



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

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Order Instituting Rulemaking to Investigate and
Design Clean Energy Financing Options for
Electricity and Natural Gas Customers.

R.20-08-022
(Filed August 27, 2020)

**COMMENTS OF OHMCONNECT, INC. ON ORDER INSTITUTING RULEMAKING
TO INVESTIGATE AND DESIGN CLEAN ENERGY FINANCING OPTIONS FOR
ELECTRICITY AND NATURAL GAS CUSTOMERS**

John Anderson
Director of Energy Markets
OhmConnect, Inc.
616 16th Street, Suite M20
Oakland, CA 94612
Telephone: (415) 697-1271
Email: john@ohmconnect.com

October 5, 2020

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Pursuant to Rule 6.2 of the Commission’s Rules of Practice and Procedure, OhmConnect, Inc. (OhmConnect) respectfully submits these comments on the Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers (“OIR”), issued on September 4, 2020. These comments are timely filed and served in the above-captioned proceeding.

I. INTRODUCTION

OhmConnect is extremely supportive of the Commission’s stated efforts to, in particular, “examine options to assist electricity and natural gas customers with investments in residential and commercial buildings.”¹ OhmConnect concurs that additional and holistic financing strategies are needed to ensure that all California customers, especially those in disadvantaged, underserved, or vulnerable communities, are empowered to partake in California’s clean energy goals and climate ambitions. The current pathways for residential customers to adopt enabling devices and to participate in demand response (DR), including low-income customers or customers located in disadvantaged communities, are not sufficient, either to meet these aforementioned goals or to provide grid resiliency that is desperately needed following the Flex Alert events in August and September of this year.

¹ See September 4, 2020 *Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers* (“OIR”), at p. 1

To address this resiliency deficiency, along with the stated goals of the OIR to “encourage larger-scale and deeper investments” and “to expand clean energy financing strategies,” OhmConnect suggests two modifications to the OIR. First, the scope should explicitly include the development of improved and additional financing options to promote the adoption of enabling technology for customers to participate in demand response programs at greater levels (both in terms of customer enrollment numbers and per-customer reduction potential). Second, the proposed timeline should be accelerated such that customers are able to take advantage of these financing options by the start of the Summer of 2021.

II. OVERVIEW OF OHMCONNECT

OhmConnect is a primarily residential Demand Response Provider (DRP) that provides DR services to over 150,000 residential customers and manages tens of thousands of kW of demand response resources in the California ISO (CAISO) market. OhmConnect provides a fun and engaging app for households to respond to grid fluctuations in exchange for earning money and social rewards. Participants reduce their electricity use upon receiving simple email, text or in-app notifications; simultaneously, wifi-connected enabling devices in their homes (e.g. smart thermostats, smart plugs, battery storage, etc.) are turned on or off automatically during “#OhmHour” demand response events. OhmConnect has substantial experience serving customers in disadvantaged communities (DACs), and understanding the challenges customers in DACs and other underserved communities face in adopting enabling technology. OhmConnect intends to bring that perspective to this proceeding.

III. DISCUSSION

A. THE OIR SHOULD AIM TO EXPAND FINANCING OPTIONS FOR DEMAND RESPONSE ENABLING DEVICES

The Flex Alerts that were issued for August 14 through August 19 and September 5 through September 7, and the subsequent rolling power outages, highlighted an immediate need for additional capacity with greater demand flexibility. However, for nearly all of these Flex Alert days, power outages were avoided in part due to wide-scale consumer conservation efforts.

Demand response was a tool utilized by the CAISO to combat the initial wave of high-demand days,² and conservation efforts were repeatedly extolled by CAISO in its Press Releases.³

Despite the capability of demand response to prevent not only rolling power outages, but also to routinely provide energy to the grid, residential customers across California face barriers to enrolling in demand response programs. A key barrier to customers (and one relevant to this proceeding) is the difficulty in purchasing or financing devices that can enable participation in a demand response program. OhmConnect's experience is that customers with enabling devices, such as smart plugs or programmable thermostats, are capable of providing nearly four times the quantity of energy reductions than non-device customers for a particular event.

