

Docket No.: R.20-11-003  
Exhibit No.: \_\_\_\_\_  
Date: 7/21/2021  
Witnesses: Maria Belenky  
Commissioner: Marybel Batjer  
ALJ: Brian Stevens

**REPLY TESTIMONY OF OHMCONNECT, INC.**

**I. INTRODUCTION**

1 My name is Maria Belenky, and I am the Market Development Manager at OhmConnect,  
2 Inc. (“OhmConnect”). OhmConnect’s business address is 371 3rd Street, 2<sup>nd</sup> Floor, Oakland,  
3 California 94607. I have been employed at OhmConnect for three years. Prior to that I served as  
4 the lead technical expert on national climate and clean energy policy at Washington D.C.-based  
5 consulting firm Climate Advisers. I am regularly involved in participating in various  
6 proceedings at the California Public Utilities Commission (“Commission”) including  
7 Rulemaking (“R.”) 19-11-009, Applications (“A.”) 19-03-002, etc. My Statement of  
8 Qualifications is attached as **Exhibit A**.

9 OhmConnect is a third-party Demand Response Provider (“DRP”) founded in 2013 and  
10 headquartered in Oakland, California. The company provides Demand Response (“DR”)  
11 services to residential retail electric customers in California pursuant to Electric Rules 24  
12 (Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company  
13 (“SCE”)) and 32 (San Diego Gas & Electric Company (“SDG&E”)). Specifically,  
14 OhmConnect’s free software service notifies households of impending DR events and pays them  
15 for their energy reductions, without requiring purchase or installation of additional hardware.  
16 OhmConnect is registered to participate as a DRP in the wholesale electricity market operated by  
17 the California Independent System Operator Corporation (“CAISO”).<sup>1</sup>

18 The purpose of my testimony is to encourage the Commission to leverage existing  
19 proposals to better achieve significant load reduction without burdening ratepayers with the  
20 substantial costs associated with the proposals of PG&E and the California Environmental  
21 Justice Alliance (“CEJA”) to adopt a new investor-owned utility (“IOU”)-monopolized DR pilot

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1 See list of CAISO Demand Response Participants,  
<https://www.caiso.com/Documents/ListofDemandResponseParticipants.pdf>.

1 program. The Commission can achieve a better result with less ratepayer costs by improving  
2 existing programs through customer outreach and targeted marketing – all while ensuring  
3 customer choice.

**II. THE COMMISSION SHOULD LEVERAGE EXISTING PROGRAMS TO  
PROVIDE LOAD REDUCTIONS WITHOUT UNNECESSARY RATEPAYER  
COSTS**

4 In Decision (“D.”) 21-03-056, the Commission focused this phase of the proceeding on  
5 proposals that “could provide significant load reduction during peak and net peak periods  
6 beginning in 2022”.<sup>2</sup> However, creating new large and expensive pilot programs monopolized  
7 by the IOUs will only guarantee increased costs and not increased energy savings for ratepayers.  
8 The Commission should instead leverage the knowledge and expertise of existing DR programs  
9 to effectively target customers in disadvantaged communities (“DACs”) and low- to moderate-  
10 income customers. Targeted customer outreach and marketing will far exceed any load  
11 reductions proposed by PG&E and CEJA’s programs.

12 OhmConnect’s experience and the California Energy Commission’s recent study on  
13 effective DR program designs for residential customers showcase that DR events are effective at  
14 reducing consumption, but reductions vary by user characteristics and other factors, and the level  
15 of incentive is far from the only contributor to customer engagement.<sup>3</sup> Some of the findings that  
16 should guide the Commission in its review of proposals are:

- 17 • “Energy engaged” customers or those with solar panels, plug-in electric vehicles, or  
18 automation devices had the greatest consumption reductions.
- 19 • Demand response events reduced consumption the most during the spring and summer,  
20 especially on hotter days.
- 21 • Offering a financial incentive for participation was critical to inducing consumption  
22 reductions.

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<sup>2</sup> D.21-03-056, at 54.

<sup>3</sup> California Energy Commission, *Identifying Effective Demand Response Program Designs for Residential Customers* (Nov. 2020), <https://www.energy.ca.gov/sites/default/files/2021-05/CEC-500-2020-072.pdf>.

