independent System Operator ("CAISO") on SCE's Aliso Canyon Proposal

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[3] PD, p. 22.
[4] PD, FOF 37 at p. 73.

"that demand response resources in the LA Basin should be prioritized."[5] However, the PD fails to consider the remainder of the CAISO's recommendation, in which it also stated, "[a]s a secondary matter, fast-responding demand response across the SCE and southern California footprints are generally helpful if the impact of gas curtailments are broader than just the Los Angeles Basin."[6] In addition, in comments on Draft Resolution E-4791[7] filed on May 19, 2016, the CAISO states, "Based on the location of the Aliso Canyon facility, storage resources in the LA Basin are preferred, though resources elsewhere in southern California should also be encouraged because resources outside of the LA Basin can also be effective in mitigating the effects of potential gas curtailments on the Southern California Gas Company pipeline system."[8] Because the impact of gas curtailments are broader than just the LA Basin area and the CAISO acknowledges that all DR efforts in Southern California would be helpful, SCE's DR efforts should not focus solely on the LA Basin area. Consistent with CAISO's recommendation, the PD should be modified to require SCE to prioritize the LA Basin in seeking new DR customer enrollments rather than to focus solely on the LA Basin.

The PD should also be modified to specify that DR program enrollment efforts should prioritize the LA Basin Local Capacity Area ("LCA") rather than Local Reliability Area. LCA is a commonly understood term among the utilities and the CAISO and each LCA refers to a specific set of substations. This change will help to achieve common understanding of the geographic area that should be prioritized.

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[5] PD, p. 21.

[6] CAISO Comments to SCE's April 4, 2016 Proposal, filed April 12, 2016, p. 2.

[7] Draft Resolution E-4791 directs SCE to hold an expedited competitive energy storage procurement solicitation to help address electric reliability risks due to temporary limited operations at Aliso Canyon.

[8] CAISO Comments on Draft Resolution E-4791, p. 2.

b) Prioritizing the LA Basin Should Only Pertain to ME&O Efforts

As noted above, FOF 37 requires SCE to focus on LA Basin for its DR program changes addressing Aliso Canyon.[9] SCE recommends the PD be modified to state that only the ME&O efforts associated with SCE's DR proposals for Aliso Canyon should prioritize LA Basin. Other aspects of SCE's proposals – such as reducing the number of SDP economic dispatch hours to 20 in 2016 and 2017 or adding a rebate for PTR-ET-DLC – cannot reasonably be limited to the LA Basin area. In some cases, program requirements are established in SCE's tariffs, which are used to educate customers on their rates and terms of service. It would be too complex and confusing for customers if SCE were ordered to establish separate requirements in a tariff's or rebate program's eligibility terms based on a customer's location. This complexity could also introduce delays resulting in little or no load reduction for this summer and it would complicate market integration potentially resulting in some customers not being integrated.[10]

2. Custom DR Auction Mechanism (DRAM)

a) A Custom DRAM Should Be Optional and Based on Need

The PD is inconsistent on whether a custom DR auction mechanism ("DRAM") is required or optional. Ordering Paragraph ("OP") 13 states that SCE "shall meet with" various stakeholders "to finalize a custom stand-alone" DRAM.[11] However, FOF 29 is appropriately more measured, stating that "[a] custom auction mechanism may be necessary to adequately address the potential shortages."[12] The PD also states that SCE should meet with stakeholders "within ten days of the issuance of this decision to begin preparations" for a custom DRAM, "[s]hould SCE elect to exercise this option."[13] The Discussion and Analysis section of

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[9] PD, FOF 37 at p. 73.

[10] For example, having two sets of SDP dispatch requirements would likely result in having to split up the CAISO registrations into additional resources.

[11] PD, OP 13 at p. 84.

[12] PD, FOF 29 at p. 72.

[13] PD, p. 28.

the PD and the FOF clearly indicate the custom DRAM is optional. However, the OP suggests the custom DRAM is required. The PD should be modified to be consistent with the rest of the PD such that it clearly indicates that the custom DRAM is optional.