Although there are significant benefits to adopting an enabling device, there are limited options available to residential customers for discounts or incentives on these devices. Customers participating in demand response programs are eligible to receive an Automated Demand Response (ADR) incentive and/or an energy efficiency (EE) incentive from their Investor-Owned Utility (IOU). However, the incentive application process is complicated, clunky, and prohibitive. The incentive is only available for smart thermostats, and precludes many other available technologies. The information required to claim these incentives is, at

² See August 19, 2020, "Joint Response to Governor Newsom Letter," available at https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2020/Joint%20Response%20to%20Governor%20Newsom%20Letter%20August192020.pdf

³ See August 18, 2020 "FLEX ALERT ISSUED FOR NEXT TWO DAYS, CALLING FOR STATEWIDE CONSERVATION," available at

<https://www.flexalert.org/news/89-flex-alert-issued-next-two-days-calling-statewide-conservation>;

See August 19, 2020 "NO POWER OUTAGES EXPECTED TODAY; CONSUMERS ANSWERED THE CALL AGAIN," available at

<https://www.flexalert.org/news/92-no-power-outages-expected-today-consumers-answered-the-call-again>;

See September 3, 2020 "FLEX ALERT ISSUED FOR HOLIDAY WEEKEND, CALLING FOR ENERGY CONSERVATION," available at

<https://www.flexalert.org/news/93-flex-alert-issued-holiday-weekend-calling-energy-conservation>;

See September 5, 2020 "DUE TO EXTREME HEAT FORECASTS, FLEX ALERT CALLED TODAY THROUGH MONDAY," available at

<https://www.flexalert.org/news/94-extreme-heat-forecasts-flex-alert-called-today-through-monday>;

See September 5, 2020 "CONSERVATION HELPS GRID AVOID OUTAGES TODAY, SAYS ISO," available at

<https://www.flexalert.org/news/95-conservation-helps-grid-avoid-outages-today-says-iso>;

See September 6, 2020 "FLEX ALERT IN EFFECT FOR NEXT TWO DAYS TO HELP PROTECT POWER GRID STABILITY," available at

<https://www.flexalert.org/news/96-flex-alert-in-effect-for-next-two-days-to-help-protect-power-grid-stability>; and

See September 7, 2020 "THIRD DAY OF HEATWAVE PROMPTS FLEX ALERT CONSERVATION CALL TODAY," available at

<https://www.flexalert.org/news/98-third-day-of-heatwave-prompts-flex-alert-conservation-call-today>.

times, sensitive in nature (e.g. tax status and Social Security Number), which may dissuade some customers leery of sharing that personal information from completing the process. On some utility webpages, there is no distinction between the rebate and the *IOU* demand response program, which inadvertently suggests to customers that they must enroll in the *IOU*-specific program as a precondition for receiving the incentive. Furthermore, the process varies substantially across the three *IOUs*, making it challenging for third-party DRPs to provide consistent messaging to customers on how to access the incentives in three distinct Service Territories. In summary, the process to receive a rebate for an enabling smart thermostat is inconsistent, and is limited to a subset of enabling technologies or enrollment within a certain DR program. Put bluntly, due to a number of solvable barriers, not every customer that wants to utilize an enabling device is treated equally.

More problematic, the incentive itself is only available in the form of a rebate. This is an inaccessible option for many customers, especially those that are in low-income or otherwise disadvantaged communities (DACs). Unlike the majority of other financing options discussed in the OIR, a rebate acts as a form of down-payment, requiring the customer to have cash or credit on hand to pay for the device and then hope to receive its rebate value back at a later date. In addition, uncertainty around the rebate processing time might further dissuade customers from participating in the rebate program. Furthermore, in some instances the rebate is provided as a bill credit, which is less preferable to customers because it is not directly and tangibly offsetting the capital cost of the technology. Finally, a rebate adopted by the CPUC implies a reliance on ratepayer funding. The OIR specifically states that one of the Commission's goals is "not to rely solely on ratepayer sources of funding to help encourage customers [adopt energy investments]."

