PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda Id 16202

ENERGY DIVISION **RESOLUTION E-4837**

January 11, 2018

R E S O L U T I O N

Resolution E-4837. Pacific Gas and Electric Company Requesting Approval to Authorize an Increase of Electric Rule 24 Registrations

PROPOSED OUTCOME:

- Approves Pacific Gas and Electric (PG&E) Company's request for authorization to increase Electric Rule 24 (Rule 24) registrations beyond the Intermediate Implementation Step to allow for the expansion of the 2018-2019 Demand Response Auction Mechanism (DRAM) and to support third party demand response (DR) in the California Independent System Operator (CAISO) wholesale market.

SAFETY CONSIDERATIONS:

- Based on the information before us the resolution does not result in any adverse safety impacts.

ESTIMATED COST:

- This resolution approves $1.914 million for PG&E.

By Advice Letter 5014-E (PG&E) filed on February 7, 2017.

SUMMARY

PG&E, by Advice Letter (AL) 5014-E in accordance with Ordering Paragraph 5 of Resolution E-4817, seeks approval for increasing the number of Rule 24 registrations beyond the Intermediate Implementation Step to allow for the expansion of the 2018-2019 Demand Response Auction Mechanism (DRAM) pilot and to support third party direct participation in the CAISO wholesale market. PG&E also seeks to utilize existing cost recovery, originally approved for residential meter reprogramming, for the additional Rule 24 registrations requested in the AL.

This resolution approves PG&E's request for $1.914 million to increase the number of Rule 24 registrations from 40,000 (the Intermediate Implementation Step) to 75,000. This resolution also approves PG&E's request to use existing funding to support residential meter reprogramming, as needed, for the additional 35,000 registrations sought in the AL.

BACKGROUND

Rule 24 for PG&E and SCE, and Rule 32 for SDG&E (herein "Rule 24/32"), were initially established by the Commission in Decision (D.) 12-11-025 to enable third party demand response providers (DRPs) to bid utility bundled customers' demand response into the CAISO energy market.[1]

Pursuant to D.14-03-026, the Commission bifurcated the Commission-regulated demand response portfolio of programs into two categories: 1) load modifying resources, which reshape or reduce the net load curve; and 2) supply resources, which are integrated into the CAISO energy markets. D.14-12-024 established the Demand Response Auction Mechanism (DRAM), a competitive procurement mechanism pilot for third-party supply resources that are to integrate into the CAISO energy markets.

In D.15-03-042 the Commission approved cost recovery by PG&E for 10,000 Rule 24 registrations by January 1, 2016 for the Initial Implementation Step to support third party demand response direct participation in the CAISO market.[2] A key role of PG&E is to provide customer usage data to the third-party demand response providers in order to settle transactions with the CAISO. For each customer that participates with a demand response provider, PG&E must create an individual customer registration so that usage data is tracked and processed.

D.16-06-008 approved additional funding for PG&E to support up to 40,000 Rule 24 customer registrations for day-ahead, real-time and ancillary services

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[1] D. 12-11-025, "Decision Adopting Policies for Demand Response Direct Participation," November 29, 2012.

[2] Specifically, the Commission directed PG&E to provide a total of 10,000 Rule 24 customer registrations and authorized a budget of $2.9 million.

during the Intermediate Implementation Step of third-party demand response direct participation in the CAISO market.[3] D.16-06-008 also determined that the availability of Rule 24 customer registrations shall not be a limiting factor for the 2018-2019 DRAM.[4]

D.17-06-005 subsequently modified D.16-06-008 by clarifying the funding authorization and process for the Utilities (PG&E, Southern California Edison and San Diego Gas & Electric) to seek additional Rule 24 registrations beyond the Intermediate Implementation Step. [5]

Commission Resolution E-4817 approved the details for the 2018-19 DRAM pilot and directed the Utilities to file advice letters by February 7, 2017 to request authorization and funding, if needed, to aggressively increase customer registrations in 2018-2019 to support the 2018-19 DRAM pilot.[6] Pursuant to that resolution, PG&E filed AL 5014-E seeking authorization for $1.914 million to support an additional 35,000 Rule 24 registrations, which brings its total to 75,000 registrations.

NOTICE

Notice of AL 5014-E (PG&E) was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

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[3] D. 16-06-008, p. 34, in OP 2 and 3: PG&E was ordered to develop the capability to support a total of 40,000 Rule 24 customer registrations with authorized budget of $5.4 million.

[4] *Ibid* at pps. 23-26, The decision states, "customer registration number has never been a cap but rather a number to strive for, within the authorized budget" and "the number of customer registrations should be dynamic and never reached."

[5] D.17-06-005 authorized PG&E, SCE and SDG&E to seek authorization to increase Rule 24/32 registrations (or make improvements to Rule 24/32) via Tier 3 advice letters within specific spending limits. For PG&E, the limit is $10.39 million.

[6] Resolution E-4817, Ordering Paragraph 5.

PROTESTS

On February 27, 2017, AL 5014-E was timely protested by OhmConnect, Inc.[7] but was supported in a response filed by the Joint DR Parties.[8]

On March 6, 2017, PG&E responded to the protest of OhmConnect.

