

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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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
(Filed January 17, 2017)

And Related Matters.

Application 17-01-018
Application 17-01-019

**COMMENTS OF
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON
PROPOSED IMPROVEMENTS TO THE DEMAND RESPONSE AUCTION
MECHANISM**

Dated: January 11, 2019

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**COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT
COUNCIL ON PROPOSED IMPROVEMENTS TO THE DEMAND RESPONSE
AUCTION MECHANISM**

I. INTRODUCTION

The California Efficiency + Demand Management Council¹ (the “Council”) respectfully submits these Comments on Proposed Improvements to the Demand Response Auction Mechanism (“DRAM”). These comments are timely filed pursuant to the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure, the Administrative Law Judge’s (“ALJ”) Ruling of January 4, 2019 (“January 4 Ruling”), and the instructions from the ALJ on January 7, 2019.

Consistent with the guidance from ALJ Hymes to the service list on January 7, 2019, the Council provides a brief description of our recommendations for DRAM improvements today and requests 5 minutes to present these recommendations at the January 16 Workshop.

¹ Members of the Council include businesses that provide demand response services to residential, commercial, industrial and agricultural customers throughout California. Many of our members have DRAM contracts with the Investor Owned Utilities.

II. PROCEDURAL RECOMMENDATION

The Council is encouraged by the Commission's scheduling of February workshops. It is critically important that we all work together to ensure there is not a gap in DRAM auctions. The Council recommends that stakeholders develop proposals as part of a comment and reply comment opportunity between the January 16 Workshop and the February Workshops. This would allow parties to help inform the process and contribute to meaningful discussions and outcomes at the February Workshops.

III. RECOMMENDED IMPROVEMENTS TO DRAM

- The Council supports continuity for DRAM participants and encourages parties to work together to that end. As DRAM moves forward, it is critical that improvements include a commitment to prevent gaps in auctions that impact delivery.
- DRAM participants have encountered numerous challenges with both technology and integration, and this particularly impacts new entrants. Since one goal for the Commission is to encourage new entrants, the Council recommends improvements to the customer authorization process to increase customer enrollment and encourage new entrants. The current click-through process has resulted in improvements, but it may not solve these issues.
- The Council supports annual auctions with multi-year contract terms.
- The Council supports testing resources to ensure reliability, but monthly testing is very disruptive for customers and typically not well understood by customers who are motivated to respond to actual market/grid needs. There is no market nationally that requires tests more frequently than seasonally.
- The current DRAM pro forma contract should be the starting point as DRAM moves forward. This contract should be modified to align with changes made as part of this process. It is important to improve on what we have, and the Staff did a good job of identifying some of the problematic sections of the existing contract.
- Having a uniform clearing price for capacity and/or resource adequacy would increase the efficiency of the DRAM and lower the transaction costs.

IV. CONCLUSION

The Council appreciates the Commission's consideration of our comments on recommended improvements to DRAM. DRAM is critical to providing a continued market to

demand management in California. Furthermore, halting the market without a smooth transition to a successor will be detrimental to California's energy goals.

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