These is no evidence in the record that a custom DRAM for 2017 is necessary. The Commission should allow time to determine the actual scope of any electric reliability issues from the Aliso Canyon shortage in 2016 and the ability of the other DR measures SCE has proposed (as well as other mitigation efforts) to address any concerns. Furthermore, SCE can use available and proven procurement tools, under the existing Bundled Procurement Plan authority, to procure incremental DR for the 2016 and 2017 timeframe. SCE has already issued a Request for Information ("RFI") seeking ideas and proposals for potential demand-side resources to mitigate electric system risks as a result of the moratorium on gas injections into Aliso Canyon. The RFI response indicates there are incremental MW opportunities available in the short term, and SCE plans to pursue those through existing procurement authority for DR products by launching a Request for Offers ("RFO") or bilateral negotiations with RFI respondents. The goal of this procurement would be to deliver incremental DR MW products for 2016 and 2017.

b) <u>SCE and Stakeholders Should Have More Time to Determine the Need for a Custom DRAM</u>

If SCE elects to implement a custom DRAM, the PD requires SCE to meet with the Energy Division, the CAISO, and other stakeholders within ten days of the issuance of a final decision "to begin preparations."[14] The final decision is likely to be issued soon after June 9, 2016,[15] which means the stakeholder meeting would need to occur by late June. According to the advice letter schedule in the PD, SCE would need to file an advice letter proposing a standard

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[14] *Id.*

[15] June 9 is the date of the first Commission meeting at which the PD could be adopted.

pro forma contract for the custom DRAM by July 15, 2016. The PD's justification for such a quick schedule is that "waiting until the end of 2016 is not an option."[16] SCE recommends the PD be modified to allow SCE additional time to work with Energy Division, the CAISO, and other stakeholders to determine whether a custom DRAM is needed for 2017. Important inputs to this decision will be whether electric reliability issues actually materialize as a result of the Aliso Canyon injection moratorium, the extent of any issues, and the success of other mitigation measures, such as DR enhancements approved in the PD and the aforementioned RFO. Therefore, the PD should allow SCE until at least August 15, 2016 to determine whether a custom DRAM is needed for 2017 and, if so, hold a stakeholder meeting to begin preparations. That date is about six weeks later than the date currently proposed in the PD. If SCE exercises that option, stakeholders could collaborate on an updated advice letter schedule at the stakeholder meeting and allow reasonable time for the DR Providers to register resources with the CAISO. For example, the current schedule allows four months for DR Providers to register resources with CAISO, but that timeframe may be able to be condensed.[17] In addition, the PD requires that the pro forma allow up to a three-year contract. Because DRAM is still in a pilot stage, SCE recommends maintaining the standard one-year pro forma for 2017 with flexibility to renew terms and conditions for an additional two years.

3. Summer Discount Plan

a) The PD Should be Consistent in the Amount of Funding Authorized for SCE's SDP Proposal

OP 3 in the PD authorizes up to $3 million of 2016 SDP expenses (i.e., funding) and up to $4.5 million of 2017 Summer Discount Plan expenses for Aliso Canyon

[16] PD, p. 29.
[17] PD, p. 32.

mitigation activities.[18] However, in the discussion section, the PD states that SCE is authorized a budget of $2.8 million using current 2016 funding and $4.178 million of additional 2017 funding for Summer Discount Plan expenses.[19] To avoid any confusion, the PD should be corrected to consistently reflect the amount SCE is authorized for its SDP expenses in both the OP and the discussion section of the PD.