- 1 • Messaging emphasizing economic benefits was more effective than health and  
2 environmental messaging.
- 3 • User engagement falls over time. A central challenge to DR is not only attracting  
4 customers, but ensuring they remain active long term.

5 The Commission itself also set forth goals and guiding principles for DR programs,  
6 which include:

- 7 • Commission-regulated DR programs shall assist the State in meeting its environmental  
8 objectives, cost-effectively meet the needs of the grid, and enable customers to meet  
9 their energy needs at a reduced cost.
- 10 • DR customers shall have the right to provide DR through a service provider of their  
11 choice and Utilities shall support their choice by eliminating barriers to data access;
- 12 • DR shall be market-driven leading to a competitive, technology-neutral, open-market in  
13 California with a preference for services provided by third-parties through performance-  
14 based contracts at competitively determined prices, and dispatched pursuant to wholesale  
15 or distribution market instructions, superseded only for emergency grid conditions.<sup>4</sup>

16 Thus, to meet the Commission DR goals/principles and achieve the goal of significant  
17 load reduction, the Commission should prioritize:

- 18 1) getting target customers “energy engaged”,
- 19 2) ensuring appropriate financial incentive to realize results,
- 20 3) creating informative and effective customer outreach programs, and
- 21 4) ensuring ongoing engagement.

22 PG&E and CEJA’s proposed pilots do not accomplish these goals and some aspects of their  
23 proposed implementation outright contradict them.

### **III. SIGNIFICANT ISSUES WITH OPT-OUT ONLY DR PILOT PROGRAMS WILL HARM LOAD REDUCTION EFFORTS**

24 The CEJA Just Flex Rewards (“JFR”) and PG&E Power Saver Rewards Pilot (“PSR”)  
25 programs contain significant flaws that will hinder load reduction and harm existing DR  
26 programs. Specifically, the opt-out features of the programs are unreasonable, will be ineffective  
27 and discriminate against non-IOU DR providers. Further, the questionable benefits do not justify

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<sup>4</sup> See D.16-09-056, at 45-46.

1 the high price tag of \$70 million for the PSR and \$20 million for the JFR. Thus, the Commission  
2 should not adopt *any* DR program design that automatically enrolls vast swaths of customers.

3 The greatest consumption reduction comes from customers that are engaged throughout  
4 the process. Broadly enrolling customers in a behavioral-only IOU DR program will do nothing  
5 to encourage engagement. Instead, automatically enrolling customers will impose unnecessary  
6 barriers to customers wishing to choose a third-party DR program with a device-enabled  
7 component and therefore limit the potential load impact of specific customer segments.

8 The adoption of an automatic opt-in DR option:

- 9 1) imposes unnecessary barriers to customers wishing to choose a third-party DR  
10 program;  
11 2) limits the potential load impact of specific customer segments; and,  
12 3) unduly discriminates against third party DR providers by providing preferential  
13 treatment for IOU DR programs.

**A. Both the JFR and PSR Pilots Appear to Be Opt-Out Only Programs**

14 Opt-out only is an explicit component of CEJA’s proposed JFR pilot. Specifically, in its  
15 Supplemental Testimony, CEJA states that “[t]he JFR would automatically opt in all eligible  
16 households to minimize the need for initial enrollment outreach”.<sup>5</sup> CEJA further notes that  
17 customers may “not participate in other new programs that may exist unless they *affirmatively*  
18 *opt out of JFR.*”<sup>6</sup>

19 While PG&E’s Supplemented Testimony does not explicitly discuss the enrollment  
20 process, the inclusion of behavioral option (“Option A”) of the proposed PSR pilot suggests that  
21 PG&E’s program is also intended to be opt-out only. Notably, PG&E testifies: “As part of the  
22 Pilot, all PG&E customers who receive Home Energy Reports (“HER”) and are not participating  
23 in ... any other DR or CPP program will receive alerts in advance of peak and near peak days. ...

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<sup>5</sup> CEJA Supplemental Testimony, at p. 2.

<sup>6</sup> CEJA Supplemental Testimony, at p. 6 (emphasis added).

1 The alerts will build off of HER’s communication platform to convey a sense of urgency to  
2 decrease energy use the next day”.<sup>7</sup> This statement appears to suggest that all 1.6 million HER  
3 customers will automatically be enrolled in Option A. Because dual participation with other DR  
4 programs would not be permitted, customers automatically enrolled in Option A would need to  
5 proactively opt-out to enroll in another DR program.

