



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CAL

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Order Instituting Rulemaking to Enhance
the Role of Demand Response in Meeting
the State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**REPLY COMMENTS OF BLOOM ENERGY, INC. TO THE ADMINISTRATIVE LAW
JUDGE'S PROPOSED DECISION ADOPTING GUIDANCE FOR FUTURE DEMAND
RESPONSE PORTFOLIOS AND MODIFYING DECISION 14-12-024**

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September 26, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, Bloom Energy, Inc. (Bloom) respectfully submits these Reply Comments on Administrative Law Judge Hymes’s Proposed Decision (PD).

I. Introduction

Bloom appreciates the opportunity to reply to the comments of stakeholders regarding the Proposed Decision.

II. Comments

Bloom echoes the concerns of parties that point out the unintended consequences of the proposed solutions for dealing with customers with onsite generation that is not used for demand response.¹ As outlined in a quantitative example by the Joint DR Parties, the options presented in the PD could lead to an undervaluing of DR performed by other resources or may result in resource management behavior that actually increases demand on the grid.² To avoid this second scenario, the Commission should clarify that an onsite generation resource supplying primary power, such as a fuel cell, may maintain its level of power supply during a DR event with no effect on the DR incentive awarded for DR performed by the customer using other resources.

We agree with the California Energy Efficiency Industry Council that “the proposed decision overreaches by encompassing the use of onsite generation that serves ongoing baseload

¹ Opening Comments of the Joint DR Parties, pages 3-5; Opening Comments of the California Energy Efficiency Industry Council, page 5

² Opening Comments of the Joint DR Parties, page 4

demand, such as combined heat and power, in its restriction on the use of back-up generation at the premises of a non-residential customer”³ and join in CEEIC’s request that “non-residential customers be permitted to use existing onsite generation which serves baseload demand, such as CHP, during a demand response event and that the customer be permitted to use onsite generation to reduce load during a demand response event.”⁴ In addition to CHP technologies, fuel cells also provide primary power to serve ongoing baseload demand and may dynamically respond to DR events to reduce demand for grid electricity. To adequately allow for the technical capabilities of onsite generation technologies such as CHP and fuel cells and to ensure that DR programs incentivize only GHG-reducing technologies, the Commission should clarify that a GHG-reducing onsite generation resource supplying primary power may respond to DR events and participate in DR programs for incentives. The attached appendix provides edits to make the changes recommended for GHG-reducing onsite generation.

III. Conclusion

Bloom urges the Commission to avoid unintended behavior that may result from the proposed structure with respect to prohibited resources and to allow all GHG-reducing technologies to participate in DR programs. We look forward to continued work with the Commission in crafting DR programs that ensure robust participation in order to maximize environmental and grid stability benefits.

Dated: September 26, 2016

Respectfully submitted,

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³ Opening Comments of the California Energy Efficiency Industry Council, page 5

⁴ *Ibid*

Appendix: Recommended Changes to Ordering Paragraphs and Conclusions of Law

Bloom recommends the following changes to Ordering Paragraphs and Conclusions of Law in the Proposed Decision. Additions and deletions compared to current language in the PD are represented by underlines and strikethroughs, respectively.

Ordering Paragraph 1

Ordering Paragraph 11 of Decision 14-12-024 is modified as follows:

Resources with higher GHG emissions compared to the grid ~~Certain fossil-fueled back-up generation resources~~ should not be allowed as part of a demand response program, beginning January 1, 2018, subject to the rules adopted in a future implementation program to include definitions and enforcement and verification mechanisms.

Ordering Paragraph 3

Beginning on January 1, 2018, ~~the following list of~~ resources with higher GHG emissions compared to the grid are prohibited to be used for load reduction ~~during in response to~~ demand response events in return for an incentive. Resources that meet the GHG reduction standards required in either PUC Code 379.6 or 2827.10 shall be eligible for participation in demand response: distributed generation technologies using diesel, natural gas, gasoline, propane, or liquefied petroleum gas, in Combined Heat and Power (CHP) or non-CHP configuration. The following resources are exempt from the prohibition: pressure reduction turbines and waste-heat-to-power stand-alone, as well as storage and storage-coupled with renewable generation that meet the relevant greenhouse gas emissions standards adopted for the Self Generation Incentive Program.

Ordering Paragraph 4.a.

For all residential demand response programs: A new and separate provision shall be included in the tariff for each program explaining the prohibition and requiring a residential customer to agree not to use a prohibited resource ~~while reducing to reduce~~ load during in response to a demand response event. For returning customers, the Utilities shall provide notice to the customers of the new provision.

Ordering Paragraph 4.b.

For all non-residential demand response programs: A new and separate provision shall be included in the tariff for each program explaining the prohibition on GHG-increasing resources and requiring a non-residential customer to i) agree not to use a prohibited resource ~~while reducing to reduce~~ load during in response to a demand response event or ii) in cases where the customer is required to use the prohibited resource for safety reasons, agree to a default adjustment.

Conclusion of Law 12

The Commission should require non-residential customers to electronically attest to whether they own a prohibited resource and a) agree not to use the prohibited resource to reduce load ~~during~~ in response to a demand response event in return for an incentive or b) if the prohibited resource is required to be used for safety reasons, agree to a default adjustment.