b) <u>The Requirement to Justify 2017 SDP Marketing Spend Is Unnecessary</u>

The PD approves SCE's proposed SDP marketing funds for 2016 and 2017, but does not authorize SCE to spend the $1 million in 2017 marketing funds unless SCE provides data "that the increased marketing has led to a decrease in the attrition of this program or an increase in participation."[20] The reason for this requirement in the PD is because "SCE explains that it initially reduced its funding request in its 2017 Proposal because it anticipated [SDP] enrollment to decrease *significantly* (emphasis added) due to a high rate of event-related attrition and less spending on large scale enrollment campaigns."[21] As the PD notes, there are two causes for SCE's large budget reduction: (1) *event-related* attrition and (2) no large-scale enrollment campaigns. Program attrition is driven by the frequency and duration of events, not by marketing. Even though the PD approves SCE's request to reduce the number of SDP economic dispatch hours for 2016 and 2017, it is unknown whether reliability-related dispatches will increase as a result of Aliso Canyon. The lack of large-scale enrollment campaigns results in fewer *new* enrolled customers who would need devices.[22] SCE has not made any assertion

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18 PD, OP 3 at p. 83.
19 PD, p. 20.
20 PD, p. 24.
21 PD, p. 23.
22 The full explanation SCE provided in its 2017 Bridge Proposal is that "Much of the budget *for cycling devices and installation* will not be needed in 2017 because SCE anticipates SDP enrollment will decrease significantly due to a high rate of event-related attrition and less spending on large-scale enrollment campaigns" (emphasis added). As a result, in its 2017 Bridge Proposal, SCE reduced its SDP budget request for *program expenses* by nearly $17 million (79 percent) from the average annual

that more marketing will reduce attrition or drive higher *participation*. Therefore, SCE recommends that this requirement be removed from the PD. Alternatively, it could be modified to state that SCE needs to demonstrate that its increased marketing efforts led to higher *enrollment*. However, SCE recommends against this alternative because it is an unnecessary use of Commission and SCE resources to require an advice letter to demonstrate a direct relationship between marketing and enrollment, even if one were capable of being quantified.

c) <u>The Requirement for SCE to Review the Use of PCTs versus DLCs Should Be Removed from the PD</u>

While the PD states that it declines to adopt a recommendation by Nest Labs, Inc. ("Nest") which would require SCE to use PCTs in SDP, it requires SCE to "review the use of [PCTs] versus [DLCs] and include data on the use of both in the next demand response application."[23] This requirement is unnecessary and, in any event, the PD inaccurately reflects Nest's recommendation. Though Nest recommends "an increased focus on smart communicating thermostats ('SCTs') compared to DLCs," its recommendation is not to change SDP to use PCTs rather than DLCs. Rather, Nest recommends that, "The SCE proposal regarding [PCTs] combined with enrollment in load control program should be expanded and should explicitly require the use of SCTs rather than simply [PCTs]."[24] This proposal by Nest clearly pertains to SCE's PTR-ET-DLC program, not to SDP. Also, Nest recommends that thermostat rebates "be available only to qualified SCTs, not "Programmable Thermostats" as a general category."[25]

It is not prudent to require SCE to analyze the use of any type of thermostat on SDP because SDP is a program that provides incentive payments to customers in

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spend in 2015-2016. SCE reduced its SDP *marketing* budget by $1.3 million (34 percent) from the average annual spend in 2015-2016.

23 PD, p. 22.

24 Nest Comments on SCE's April 4, 2016 Proposal, filed April 12, 2016, p. 5.

25 *Id.*, p. 8.

exchange for the customers' agreement to allow SCE to remotely control their air conditioning during DR events. A primary goal of the program is to provide SCE with direct control of customer air conditioning load, which will not be achieved with the use of thermostats except if the load control were done directly by a third party (a proposal outside the scope of this proceeding).[26] Thus, SCE recommends this requirement be removed from the PD, especially when the PD acknowledges that "[t]he record in this proceeding has no data to confirm that programmable communicating thermostats are suitable replacement for direct load control devices in SCE's Summer Discount Plan."[27] If the Commission does not modify the PD to remove this requirement, it should, at a minimum, be modified to require SCE to review the use of SCTs versus PCTs on PTR-ET-DLC, rather than SDP, in SCE's next DR Application.