**B. Opt-Out Only Programs Impose an Unnecessary Barrier to Customers  
Wishing to Choose Another DR Program**

6 OhmConnect’s experience has shown that it is confusing and burdensome for customers  
7 to disenroll from an existing IOU DR program—even when, unlike proposed here, a customer  
8 has proactively selected and enrolled in the IOU DR program from which they wish to depart.  
9 Requests to disenroll are manual and time consuming. In the best case, the customer is first  
10 required to send an email; an even more cumbersome requirement for some IOU programs is that  
11 the customer must make a phone call to the program staff to disenroll. These requests are then  
12 answered at varying degrees of speed and effectiveness. Customers often incorrectly believe that  
13 they have successfully disenrolled – only to find that they have not actually been released from  
14 the original IOU DR program. Today, **11,000** unique households that have signed up with  
15 OhmConnect are unable to fully participate in OhmConnect’s DR program because these  
16 customers have been unable to disenroll from another DR offering.

17 Resolving these conflicts is extremely frustrating for the customers/ratepayers. It is also  
18 resource-intensive for the third-party DRP. OhmConnect’s customer service team spends  
19 thousands of hours helping potential customers navigate the IOU disenrollment process.  
20 Inevitably, many customers become frustrated and disenchanted with DR altogether—a terrible  
21 outcome for all stakeholders and especially California. This issue is particularly worrying given

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<sup>7</sup> PG&E Supplemental Testimony, at pp. 4-5.

1 that these customers have shown an interest in energy engagement, which is a key indicator of  
2 potential consumption reductions, but are actively being discouraged by the cumbersome  
3 disenrollment process.

4 The inability of a customer to easily and effectively switch DR programs is a pervasive  
5 and persistent problem for third-party DRPs. Automatically opting in over a million customers  
6 into an IOU DR program will exponentially exacerbate the delays and confusion that customers  
7 have experienced to date. If disenrollment is difficult with a group of customers that had  
8 proactively enrolled in a DR program, it will be infinitely more cumbersome with those who  
9 have been opted in without their knowledge.

10 While the Commission should reject any opt-out only program, if it were to adopt either  
11 PG&E or CEJA’s proposal in its current form, the program should allow for automatic  
12 disenrollment as soon as (a) the customer authorizes data access to another DRP, or (b) the DRP  
13 moves to add the customer to CAISO’s Demand Response Registration System (“DRRS”).  
14 CEJA’s proposal to require affirmative customer opt-out should be rejected outright. The  
15 Commission should be aware, however, that even an “automatic” disenrollment is unlikely to be  
16 truly automatic. At best, there will likely be a lag of days to weeks for a customer’s data to show  
17 no conflict. The resulting delay will cause confusion and frustration, and very likely lead to  
18 customer attrition from *any* DR program.

**C. Opt-Out Programs Limit the Load Impact Potential of Specific Customer Segments**

19 CEJA’s Supplemental Testimony notes that its proposal aims to create “a simplified  
20 version of the products that ... OhmConnect currently offers in California”.<sup>8</sup> Such a simplified  
21 program is presumably aimed at customers who would otherwise not engage in DR, but might

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<sup>8</sup> CEJA Supplemental Testimony, at p. 2.

1 respond to a limited set of very simple communications and thus create some value for the grid.  
2 However, opting customers into such a program on a large scale is ultimately counterproductive.  
3 While such a pilot may produce *some* small value to the grid, it is likely to lock these customers  
4 into a DR program that produces lower benefits both for the customer and the grid rather than  
5 encouraging customers to enroll in higher-impact, higher-reward DR programs. Specifically, by  
6 automatically enrolling households in a lower-impact behavioral-only DR offering and  
7 maintaining barriers that make it difficult for a customer to choose to enroll in another higher-  
8 impact DR program, especially one with a device-enabled component, the pilot will ensure that  
9 many customers do not adopt devices and realize their full load reduction potential.

