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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39E) for Approval of Demand Response Programs, Pilots and Budgets for Program Years 2018-2022.	Application 17-01-012
And Related Matters	Application 17-01-018 Application 17-01-019

PACIFIC GAS AND ELECTRIC COMPANY'S REPLY COMMENTS ON PROPOSED DECISION

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Pacific Gas and Electric Company (PG&E) respectfully submits these comments on the "Proposed Decision Resolving Remaining Application Issues For 2018-2022 Demand Response Portfolios And Declining To Authorize Additional Demand Response Auction Mechanism Pilot Solicitation" ("PD"). PG&E responds to points raised on the Demand Response Auction Mechanism (DRAM), dual participation, reliability cap administration, AutoDR (ADR) and the Disadvantaged Communities (DAC) pilot.

I. DEMAND RESPONSE AUCTION MECHANISM

PG&E agrees with the majority of parties who comment on the importance of the completion of the Energy Division's evaluation of the DRAM pilots before a decision should be made on the future of DRAM. The PD correctly acknowledges that the issues are weighty and will require significant modification to both the design of the solicitation process and the resulting contracts. The timelines suggested by parties,[1/][2/] are unrealistic. PG&E believes that any future DRAM auction, incorporating the findings from the DRAM evaluation, will require at least a year-long process from first working group meeting to CPUC approval of contracts to thoughtfully incorporate the findings from the DRAM evaluation.[3/] It is inappropriate for the

1/ Cower and Enel X Joint Opening Comments, p. 10; OhmConnect Opening Comments, p. 3, pp. 5-6, Appendix 1 (pp. 9-10, p. 11); CESA Opening Comments, pp. 5, 12, and 14.

2/ CESA Opening Comments, p. 5.

3/ See also Response of Investor Owned Utilities to OhmConnect's Petition for Modification of D.16-09-056, filed January 30, 2017, p. 7, footnote 16, which states the amount of time from the initiation of the working group process to discuss pilot design through CPUC approval of signed contracts has required over a year historically.

CPUC to pre-judge the outcome of the final DRAM evaluation and to make a determination now regarding the future of DRAM without the benefit of a completed Energy Division evaluation.

II. OPPORTUNITIES FOR DRAM PROVIDERS

Several parties expressed concern about demand response opportunities available to third party Demand Response Providers (DRPs) outside of DRAM.[4/] PG&E observes that these statements discount other utility-sponsored opportunities, such as PG&E's CBP offering which is only available to third party Aggregators (who can enroll both residential and non-residential customers and choose among three CBP options offering significant flexibility).[5/] PG&E believes there are ample opportunities for DRAM participants to either transition to a PG&E demand response program or participate as a non-DRAM third-party DRP in the wholesale markets. DRAM is a series of *pilots* intended to test the feasibility of the concept, [6/]ultimately, as the PD clearly stated, "…the Commission cannot guarantee consistent business opportunities or contract awards for every demand response provider."[7/]

III. DUAL PARTICIPATION

PG&E notes that Parties were generally opposed to the PD's restrictions on dual participation for a variety of reasons. PG&E understands their concerns, but would accept the PD's results, if sufficient implementation time were allowed. PG&E also is concerned that the PD's prohibition on dual participation is "interim" in nature and that costs related to systems and process changes as well as costs related to customer and aggregator communication and outreach may be incurred in the short-run only to be abandoned at some unknown future date conceivably as early as end of 2019.[8/][9/] This could result in increased program administration costs and a

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4/ Cpower/Enel X North America, Inc. at p. 11-13; OhmConnect at p. 4; CE+DMC at p. 7; Olivine at p. 5.

5/ The offering options range include Prescribed (standardized), Elect (some flexibility), to Elect+ (greatest flexibility)

6/ D.14-12-024, p. 24.

7/ PD at p. 78.

8/ PD, page 21, states: "Once the Commission has made its determination on the future of the auction mechanism, we will be able to make a more informed decision on potential future dual participation. At that time, the Commission may revisit the issue of dual participation between third-party provider programs and Critical Peak Pricing."

9/ The possibility that these expenditures may later prove unnecessary and improvident is made more concerning by financial uncertainties that PG&E currently is facing. While PG&E has not potentially poor customer experience with both CPP and demand response programs. (See attachment for example of multiple changes needed for SmartRate alone.) However, PG&E agrees that the Commission should consider opening a rulemaking to consider rules for both dual participation and multiple use applications related to behind the meter resources in order to more holistically address the breadth of the issues raised by parties.[10/]

PG&E reiterates the request made in its opening comments[11/], consistent with the open comments by SCE[12/] that the prohibition on dual participation between CPP and Utility or Third-Party demand response program become effective on the submittal date of the Utilities' Tier One Advice Letter. As stated in PG&E's opening comments, due to systems and process changes needed to implement new rules regarding verification of the grandfathered or prohibited status related to the dual enrollment prohibition as put forth in the PD, PG&E will need at least five to nine months from the issuance of the Decision to implement tariff and system changes to implement the prohibition. Finally, PG&E is in agreement with the comments made by SCE[13/] that OP 1 in the PD should be altered to clarify that a customer who is currently dually enrolled in CPP and a demand response program should not be allowed to use grandfathered dual enrollment status to subsequently dually enroll in another demand response program.