4. Peak Time Rebate (PTR)

a) The PTR Proposal Should Be Modified to Incorporate a Joint Proposal by SCE and Southern California Gas Company

The PD adopts SCE's proposal to provide a $75 rebate to customers that purchase PCTs and enroll in SCE's PTR Direct Load Control program (PTR-ET-DLC).[28] Subsequent to filing its Aliso Canyon DR proposal, SCE has been in discussions with SoCalGas to identify opportunities for the two investor-owned utilities ("IOUs") to collaborate to address the electric system reliability risks as a result of the temporary moratorium on gas injections into Aliso Canyon. SCE and SoCalGas have developed a proposal to offer matching incentives of $50 on qualifying PCTs and smart thermostats. The combined total of $100 in rebates from the

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[26] SCE notes that it is already exploring how a third party like Nest could facilitate load control via a PCT in connection with the residential rate design proceeding (R.12-06-013). *See* Resolution E-4761 ("SCE will explore the feasibility of third parties performing direct load control (such as pre-cooling and temperature set-back) after the first 12 months of the pilot. Load impacts can be compared between the first and second summers to examine whether and to what extent load control affects average peak and off-peak energy usage.").

[27] PD, FOF 7 at p. 70.

[28] PD, p. 25.

two IOUs aligns with Nest's recommendation to offer a $100 rebate to customers to drive higher customer installations and program enrollment.[29] The key elements of the revised proposal are the following:

- SCE and SoCalGas will conduct joint marketing regarding the incentives;
- SCE will offer a $50 rebate to customers that enroll in PTR-ET-DLC, the lower rebate cost results in a more cost-effective program;
- SoCalGas will offer a $50 rebate to customers that purchase and install a PCT/qualifying smart thermostat; and[30]
- There is large overlap in SCE's and SoCalGas' service territories, thus, most customers would be eligible for $100 in rebates from the two companies.

SCE requests that the PD be modified to adopt this revised proposal by SCE because it will enable a higher enrollment target, such as the target of 50,000 established by the PD, and it will result in a more cost-effective program.

b) <u>The Record Does Not Support a Target of 50,000 New Customer Enrollments on PTR-ET-DLC with a $75 Rebate</u>

The PD establishes a target of 50,000 new customer enrollments on PTR-ET-DLC with the $75 rebate.[31] This enrollment target is based on a proposal made by Nest that 50,000 – 70,000 enrollments are "realistic and achievable" if the rebate is increased from $75 to $100.[32] The PD also states, "Nest provides no evidence to support its conclusion that a $100

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[29] Nest Comments on SCE's April 4, 2016 Proposal, filed April 12, 2016, pp. 5-6.

[30] A qualifying PCT/smart thermostat includes: (1) scheduling and control through web and mobile applications, (2) providing data on HVAC status, (3) automatically installing software updates/upgrades if needed at the client device, (4) cloud service or mobile application, (5) customer performance reports, and (6) occupancy sensor or geo-fencing.

[31] PD, p. 27.

[32] Nest Comments on SCE's April 4, 2016 Proposal, filed April 12, 2016, p. 5.

rebate would provide higher participation rates than a $75 rebate or that such an increase would result in 50,000 or more customers participating."[33] It is unclear how the PD, after finding a lack of evidence to support Nest's enrollment recommendation, can then adopt the enrollment target with a lower rebate amount than Nest stated would facilitate such an enrollment volume. If the Commission adopts the joint proposal by SCE and SoCalGas, the 50,000 target is reasonable because it would be based on most customers being eligible for a combined $100 in rebates ($50 from each utility). However, if the Commission maintains the $75 rebate from SCE's original proposal, SCE recommends that the PD be modified to set an enrollment target of 28,000, consistent with the original proposal.

