



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

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Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations.

Rulemaking 21-10-002
(Filed October 7, 2021)

**RESPONSE OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO THE
PETITION FOR MODIFICATION OF D. 23-06-029 BY THE CALIFORNIA LARGE
ENERGY CONSUMERS ASSOCIATION**

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Dated: September 25, 2023

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

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I. INTRODUCTION AND SUMMARY

Pursuant to Rule 16.4(f) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Pacific Gas and Electric Company (“PG&E”) submits its response (“Response”) to the Petition for Modification of Decision (“D.”) 23-06-029 (“RA Decision” or “Decision”) filed by the California Large Energy Consumers Association (“CLECA”) on August 24, 2023 (“Petition”).

The Petition requests modification to the RA Decision for several reasons, including to avoid a continuing decline in customer participation in important Reliability Demand Response Resource (“RDRR”) programs.^{1/} These resources have historically been activated when there is a shortage of electricity or the grid is under stress. The Petition further states that the RA Decision “deviates from the long-standing practice to preserve BIP [Base Interruptible Program] resources until grid emergencies threaten the loss of firm load.”^{2/} CLECA stresses, “The significant risk at this juncture of customer departures from BIP in response to the RA Decision is not mere conjecture, but a new reality” given events following the Decision.^{3/}

^{1/} Petition, pp. 13-14.

^{2/} Petition, p. 13.

^{3/} Petition, p. 13.

PG&E supports CLECA’s overall goal of ensuring that important reliability demand response programs can respond when called. BIP is an essential component of PG&E’s demand response portfolio, representing close to 45% of the load reduction potential in PG&E’s portfolio in 2022. PG&E’s ability to support grid reliability, particularly during emergency grid conditions, hinges on retaining the pool of customers who support this program. Continued attrition of customers from BIP would work to the extreme detriment of PG&E’s grid reliability and demand response goals.^{4/}

PG&E respectfully requests the Commission act swiftly on the Petition, for the sake of providing BIP participants and all stakeholders clarity on the rules governing future operations of the RDRR program. In the absence of an expeditious decision, participants may arrive at decisions with a lack of information. This information vacuum may lead BIP customers to make a business decision that continued enrollment in BIP is no longer beneficial from a cost-benefit perspective.

II. RESPONSE

A. PG&E Expressed a Long-Standing Concern for its BIP Participation Levels, Heightening its Concern for CLECA’s Warnings of Further Customer Attrition.

PG&E has expressed a long-standing concern regarding BIP customer participation and implications for the future viability of RDRR resources, and the RA Decision has potential to compound these concerns. Currently pending before the Commission are the investor-owned utilities’ applications for approval of their respective demand response programs for 2024 through 2027. PG&E served direct testimony on May 5, 2022 that contains proposals to address

^{4/} Regarding the goals for demand response, PG&E’s application to continue its demand response programs through 2027 is currently pending a proposed decision (“PD”), with a PD targeted for October 2023. (A.22-05-002, et al.) In this application, PG&E proposes to double the size of its demand-side resource portfolio between 2022 -2027, while also improving availability and reliability of its demand response capacity. An important component of this ambitious goal is an improvement in the number of megawatts for the BIP program. (A.22-05-002, et al., Exhibit (PG&E-2), p. 1-1, lines 5-20; p. 1-2, Table 1-1. <<https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2205002/4857/474109675.pdf>> (as of Sept. 20, 2023)).

customer attrition in BIP, comprised of proposals to increase incentive levels, limit BIP events to 10 during a 30-day window, and limit events to three consecutive event days.^{5/} PG&E's testimony underscored the need to address customer participation because, "Despite [prior] incentive increases and increased BIP outreach efforts, the program has continued to suffer from attrition and stagnating growth."^{6/} PG&E noted this downward trend in program enrollment has existed since 2019 and occurs at a time when the overarching goal is to procure more demand response in upcoming years.^{7/}

We identify this pending demand response application to emphasize the seriousness of this BIP customer attrition issue, because, as CLECA convincingly argues in its Petition, we anticipate concerns for program departures will be further exacerbated by the RA Decision. Demand response stakeholders are not only raising dire concerns for customer participation levels in response to the Decision but have raised alarms for several years.

III. CONCLUSION

PG&E appreciates the opportunity to submit this Response.

^{5/} A.22-02-005, et al., Exhibit (PG&E-2), p. 3-10, lines 9-18; p. 3-11, lines 10-13. Link at fn. 6.

^{6/} A.22-02-005, et al., Exhibit (PG&E-2), p. 3-10, lines 9-11. Link at fn. 6.

^{7/} A.22-02-005, et al., Exhibit (PG&E-2), p. 3-10, lines 11-13; p. 3-13, lines 20-28. Link at fn. 6.

Respectfully Submitted,

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