Energy Division suspended AL 5014-E on March 6, 2017.

Insufficient Budget for Expected Residential Meter Reprogramming Costs

In its protest, OhmConnect states that PG&E AL 5014-E does not adequately address interval meter reprogramming which is critical to OhmConnect's ability to integrate its demand response resources into CAISO energy markets. Meter reprogramming is the process of increasing the frequency by which a meter records electric usage (e.g. from hourly intervals to 15 minute intervals). OhmConnect explains that most residential meters record usage in hourly intervals, but CAISO settlement rules for the real time market require at least 15 minute intervals.[9]

OhmConnect expresses a concern that PG&E AL 5014-E unnecessarily limits the number of reprogrammed meters short of its available registrations by stating it will not provide free reprogramming beyond the 75,000 registrations or in excess of the $1.26 million already approved, whichever comes first.

OhmConnect sought relief by requesting that PG&E receive authorization to use the budget set in OP 13 of D.16-06-008 to fund additional meter reprogramming

[7] OhmConnect, "Protest of OhmConnect, Inc. to Advice Letter 5014-E, 3553-E, and 3041-E (Request for Authorization to Increase Customer Registrations under Rule 24/32," February 27, 2017.

[8] At the time of its response, the Joint DR Parties were composed of third-party demand response providers CPower, EnerNOC, Comverge Inc., and EnergyHub. Since then Comverge (now Itron) is no longer part of the Joint DR Parties.

[9] CAISO's Real Time Market actually settles using 5-minute interval data, but allows for demand response resources to parse 15 minute data into 3 equal 5-minute intervals.

costs if PG&E's previously authorized budget for this purpose proves inadequate.[10]

PG&E replied that D.16-03-008 approved a settlement in which PG&E agreed not to charge residential customers for meter reprogramming if the customer is successfully enrolled at the CAISO and is within the Initial Implementation Step of 10,000 registrations. PG&E extended this treatment voluntarily to residential meters within the Intermediate Implementation Step of 40,000 registrations.

PG&E states that based on its evaluation, costs for batched over-the-air reprogramming will be lower than reprogramming costs previously assumed. As a result, existing authorized funds for meter reprogramming ($1.26 million) is likely to be sufficient to support residential meter reprogramming within the 75,000 registrations. Hence, rather than seek additional cost recovery for meter reprogramming for the incremental 35,000 registrations, it instead seeks authorization to utilize the existing cost recovery for that purpose.

DISCUSSION

We find that PG&E has sufficiently acknowledged residential meter reprogramming needs. PG&E seeks authorization to use existing funds to reprogram, as needed, the 35,000 incremental registrations in its AL filing. PG&E's request to use existing funds for this purpose is approved. Hence there is no need for PG&E to seek authorization to use additional funds for meter reprogramming as requested by OhmConnect. OhmConnect's protest is rejected.

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[10] D. 16-06-008, p. 36, OP 13 states,

Prior to a final decision in the 2018 demand response application process, if Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (the Applicants) require additional funding for increasing customer participation registrations in the California Independent System Operators market, the Applicants may file a Tier 3 Advice Letter requesting to do so with the following guidelines:

a. *The Applicants may request up to the following budget caps: $10.39 million for PG&E, $4.9 million for SDG&E and $3.2 million for SCE;*
b. *The Applicants shall first notify the service list of Application 14-06-001 et al. of the proposed advice letter, prior to filing the advice letter; and*
c. *The Applicants shall hold a meeting with the parties of Application 14-06-001 et al. to discuss the specifics of the proposed advice letter, prior to filing the advice letter.*

We also find that PG&E's request for $1.914 million for 35,000 additional Rule 24 registrations will support the 2018-19 DRAM and is within the budget adopted by D.17-06-005.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

All parties in the proceeding have stipulated to reduce the 30-day waiting period required by PU Code section 31l(g)(1) to 28 days. Accordingly, this matter will be placed on the first Commission's agenda twenty-eight days following the mailing of this draft resolution. By stipulation of all parties, comments shall be filed no later than 19 days following the mailing of this draft resolution of this draft resolution.

FINDINGS

1. The 15-minute interval of metered energy usage for Rule 24 registered residential customers represents a necessary and sufficient level of granularity for accurate settlement of DR resources in the CAISO real-time and ancillary services markets.

2. Based on PG&E's evaluation, costs for batched over-the-air meter reprogramming will be lower than reprogramming costs previously assumed.

3. PG&E's existing authorized funds for meter reprogramming is likely to be sufficient to cover reprogramming needs within the 75,000 registrations.

4. It is reasonable for PG&E to use existing funds to reprogram, as needed, the 35,000 incremental registrations in its AL filing.

5. PG&E's funding request of $1.914 million for additional Rule 24 registration will support the 2018-19 DRAM and is within the budget adopted by D.17-06-005.

THERFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's Advice Letter 5014-E is approved.

2. Pacific Gas and Electric Company's request to use existing funds for meter reprogramming for the 35,000 incremental registrations, as needed, is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 11, 2018; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN
Executive Director