5. The PD Should Clarify That Authorized Aliso Canyon Costs Are Recoverable Through a Balancing Account

The PD, in OP 2, establishes a new balancing account to track the specific expenses for the approved proposals regarding Aliso Canyon mitigation activities.[34] Because new, incremental funding amounts are authorized in the PD, this new balancing account will actually *record*, not track, the difference between the authorized Aliso Canyon mitigation funding amounts and actual incurred expenses, similar to the operation of SCE's current DR Program Balancing Account ("DRPBA"). The recovery from customers of the authorized Aliso Canyon funding amounts, similar to current authorized non-Aliso Canyon-related DR amounts, will be through distribution or generation rates as appropriate in accordance with the Commission's DR cost allocation rules.

In addition, OPs 9, 11, and 16 of the PD state that 2017 PTR, Demand Bidding Program, and Agricultural Pumping Interruptible program expenses, respectively, related to Aliso Canyon should be tracked in the memorandum account.[35] These OPs should modified to

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[33] PD, p. 27.
[34] PD, OP 2 at p. 83.
[35] PD, OPs 9, 11, & 16 at pp. 84-85.

state recovery of the funding amounts shall be through the *balancing* account, and not memorandum account, as established in this decision.

B. 2017 Bridge Funding Proposal

1. The Commission Should Adopt SCE's Proposed Auto-DR Parameters

The PD directs the IOUs to implement a statewide Auto-DR program with common program rules and incentive levels.[36] The common requirements for the program are: (1) incentive of $200 per kW, (2) a cap of 75 percent of total project costs, and (3) 60 percent of incentives paid up front with 40 percent of incentives paid after one year.[37] SCE had proposed an Auto-DR program with an incentive of $150 per kW with a cap of 50 percent of total project costs and elimination of the 60/40 incentive structure.[38] PG&E and SDG&E also proposed a 50 percent project cost cap and avoiding the 60/40 incentive structure.[39] Like SCE, PG&E proposed an incentive of $150 per kW while SDG&E proposed an incentive of $300 per kW.[40] SCE recommends the PD be modified to adopt the program parameters proposed by SCE and the other IOUs and the lower incentive proposed by SCE and PG&E because they combine to provide customers greater motivation to perform during DR events. This is because customers will have to participate in DR events for a longer period of time to recover their investment rather than only needing to participate for one year to earn the remaining 40 percent of the incentive following project initiation.

Historical program enrollment data demonstrates the negative impact of the 60/40 incentive split. During program years 2009-2012, the Auto-DR program provided 100 percent of the incentives up front (after installation and passing a load reduction test). Beginning in 2013, the incentive structure switched to the current 60/40 split. As shown in Table I, when the 60/40

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[36] PD, pp. 43-44.
[37] *Id*.
[38] SCE 2017 DR Bridge Funding Proposal, February 1, 2016, p. 20.
[39] PD, p. 44.
[40] *Id*.

incentive split was implemented, there was a significant reduction in Auto-DR projects and MW enrollments.

Table 1- Auto-DR Incentive Structure, Enrollments, and MW by Program Year

Program Year	$/kW	Split	Enrollments	MW
2009-2011	300	100%	279	165.6
2012	300	100%	124	52.9
2013-2014	300	60/40	25	7.5
2015-2016	300	60/40	9	6.5

Providing all incentives up front, with a lower incentive amount and a lower project cost cap will result in higher customer participation, more reliable MW, and increased program cost-effectiveness.

2. <u>The IOUs Should Have the Discretion to Break CBP Resources into Sub-10 MW Resources to Comply with CAISO Tariffs</u>

OP 26(d) of the PD directs SCE to allow parties to break a CBP resource into sub-10 MW resources and measure their performance across all the resources in the Sub-Load Aggregation Point ("Sub-LAP").[41] The purpose of allowing parties to break up resources that are 10 MW or greater is to avoid the CAISO's telemetry requirement.[42] SCE fully intends to do this if and when it receives CBP resources larger than 10 MW. SCE already does this for its Aggregator Managed Portfolio ("AMP") resources that are larger than 10 MW and measuring the aggregator's performance across all the resources in the Sub-LAP. If SCE receives any resources larger than 10 MW through CBP, it will follow the same process it uses for AMP resources. However, SCE, not the customer, has the discretion to manage and break up its proxy demand resources ("PDRs") as needed to meet CAISO requirements, including breaking up DR

[41] PD, OP 26(d) at p. 89.