10 CEJA’s Supplemental Testimony significantly overestimates the per customer impact of  
11 their proposed pilot with a forecast of 0.5 kW per event. By comparison, PG&E’s Supplemental  
12 Testimony forecasts an impact of 0.035 kW/customer for households enrolled in Option A.  
13 While CEJA does not specify the duration of an event, the math suggests that the impacts are  
14 estimated per hour per customer. The impacts achieved by OhmConnect that are cited in CEJA’s  
15 testimony (0.46-0.66 kW) reflect the hourly average reductions of behavioral *and automated*  
16 *customers* in 2018. It also reflects OhmConnect’s full program offering, which includes more  
17 detailed and persistent messaging, performance-based payments using actual meter data, and  
18 other incentives that gamify the experience. The Commission cannot expect 0.5 kW/customer  
19 impact with a customer base that has been opted into the program and that receives little  
20 incentive to actually reduce load outside of self-verification (and potential spot check).<sup>9</sup> It is  
21 simply not true that “higher compensation rates can significantly increase demand reduction”<sup>10</sup> in  
22 isolation and without other interventions.

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<sup>9</sup> CEJA Supplemental Testimony, pp. 7-8.

<sup>10</sup> CEJA Supplemental Testimony, p. 10.



1           Finally, while both pilots are intended to target low-income and DAC customers, it is not  
2 necessary to opt these households into a behavioral DR program with barriers to switching to an  
3 automatic DR-enabled option. OhmConnect’s program also engages low-income households  
4 and does so with offers—often discounted or free—to connect smart devices. Approximately a  
5 third of OhmConnect’s customers come from low-income households and one in four of these  
6 low-income customers has at least one connected device. Earlier this year, OhmConnect was the  
7 recipient of a California Energy Commission grant designed specifically to engage users in  
8 DACs in flexible demand, including by increasing the penetration of smart devices.<sup>11</sup>

9           Locking these customers into a behavioral DR program will create a poor customer  
10 experience with DR overall that will limit potential energy savings for the grid. Instead, the  
11 Commission should promote and strive to simplify enrollment in higher-impact, higher-reward  
12 DR programs.

**D.     An IOU-Administered Opt-Out Only DR Program Is Anticompetitive and Represents a Step Backwards from the Marketplace for DR Envisioned by the Commission in Prior Decisions**

13           A proposal that would automatically enroll 1.6 million customers into an IOU-  
14 administered DR program is clearly preferential, discriminatory, and ignores the entire concept  
15 of customer choice. The Commission should not authorize preferential treatment of IOU DR  
16 programs nor condone discrimination by the IOUs against third-party competitors. In a similar  
17 competitive situation, the Commission found that community choice aggregators (“CCAs”) must

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<sup>11</sup> See California Energy Commission Transcript of April 14, 2021 Business Meeting, at 147-154, [https://www.energy.ca.gov/sites/default/files/2021-05/CEC%204-14-2021%20Business%20Meeting\\_ADA.pdf](https://www.energy.ca.gov/sites/default/files/2021-05/CEC%204-14-2021%20Business%20Meeting_ADA.pdf) (“This project will expand on OhmConnect’s successful demand response program by cultivating new marketing channels, messaging and incentive strategies for increasing program uptake, and adoption of automated devices by residential users in both disadvantaged and non-disadvantaged communities statewide.”).

1 have an “opportunity to compete on a fair and equal basis with other load serving entities.”<sup>12</sup>  
2 There, the Commission had to establish a code of conduct “to prevent investor-owned electric  
3 utilities from using their position or market power to undermine the development or operation”  
4 of CCAs.<sup>13</sup> OhmConnect and other third-party DRP have consistently highlighted the need for  
5 the Commission to protect against a utility guiding a customer to its programs over a third-party  
6 program. Here, the automatic enrollment of over a million customers in the IOU-administrated  
7 DR pilot programs eliminates the possibility of third-party DR providers competing on a fair and  
8 equal basis.

9 If adopted without revisions, the proposed DR pilots will represent a step backward from  
10 the competitive marketplace for DR envisioned by the Commission in D.16-09-056. At that  
11 time, the Commission directed that “[u]tilities and third-party providers should fairly compete on  
12 a level playing field to vie for customers to enroll in their demand response programs”.<sup>14</sup>  
13 Automatic customer enrollment in an IOU administered DR program is antithetical to the  
14 principle of fair competition and customer choice adopted in that decision. Rather, it is a return  
15 to a paradigm where DR is dominated by incumbent utilities and customers face unnecessary  
16 barriers if they wish to switch to another provider.

