BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, And Recovery of Associated Costs through Proposed Ratemaking Mechanisms	A.16-08-006 (Filed August 11, 2016)

RESPONSE OF OHMCONNECT, INC. TO PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION TO RETIRE DIABLO CANYON POWER PLANT

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I. INTRODUCTION

Pursuant to Rule 2.6 within the Rules of Practice and Procedure before the California Public Utilities Commission ("CPUC"), OhmConnect, Inc. (OhmConnect) respectfully submits these comments in response to the above-captioned proceeding. OhmConnect requests that demand response and other resources be included as potential replacements for Diablo Canyon Power Plant, in addition to the resources proposed in the Application.

II. BACKGROUND

OhmConnect is a residential Demand Response Provider (DRP) registered at the California ISO.[1] OhmConnect is one of the first third-party companies providing a residential demand response product to California ratepayers, and is regularly reducing tens of MWs during events. OhmConnect has built a fun and engaging app that encourages users to reduce electricity while simultaneously controlling Internet of Things (IoT) devices within the home. OhmConnect has participated in proceedings R.13-09-011 and A.14-06-001, and is interested in ensuring that resource procurement is made with the California loading order in mind.

[1] California ISO. Demand Response Participants.
https://www.caiso.com/Documents/ListofDemandResponseParticipants.pdf

III. DISCUSSION

The Joint Proposal A.16-08-006 does not adequately address the role other GHG-free resources can and should play in replacing Diablo Canyon's energy output. OhmConnect will focus discussion on demand response (DR), though several of these arguments are equally valid for other GHG-free resources that are excluded from this application.

Demand response is intended to be first in California's "loading order", along with energy efficiency as the highest in priority.[2] Furthermore, the LBNL Interim Report released in April of 2016 finds that by 2025 the potential of supply DR could expand to 3-6 GW from the existing 2.3 GW presently available.[3]

However, despite these clear preferences for demand response, and the benefit that demand response provides as a GHG-free resource, the Joint Proposal fails to specifically identify in any of its three tranches an opportunity for demand response to participate. For Tranches #1 and #3 (which span from approval of the application until 2024, and from 2031 on), demand response is explicitly *not* applicable for procurement. For example, Tranche #1 would use one or more competitive solicitations and new utility programs to add 2,000 gross GWh of energy efficiency. Yet demand response has historically been considered a distinct and separate resource from "energy efficiency" – for example, D.12-01-033[4] lists energy efficiency and demand response separately, as does Senate Bill 350[5]. In addition, Tranche #3 would set a 55 percent RPS commitment beginning in 2031 -- however, demand response is not currently RPS eligible.[6] By all indications, Tranches #1 and #3 would completely shut out demand response from any levels of participation, even though Tranche #3 relies on a resource that is a lower priority on the state's loading order. In addition, the details provided in Chapter 5 of PG&E's testimony make it clear that demand response is not eligible to compete in Tranche #2. On page 5-2 and 5-3 of that chapter, PG&E states that Tranche #2 will be limited to: "(1) Energy Efficiency Resources; (2) generation resources that do not emit GHGs … while generating electricity; or (3) generating

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[2] D.12-01-033. Decision Approving Modified Bundled Procurement Plans. January 12, 2012. http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/157640.PDF, p.17

[3] 2015 California Demand Response Potential Study: Interim Report on Phase 1 Results. http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=10632, pp. 56-57.

[4] D.12-01-033, p.17

[5] Senate Bill No. 350. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350

[6] Renewables Portfolio Standard Eligibility. Eighth Edition. Commission Guidebook. CEC. p.5. http://www.energy.ca.gov/2015publications/CEC-300-2015-001/CEC-300-2015-001-ED8-CMF.pdf

resources that are eligible for the Renewable Portfolio Standard (RPS) under California's RPS statutes at the time when a Tranche #2 RFO is issued."

We recognize that demand response, which traditionally provides peaking power, is not a direct replacement to a nuclear power plant, which traditionally provides baseload power. As PG&E makes clear in its application, however, with the changing mix of resources on California's electric grid, baseload power is no longer the type of resource utilities should seek to procure. In fact, the proposal cites a "decreasing need for baseload generation." Thus, rather than focusing almost exclusively on energy efficiency and RPS-eligible renewable power, the proposal should seek flexible resources like demand response that are better suited to integrating renewables and meeting the flexibility needs of the 21st century grid. Finally, the first reason listed for the removal of Diablo Canyon Power Plant cites that "electricity supply needs are uncertain", and therefore, excluding potential energy resources such as demand response could result in procurement of resources that are less than optimal.[7]

OhmConnect considers the proposed tranches in the application to procure additional resources as being better suited in an existing proceeding such as the Integrated Resource Planning (IRP). OhmConnect is surprised that this application appears to be independent of the IRP, creating duplicative work to other proceedings that have similar impacts on future grid needs.

IV. CONCLUSION

Given demand response's stated importance on the resource "loading order", it is imperative that there is an avenue for demand response participation in *all* phases of the Joint Proposal. OhmConnect recommends that all GHG-free resources be considered as potential replacements to Diablo Canyon and recommends that this application is considered in broader discussions of long term resource procurement planning.

Respectfully submitted,

September 15, 2016 /s/ MATTHEW DUESTERBERG

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[7] A.16-08-006. p.5

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