[42] Comments of Comverge, Inc., CPower, EnerNOC, Inc., EnergyHub, and Johnson Controls, Inc. ("Joint DR Parties") on IOUs' 2017 Demand Response Program and Bridge Funding Proposals, March 2, 2016, p. 15.

resources if necessary to avoid the telemetry requirement. Additionally, this is not a CPUC jurisdictional issue as it relates to CAISO tariffs not CPUC tariffs. Therefore, the PD should be modified to remove OP 26(d).

3. The PD Should Include an Ordering Paragraph Requiring an Advice Letter to Propose a CBP Price Trigger, Consistent With the Body of the PD

The PD requires the three IOUs to work together to create a methodology to determine a CBP price trigger and to file advice letters proposing a trigger within 45 days of the issuance of a final decision.[43] Likely as a result of a simple oversight, the PD does not include an OP addressing this requirement. SCE recommends that the PD be modified to include this requirement in an OP as proposed in Appendix A below.

III.

CONCLUSION

SCE appreciates the opportunity to provide these Opening Comments to the PD and urges the Commission to adopt SCE's proposed modifications proposed herein and in Appendix A hereto.

[43] PD, p. 69.

Respectfully submitted,

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Appendix A

SCE Proposed Modifications to Proposed Decision

SCE'S PROPOSED MODIFICATION TO THE PROPOSED DECISION ADOPTING BRIDGE FUNDING FOR 2017 DEMAND RESPONSE PROGRAMS AND ACTIVITIES

Proposed text deletions are in bold strikethrough (**~~abcd~~**)
Proposed text additions are in bold double-underline (**abcd**)

Reference	Proposed Modifications
Findings of Fact	
11	~~SCE provides not evidence that additional marketing will alleviate the attrition seen in the Summer Discount Plan or increase the participation rate.~~
18	18. The PTR-ET DLC program with a $~~7~~5**0** incentive is cost-effective.
21	Targeting more customers with the $~~7~~5**0** incentive level **from SCE and a $50 rebate from Southern California Gas** should also result in a cost-effective program.
22	It is reasonable to approve funding to support the targeting of **28,000** ~~50,000~~ customers at the $~~7~~5**0** incentive level in the PTR-ET DLC.
37	**Marketing, education, and outreach related to the** ~~D~~demand response program changes addressing the Aliso Canyon leak shall ~~be targeted to~~ **prioritize** the LA Basin **Local Capacity Area**.
68	A $~~20~~**15**0 per kW incentive is reasonable for increasing participation but maintaining cost-effectiveness.
69	An incentive cap of ~~7~~5**0** percent of total project costs ensures cost-effectiveness while providing incentive levels to increase participation.
106	***[Proposed modification to fix a substantive typographical error]*** TURN requests a clarification in ~~SCE's~~ **SDG&E's** proposed BIP tariff language requiring a firm service level.
Conclusions of Law	
1	The Commission should require SCE to ~~limit~~ **prioritize** marketing for its Summer Discount Plan proposal to **the LA Basin Local Capacity Area**~~areas affected by the Aliso Canyon gas leakage~~.
3	~~The Commission should require SCE to review the use of programmable communicating thermostats versus direct load control devices for use in the Summer Discount Plan and include an analysis in the next demand response application.~~
7	~~The Commission should require SCE to provide further data that the increased Summer Discount Plan marketing has led to a decrease in the attrition rate or an increase in program participation~~
14	~~The Commission should maintain the 60-40 incentive split in the ADR program.~~
Ordering Paragraphs	