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estimated the implementation costs for implementing the PD's treatment of CPP yet, it believes they will not be insignificant. PG&E faces extra ordinary uncertainties associated with wildfires that could significantly impact our ability to access capital on reasonable terms. These uncertainties have led and may continue to lead to credit rating downgrades and uncertain demand for PG&E Corporation and PG&E securities. These financial uncertainties could impact the amount of work PG&E can commit to financing, should these financial uncertainties persist, or should PG&E become unable to access capital.

10/ Comments Of The California Energy Storage Alliance To The Proposed Decision Resolving Remaining Application Issues For 2018-2022 Demand Response Portfolios And Declining To Authorize Additional Demand Response Auction Mechanism Pilot Solicitations, November 14, 2018, pages 7-8.

11/ PG&E Opening Comments On Proposed Decision Addressing Remaining Issues For The 2018-2022 Demand Response Proceeding, November 14, 2018, page 2.

12/ Southern California Edison Company (U 338-E) Opening Comments On Proposed Decision Resolving Remaining Application Issues For 2018-2022 Demand Response Portfolios And Declining To Authorize Additional Demand Response Auction Mechanism Pilot Solicitations, November 14, 2018, page 2.

13/ IBID, page 3.

IV. RELIABILITY CAP ADMINISTRATION

PG&E agrees with CLECA[14/] that the PD language should be adjusted to provide equal access to remaining cap space for direct enrolled and aggregator enrolled customers. PG&E also agrees with comments that reliability cap prioritization to mitigate "islanding" of resources add complication, especially for DRPs under a DRAM contract. As noted in the PD, the IOUs' proposal for cap management was for reliability program where the IOUs are the demand response provider.[15/] PG&E recommends that the PD add language stating that reliability cap management procedures may need to be revisited once the Commission has made a final determination regarding the DRAM pilots. PG&E supports the changes proposed by SCE[16/] to the Findings of Fact and Ordering Paragraphs related to RA procured in the DRAM pilots.

V. ADR

CPower and Enel X North America, Inc. comment that there are OpenADR 1.0 automated controls capable of receiving and responding to an automated demand response signal. PG&E agrees a few customers still use OpenADR 1.0 control, and has supported these ADR control since 2006. In 2013, PG&E's ADR Program started to require ADR control to be OpenADR 2.0 certified in order to qualify for ADR incentive. PG&E believes the PD clarifies the requirement for ADR Program incentive on new ADR control, but not requiring legacy OpenADR 1.0 controls to become OpenADR 2.0 certified. PG&E supports the PD clarification that only OpenADR 2.0 certified controls are eligible for ADR Program incentive.[17/]

The CEDMC expressed concern[18/] that the dual participation policy change may stifle Agricultural customer participation in the DR Program, since BIP does not qualify for ADR

14/ Comments Of The California Large Energy Consumers Association On The Proposed Decision Of Administrative Law Judges Kelly Hymes And Nilgun Atamturk, November 14, 2018, page 3.

15/ PD page 25.

16/ Southern California Edison Company (U 338-E) Opening Comments On Proposed Decision Resolving Remaining Application Issues For 2018-2022 Demand Response Portfolios And Declining To Authorize Additional Demand Response Auction Mechanism Pilot Solicitations, November 14, 2018, pages 5-6.

17/ This is consistent with new Title 24 Communications Requirements for DR Controls. Appendix H - Demand Responsive Controls, Section 1.1 Communication with Entity that Initiates DR Signal.https://www.energy.ca.gov/title24/2019standards/rulemaking/documents/2019_Draft_Compliance_Manuals/Residential_Manual_PDF/Residential%20Appendix%20H.pdf.

18/ CEDMC Opening Comments at p. 8-9.

incentives. CEDMC, however, ignores the fact other DR Programs and Pilots qualify for ADR incentives, such as, CBP, DRAM, SSP and XSP.

PG&E agrees with OhmConnect[19/] that a Smart Plug is able to receive a DR signal and enable customer participation in DR events with no manual intervention. However, PG&E's ADR Program is not ready to add Smart Plug to its residential ADR Program, since the Collaborative Stakeholder Process has not yet determined the next residential ADR control eligible for ADR incentive. PG&E supports the stakeholder process proposed in the PD to determine if Energy Storage should be eligible for ADR incentives, and agrees with CESA[20/] that processes should be established to ensure that control incentives are demonstrated to be separate and incremental from incentives or payments for other hardware costs.

VI. DAC PILOT

PG&E shares Olivine's concern regarding the potential vulnerability of residents in disadvantaged communities to aggressive or misleading sales and marketing practices and incorrect information about the costs and benefits of engaging in the pilot program.[21/] For the disadvantaged communities demand response pilot PG&E will employ best practices for marketing and installation gained through in-the-field experience with delivery of our Energy Savings Assistance and SmartAC programs in order to ensure that all customers who are engaged in the pilot are treated with fairness and respect and receive all the information necessary to make an informed decision regarding participation.

VII. CONCLUSION

PG&E requests that its proposed modifications and recommendations be adopted by the Commission to improve the final decision.

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19/ OhmConnect Opening Comments at p. 6-7.

20/ CESA at p. 14-15.

21/ COMMENTS OF OLIVINE, INC. ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES KELLY A. HYMES AND NILGUN ATAMTURK, November 14, 2018, page 4.

Respectfully Submitted,

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