**IV. IF APPROVED, THE COMMISSION SHOULD DIRECT THE IOUs TO  
LEVERAGE A PORTION OF THE DEDICATED FUNDS TO EDUCATE  
CUSTOMERS ON ALL AVAILABLE DR OPTIONS**

17 Both PG&E and CEJA’s proposals come at a substantial cost and will likely lead to  
18 limited grid impact as demonstrated above. Rather than opt customers into a behavioral DR  
19 pilot, potentially making it more difficult for these customers to provide automatic DR, the

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<sup>12</sup> See D.12-12-036, at p. 2.

<sup>13</sup> *Id.*

<sup>14</sup> D.16-09-056, at p. 52.

1 Commission should leverage this opportunity to educate customers on all available DR options,  
2 including device-enabled programs operated both by the IOUs and third-party providers.  
3 Specifically, if the Commission adopts either pilot, it should mandate that some of the funding be  
4 used by the IOUs to provide information to customers regarding all available DR options, with  
5 the goal of channeling customers into higher-value and higher-impact programs. Absent such a  
6 component, the pilots will achieve limited impact, especially given the cost, and will yield poor  
7 customer experiences with DR that will harm California.

**V. NEITHER PILOT SHOULD COUNT TOWARD THE MAXIMUM CUMULATIVE CAPACITY (“MCC”) DR BUCKET CAP**

8 The Commission should clarify that neither program, if adopted, will represent a capacity  
9 product and therefore count toward the MCC DR bucket cap. Neither PG&E nor CEJA’s  
10 proposal appears to have a capacity component and both parties indicate that their pilots are not  
11 intended to be market-integrated. Moreover, the pilots will not receive a qualifying capacity  
12 value via the Load Impact Protocols; rather, they will both undergo a post-implementation  
13 evaluation. As such, the pilots should not be included in the set of IOU DR credits that are  
14 allocated to Load Serving Entities for the purposes of Resource Adequacy (“RA”) compliance.  
15 More specifically, no theoretical capacity from these proposed pilots should flow into the MCC  
16 DR Bucket. The Commission should explicitly clarify that neither of these pilots, if adopted,  
17 will have RA value that counts toward the existing 8.3% MCC DR Bucket cap.

**VI. CONCLUSION**

18 The Commission should improve existing programs through customer outreach and  
19 targeted marketing, and reject PG&E’s and CEJA’s proposals to introduce IOU-monopolized DR  
20 pilot programs that will burden ratepayers with significant costs without attendant benefits. This  
21 concludes my testimony.

1 **Exhibit A**

2 **STATEMENT OF QUALIFICATIONS OF MARIA BELENKY**

3 Q1. Please state for the record your name, position, and business address.

4 A1. My name is Maria Belenky. I am the Market Development Manager at OhmConnect and  
5 my business address is 371 3rd Street, 2<sup>nd</sup> Floor, Oakland, California 94607.

6 Q3. Please summarize your professional and educational background.

7 A3. I have been employed by OhmConnect for over three years, where I lead engagement on  
8 resource adequacy and cover other demand response and rate design proceedings before  
9 the Commission. Previously, I was a Director of Research & Policy at Climate Advisers,  
10 where I led efforts to track and measure the impacts of U.S. climate and clean energy  
11 policy on national GHG emissions. I have a BA in Economics and International  
12 Relations from the University of Pennsylvania and an MA in Energy, Resources and the  
13 Environment from John Hopkins University, School of Advanced International Studies.

14 Q4. Have you testified previously before the California Public Utilities Commission?

15 A4. Yes. I am currently serving as a witness for the Joint Advanced Rate Parties (“JAPRP”)  
16 in Applications (“A.”) 19-03-002 (SDG&E’s General Rate Case Phase 2) and A. 19-11-  
17 019 (PG&E’s General Rate Case Phase 2). I previously prepared OhmConnect’s  
18 testimony in Track 2 of Rulemaking (“R.”) 17-09-020, to Oversee the Resource  
19 Adequacy Program for the 2019 and 2020 Compliance Years.

20 Q5. What is the purpose of this testimony?

21 A5. I am testifying in response to PG&E and the CEJA proposed DR pilot programs.  
22 Specifically, I am highlighting several aspects of the proposed pilots that may lock  
23 customers into lower-impact programs and are broadly contrary to the idea of customer  
24 choice and a level playing field between IOU and third-party DR.

25