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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 2012-2014.	A.11-03-001
Application of San Diego Gas & Electric Company (U902M) for Approval of Demand Response Programs and Budgets for Years 2012-2014.	A.11-03-002
Application of Southern California Edison Company (U338E) for Approval Demand Response Programs, Activities and Budgets for 2012-2014.	A.11-03-003

NOTICE OF EX PARTE COMMUNICATIONS

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Consumers Association

April 9, 2012

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NOTICE OF EX PARTE COMMUNICATIONS

Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the California Large Energy Consumers Association (CLECA), hereby gives notice of the following ex parte communications.

On April 4, 2012, Barbara Barkovich and Nora Sheriff, consultant and counsel to CLECA, met with Matthew Tisdale, advisor to Commissioner Florio, from approximately 10:00 am to 10:30 am, Michael Colvin, advisor to Commissioner Ferron from approximately 10:30 to 11:00 am and Stephen St. Marie, advisor to Commissioner Sandoval, from approximately 11:00 to 11:30. The meetings were held at the Commission's office in San Francisco and were initiated by CLECA.

Dr. Barkovich and Ms. Sheriff stated their support for Commissioner Ferron's Alternate Proposed Decision, specifically the retention of current dual participation rules and deferral of cost allocation to rate design proceedings. Dr. Barkovich and Ms. Sheriff reviewed issues with the cost effectiveness protocols. Dr. Barkovich and Ms. Sheriff also explained that due to ongoing issues and uncertainties, the Alternate is right to defer a decision on further integration with the California Independent System Operator (CAISO).

A handout was provided and is attached.

Respectfully submitted,



William H. Booth, Of Counsel
Nora Sheriff
Counsel for CLECA

April 9, 2012

Demand Response

CLECA

April 2012

Support Key Points In Alternate

- Continues both price-responsive DR and reliability-based DR
 - ***Both*** types of DR are needed and will continue to be needed
 - CLECA disagrees with the unstated presumption that price-responsive DR is better than reliability-based DR
 - Most system emergencies are associated with T&D issues
- Maintains current dual participation rules
- Approves continuation of both BIP and DBP and dual participation in both
- Leaves DR cost functionalization and allocation questions to rate design (phase IIs of utility general rate cases)
- Defers integration of more DR into the CAISO
 - CLECA posits that ***any*** decision on further integration is premature unless more is known about the costs and benefits
- Defers issues associated with customer back-up generation
 - Other agency regulations are complex and the record is incomplete
- Reduces the Permanent Load Shifting budget

Key Changes Needed for DR Success

- Address All Cost-Effectiveness Issues, including the dual participation load impact issue
- Both BIP and DBP are cost-effective, when issues with templates are taken into consideration
 - Alternate, like the PD, fails to resolve the dual participation load impact issue
 - Attribution of load impacts to only one program understates the benefits of the other program
 - Costs are fully counted, but the benefits are reduced
 - Address this in workshops, along with revising the methodology for day-of baseline adjustments, differences in utility budget allocations and cost amortizations, and A factor input assumptions

Key Changes Needed (2)

- Reinstate BIP “marketing” funding to ensure customer contact on necessary matters
- Acknowledge the issues with further CAISO integration
 - Until FERC finally approves RDRR, integration of reliability DR into the CAISO cannot be completed
 - Recognize that the current low, stable CAISO prices do not support successful bidding DR into energy markets
 - Defer adoption of a “CAISO procurement model” (p. 187)

Additional Modifications

- Reject PG&E's HAN pilot or require Commission approval by resolution of a Tier 3 Advice Letter before the funds are authorized to be collected in rates
- CLECA would appreciate deferral of the proposed new DR rulemaking to 2013 to enable our full participation