



MGA/jt2 5/22/2018

FILED

05/22/18
01:46 PM

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

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

Summary

Pursuant to Public Utilities Code Section 1701.5(b), this Assigned Commissioner's Amended Scoping Memo (Amended Scoping Memo) adds a new issue to the scope of Application (A.) 17-01-012 et al. and extends the statutory deadline of the proceeding to July 17, 2019 in order to address the new issue and complete remaining issues.¹

The preliminary results of the Commission Energy Division evaluation of the demand response auction mechanism pilot (Pilot) indicates issues that are too complex to be addressed in the informal resolution process, as directed by Decision (D.) 16-09-056. The findings of the evaluation report may raise matters related to the next steps of the Pilot, which may include demand response budgetary implications. Accordingly, the Commission should consider the Pilot evaluation in this formal proceeding. As such, the Commission requires

¹ The original statutory deadline for this proceeding was July 17, 2018.

additional time to address next steps for the evaluation of the Pilot and the demand response auction mechanism itself.

Furthermore, the Commission also requires additional time to complete unresolved issues in this proceeding, including providing guidance for pilots to promote demand response in disadvantaged communities and transmission constrained local capacity areas, providing guidance to implement the new automated demand response incentive policy adopted by the Commission in D.17-12-003, and completing the record with respect to dual participation rules, the demand response Capacity Bidding Program and the demand response Two Percent Reliability Cap.

Accordingly, this Amended Scoping Memo extends the deadline of this proceeding for 12 months, to July 17, 2019, and expands the scope in order to determine the next steps for the demand response auction mechanism.

1. Background

As directed by D.16-09-056, on January 17, 2017, Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE) (collectively, the Utilities) filed applications for existing models of demand response programs for their 2018-2022 demand response portfolios.

Pursuant to Rule 7.4, the Administrative Law Judges' ruling dated February 16, 2017, consolidated these applications into a single proceeding, A.17-01-012 et al., as they addressed similar funding and program planning issues. On March 1, 2017, a prehearing conference was held to determine parties, discuss the scope, the schedule, and other procedural matters. Following the prehearing conference, the assigned Commissioner and Administrative Law

Judges jointly issued a ruling on March 15, 2017 (Scoping Memo) that set out the scope of the proceeding.

During June 19-21, 2017, parties participated in three days of evidentiary hearings. Following the evidentiary hearings, the parties received briefing guidance from the assigned Administrative Law Judges in a July 1, 2017 Ruling. In the ruling, parties were directed to include in their briefs responses to questions pertaining to the targeting of demand response in transmission constrained local capacity areas and disadvantaged communities. Parties filed briefs on July 24, 2017 and reply briefs on August 4, 2017. The assigned Administrative Law Judges submitted the record of this proceeding on August 4, 2017.

In D.17-12-003, the Commission adopted demand response activities and budgets for PG&E, SCE, and SDG&E to conduct demand response programs, pilots and associated activities for the years 2018 through 2022. The need to adopt demand response program budgets by December 31 2017 resulted in insufficient time to develop a complete record to address several demand response policy matters. D.17-12-003 acknowledged that the proceeding remains open to consider additional information for resolving these matters.

In early 2018, the Commission facilitated workshops in a number of areas to help complete the record in this proceeding, with the anticipation that a subsequent decision will make the final determination. The issue areas are described in Section 5 below.

2. Categorization

The Commission in Resolution ALJ 176-3392, issued on February 9, 2017, preliminarily determined that the category of the proceeding is ratesetting. The

March 15, 2017 scoping memo confirmed the categorization. As the remaining issues have budgetary implications, the categorization should remain ratesetting.

3. Ex Parte Communications

In a ratesetting proceeding such as this one, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

4. Need for Hearing

We do not anticipate holding an evidentiary hearing during the remainder of this proceeding. Workshops, comment rulings, and/or working groups may be employed to develop the record.

5. Scope

The Commission's Energy Division has presented to me, as the assigned Commissioner for this proceeding, the preliminary results of the evaluation of the Pilot, as required by D.16-09-056. Energy Division has indicated that more time is needed to complete its evaluation of the Pilot. The preliminary results of the evaluation are mixed and in some cases inconclusive. D.16-09-056 required the Energy Division to present the evaluation and recommendations to the Commission through a resolution no later than June 2018. However, the preliminary results of the evaluation indicate a set of issues that are too complex to be addressed in the informal resolution process. Hence, I am expanding the scope of this proceeding to add the issue of the next steps for the Pilot. Because funding modifications may be considered, the most appropriate proceeding to address this unanticipated issue is the 2018-2022 demand response budget applications.

Furthermore, D.17-12-003 recognized the need to allow this proceeding to remain open in order to address unresolved policy issues: 1) Dual participation;² 2) Management of and potential changes to the Two Percent Reliability Cap;³ 3) the final Capacity Bidding Program price trigger method;⁴ 4) Implementation of the revised rules for the incentives for Automated Demand Response controls;⁵ and 5) the targeting of demand response to constrained local capacity and disadvantaged communities.⁶ These issues were anticipated in the original scoping memo issued in this proceeding. However, the breadth of these issues and the difficulty in resolving them were unknown at the time the scoping memo was issued. We amend the scope of this proceeding, below, to better define the breadth of these five issues.

Accordingly, the scope of this proceeding is amended to address the following in a future decision:

- development of guidance to the Utilities for designing pilots targeting demand response in transmission constrained local capacity areas and disadvantaged communities;
- whether to revise the demand response dual participation rules;
- adoption of a final set of guidelines to implement the automated demand response control incentive policy adopted in D.17-12-003;
- confirmation of the final Capacity Bidding Program price trigger method;

² D.17-12-003 at Section 6.1.2.

³ *Id.* at Ordering Paragraphs 12 and 13.

⁴ *Id.* at Ordering Paragraph 26.

⁵ *Id.* at Ordering Paragraph 29.

⁶ *Id.* at Ordering Paragraph 57.

- management of and potential changes to the Two Percent Reliability Cap; and
- determination of next steps for the demand response auction mechanism pilot as a result of the preliminary evaluation analysis.

6. Schedule

The deadline of this proceeding is extended for one year to July 17, 2019.

We adopt the following schedule:

EVENT	DATE
Prehearing Conference Commission Hearing Rooms 505 Van Ness Avenue San Francisco, CA 94102	June 12, 2018

It is the Commission’s intent to complete this proceeding by July 17, 2019, an additional year from the original anticipated deadline. This deadline may be extended by order of the Commission.⁷ If there are any workshops in this proceeding, notice of such workshops will be posted on the Commission’s Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

IT IS RULED:

1. The scope of this proceeding is expanded to address the results from the Commission’s Energy Division’s evaluation of the demand response auction mechanism pilot, as explained in “Section 5. Scope” of this ruling.

⁷ Public Utilities Code Section 1701.5(b).

2. This proceeding remains open to determine outstanding issues as indicated in "Section 5. Scope" of this ruling.
3. Hearing is not necessary.
4. The deadline to complete this proceeding is extended one year to July 17, 2019.
5. The schedule for the proceeding is set in "Section 6. Schedule" of this Assigned Commissioner's Amended Scoping Memo. The assigned Commissioner or Administrative Law Judges may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.

Dated May 22, 2018, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES
Martha Guzman Aceves
Assigned Commissioner