Reference	Proposed Modifications
1	Southern California Edison Company shall implement its Summer Discount Plan proposal for addressing the gas leak at the Aliso Canyon Gas Storage Facility but shall ~~target~~ **prioritize** marketing ~~only~~ in the Los Angeles Basin area.
2	Southern California Edison Company is authorized to establish a balancing account to **record**~~**track**~~ the Aliso Canyon mitigation expenses authorized in this decision.
3	Southern California Edison Company is authorized to **record**~~**track**~~, in the balancing account established in this decision, up to $3 million of 2016 Summer Discount Plan expenses as approved in this decision and up to $4.5 million of 2017 Summer Discount Plan expenses approved in this decision.
4	***[Proposed modification to fix a substantive typographical error]*** Southern California Edison Company (SCE) shall reduce the minimum economic dispatch hour for residential Summer Discount Plan to 20 hours in 2016 and ~~**2007**~~ **2017**. SCE shall file a supplement to advice letter 3320-E to implement this change to the appropriate tariff.
5	~~Southern California Edison Company (SCE) shall file a Tier Two Advice Letter requesting to spend the 2017 Summer Discount Plan marketing funds of $1 million, as requested in its Aliso Canyon mitigation proposal. The Advice Letter shall include data indicating either a decrease in the Summer Discount Plan attrition rate or an increase in customer participation in the program. SCE shall file the advice letter no later than December 31, 2016.~~
6	~~Southern California Edison Company shall provide a comparison of the use of programmable communicating thermostats versus direct load control devices in its next demand response program application.~~
8	Southern California Edison Company shall implement its **revised** Peak Time Rebate Enabling Technology Direct Load Control proposal for addressing the gas leak at the Aliso Canyon Gas Storage Facility**, which includes a $50 rebate and joint marketing with Southern California Gas Company about the $50 rebates available from each utility.**
9	Southern California Edison Company is authorized to **record**~~**track**~~ in the **balancing**~~**memorandum**~~ account established in this decision up to $4.5 million of 2017 Peak Time Rebate expenses as approved in this decision.
11	Southern California Edison Company is authorized to **record**~~**track**~~ in the **balancing**~~**memorandum**~~ account established in this decision up to $255,000 of 2017 Demand Bidding Program expenses as approved in this decision.
13	Southern California Edison Company**, if they elect to implement a custom demand response auction,** ~~within 10 days of the issuance of this decision,~~ shall **by August 15, 2016** meet with the Commission's Energy Division, representatives of the California Independent System Operator and other stakeholder to finalize a custom stand-alone demand response auction mechanism with the same contract and provisions of the 2017 auction. The custom~~er~~ auction shall include the following five modifications: a. Geographically targeted to the Los Angeles Basin; b. 30 minute dispatch requirement; c. New resources only; d. Three year contracts must be standard pro forma, and modified from the 2017 demand response auction

Reference	Proposed Modifications
	mechanism pilot contract; and e. Use of a pre-defined advice letter timeline.
16	Southern California Edison Company is authorized to **record**~~**track**~~, in the **balancing** ~~**memorandum**~~ account established in this decision, up to $42,000 of 2017 Agricultural Pumping Interruptible program expenses approved in this decision.
26.d	~~SCE, in implementing changes for integrating its Capacity Bidding Program into the California Independent Systems Operator market in 2017, shall allow participants of the program to break a resource into sbu-10 megawatt resources and allow performance to be measured across all for the capacity available by each utility in the sub-LAP.~~
26.e	SCE shall implement its Automated Demand Response program with the following parameters: offer an incentive of $~~20~~**15**0 per kilowatt of verified dispatchable load reduction not to exceed ~~7~~5**0** percent of the total project costs~~ with 60 percent of the incentives paid after installation, load shed test and enrollment in a qualified program and 40 percent paid after one year~~.
29	**SCE, SDG&E and PG&E shall work together to create a methodology to determine a price trigger for the Capacity Bidding Program (CBP) and file advice letters no later than 45 days from the issuance of this decision proposing a price trigger to add to the CBP dispatch trigger.**