⁴ To achieve this goal, varied incentives and financing options need to be available to all customers, regardless of whether the customer is participating in a third-party program or a utility program.

OhmConnect urges the Commission to consider as part of this OIR a) expanding the technologies eligible for incentives to be more inclusive of all DR enabling technology, b) increasing the financing options beyond a ratepayer-funded rebate process, and c) determining

⁴ OIR, at p. 31

how to standardize and streamline the financing process to facilitate consumer uptake of enabling technology.

B. THE COMMISSION SHOULD EXPEDITE THE TIMELINE TO INCORPORATE NEW INCENTIVE OPPORTUNITIES IN ADVANCE OF THE SUMMER OF 2021

The OIR preliminary schedule targets Summer 2021 for a “Proposed Decision addressing CAEATFA-related financing issues and other preliminary options.”⁵ OhmConnect is concerned that a Proposed Decision in Summer 2021 will prevent implementation of new financing options until after anticipated challenging grid conditions again surface. A Proposed Decision in Summer 2021 likely will not result in a Final Decision until late Summer 2021 with implementation of the “preliminary options” not beginning until late Fall or early Winter of 2021, at which time the peak energy demand season will already have passed.

Recent events make clear that the grid would benefit substantially from hundreds of thousands of additional customers adopting enabling devices and participating in energy efficiency and demand response programs. The power outages in mid-August due, in part, to a lack of available capacity could have been avoided with more dispatchable load. In addition, the recent Decision 19-11-016 that directs Load Serving Entities to procure a cumulative and incremental 3,300 Megawatts of capacity highlights California’s growing and immediate reliability challenges. Finally, the prevalence of Public Safety Power Shutoff (PSPS) events underscores the need for responsive load distributed across California. For all of these reasons, there is an urgent necessity to expand the available financing options for customers to install enabling devices for DR and EE participation. To respond to this urgent need, OhmConnect proposes an accelerated timeline that will expand the financing options available to customers in advance of the Summer of 2021:

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⁵ OIR, at p. 36

EVENT	OIR PROPOSED DATE	MODIFIED DATE
Comments on OIR filed and served	30 days from OIR publication	30 days from OIR publication
Reply comments on OIR filed and served	45 days from OIR publication	45 days from OIR publication
Prehearing conference	Fall 2020	October 26, 2020
Scoping memo	Fall 2020	November 2, 2020
Preliminary workshop to discuss financing mechanism options	Fall/Winter 2020	November 16, 2020
Staff proposal and/or request for post-workshop comments	Winter 2020	December 2, 2020
Party comments and replies filed and served	Winter 2020-2021	December 18, 2020
Ruling seeking comments on issues specific to CAEATFA continuing administration of financing programs in partnership with the Commission	Spring 2021	January 8, 2020
Party comments and replies filed and served	Spring 2021	February 3, 2020
Proposed Decision addressing CAEATFA-related financing issues and other preliminary options	Summer 2021	March 1, 2020
Party comments and replies on Proposed Decision filed and served		March 22 and March 29, 2020
Other activities related to broader financing options	TBD	

IV. CONCLUSION

OhmConnect is supportive of the OIR, and the Commission's efforts to increase available financing options to California customers. We respectfully ask that the Commission include, as part of the scope for the OIR, developing improved and additional financing options for adoption of enabling technology. In addition, we ask that the financing options be made available prior to the Summer of 2021.

Respectfully submitted,

October 5, 2020

/s/ JOHN ANDERSON

John Anderson
Director of Energy Markets
OhmConnect, Inc.
616 16th Street, Suite M20
Oakland, CA 94612
Telephone: (415) 697-1271
Email: john@ohmconnect.com