

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance the Role
of Demand Response in Meeting the State's
Resource Planning Needs and Operational
Requirements.

Rulemaking 13-09-011

CLEAN COALITION'S REPLY COMMENTS ON THE PROPOSED DECISION
APPROVING DEMAND RESPONSE PROGRAM IMPROVEMENTS AND 2015-2016
BRIDGE FUNDING BUDGET

Kenneth Sahm White,
Director of Economic & Policy
Analysis
sahm@clean-coalition.org

Clean Coalition
13 Palm Court
Menlo Park, CA 94025

May 9th, 2014

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. SUMMARY OF REPLY COMMENTS.....	1
III. DISCUSSION	2
A. The Clean Coalition supports PG&E's comments regarding the demonstrated value of Phase II of the Transmission and Distribution Deferral Pilot and its continued funding in 2015-2016.	
B. The Transmission and Distribution Deferral Pilot will also substantially contribute to distribution planning for all utilities, including that required by Assembly Bill 327	
IV. CONCLUSION.....	5

CLEAN COALITION'S REPLY COMMENTS ON THE PROPOSED DECISION
APPROVING DEMAND RESPONSE PROGRAM IMPROVEMENTS AND 2015-2016
BRIDGE FUNDING BUDGET

I. INTRODUCTION

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems that deliver cost-effective renewable energy, strengthen local economies, foster environmental sustainability, and enhance energy security and reliability. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources, such as wholesale distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also designs and implements programs for utilities and state and local governments, including demonstrating that local renewables can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability. The Clean Coalition participates in numerous proceedings in California agencies and before other state and Federal agencies throughout the United States.

II. SUMMARY OF REPLY COMMENTS

- A. The Clean Coalition supports PG&E's comments regarding the demonstrated value of Phase II of the Transmission and Distribution Deferral Pilot and its continued funding in 2015-2016. PG&E's Transmission and Distribution (T&D) Deferral Pilot should continue in 2015-2016 to allow PG&E to complete the second phase of the pilot and develop useful results testing the use of demand-side management programs to improve local grid reliability and defer more costly T&D upgrades.
- B. The Transmission and Distribution Deferral Pilot would also address how demand-side management programs can be included in long-term planning and would substantially inform and contribute to the distribution planning by all utilities, including that required by Assembly Bill 327.

- C. These factors warrant reconsideration of the Proposed Decision's (PD) denial of PG&E's funding request for the T&D Deferral Pilot

III. DISCUSSION

The Clean Coalition agrees with PG&E regarding the value of completing the T&D Pilot and recommends reconsideration of the PD's denial. PG&E's Transmission and Distribution Deferral Pilot Should Continue in 2015-2016.

The Clean Coalition supports PG&E's comments regarding denial of PG&E's request to extend the Transmission & Distribution Deferral Pilot ("T&D Pilot") and complete this integrated Demand Response (DR) and Energy Efficiency (EE) pilot project addressing the application of targeted demand side management programs to also contribute to distribution capacity constraints.

PG&E's T&D Pilot program goals represent a superb example of integrated systems planning and deployment to coordinate developing initiatives and technologies to optimize investment and realize ratepayer savings. The Clean Coalition considers the capabilities and value examined in this forward thinking pilot to reflect much needed evolution in grid planning, operation, and design, and illustrating the progress for which our organization and others have long advocated. This type of effort is essential to realize the benefits of new technologies as the electrical system adapts to changing demands. Furthermore, this type of integrated planning directly supports the recent AB 327 requirements for the development of distribution system planning. In stating our support for this pilot we wish to emphasize that the Clean Coalition does so as a wholly independent party that has no financial or contractual relationship to any of the work proposed by PG&E.

A.

PG&E correctly notes that this proceeding is tasked specifically with identifying mechanisms that the Commission shall develop "such that local and system reliability needs forecasted by resource planners drive the development and procurement of demand response programs".¹

¹ PG&E comments at p.3

Transmission costs have risen greatly in recent years, roughly doubling from 2006 to 2010, and doubling again since then, and are projected to continue escalating at rates exceeding 7% per year.² As reflected in the 2013 Transmission Access Charge (TAC) charges of \$14.92/MWh (1.492¢/kWh) currently applied to every unit of energy delivered to PG&E customers through the transmission system, these costs are already very significant, and the opportunities being explored in this T&D deferral pilot to slow the rate of increase in these costs alone warrants completion of this pilot.

Distributed energy resources currently also faces major barriers associated with transmission and distribution upgrade costs that are triggered as higher penetration levels are achieved. The opportunity for utilities to apply DR to defer the need for these upgrades will allow higher levels of distributed generation and storage to be interconnected at lower cost. SCE forecast \$4 Billion in aggregate transmission and distribution upgrades associated with distributed generation in their own territory between 2012 and 2020, indicating the scope for potential savings to both system owners and ratepayers if forward thinking approaches being explored in the T&D deferral pilot prove effective, while notably also applying the preferred Load Order for energy, capacity, and infrastructure investment.

B.

The TD&D Pilot is likely to be very valuable in evaluating locational benefits of DR and other Distributed Resources and Demand Side Management (DSM) systems. The information and experience gathered though Phase II of this pilot will assist in identifying, integrating and maximizing location specific benefits of DSM per the requirements of Section 769 of the Public Utilities Code.

Section 769 of the Code, as recently adopted under Assembly Bill 327, Section 8, defines Distributed Resources as distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies. The Code further requires³ that:

² <http://www.caiso.com/Documents/BriefingLong-TermForecastTransmissionAccessCharge-Memo-Nov2012.pdf>

³ California Public Utilities Code Section 769 (b)

Not later than July 1, 2015, each electrical corporation shall submit to the commission a distribution resources plan proposal to identify optimal locations for the deployment of distributed resources. Each proposal shall do all of the following:

- (1) Evaluate locational benefits and costs of distributed resources located on the distribution system. This evaluation shall be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provides to the electric grid or costs to ratepayers of the electrical corporation.
- (2) Propose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives.
- (3) Propose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.
- (4) Identify any additional utility spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding net benefits to ratepayers.
- (5) Identify barriers to the deployment of distributed resources, including, but not limited to, safety standards related to technology or operation of the distribution circuit in a manner that ensures reliable service.

We wish to draw the Commission's attention to the fact that Phase II of the T&D Pilot, as described by PG&E in its comments⁴ and prior Advice Letters referenced therein, is directly relevant to, and will contribute substantially to, each of the goals defined for the forthcoming Distribution Resources Plans. While this pilot is being conducted by PG&E within its own service territory, the information and experience developed will be highly applicable for other utilities, and enhance their ability to meet Section 769 requirements.

⁴ PG&E at p.4 & p.5

IV. CONCLUSION

The Clean Coalition believes that PG&E has adequately justified the value of continuing the T&D Pilot and respectfully requests ALJ Hymes to modify the PD to allow extension of PG&E's T&D pilot through the second phase.

Respectfully submitted,

By: /s/ Kenneth Sahm White
KENNETH SAHM WHITE
Clean Coalition
13 Palm Ct
Menlo Park, CA 94025
831 425 5866
sahm@clean-coalition.org

Dated: May 9th, 2014

VERIFICATION

I, Kenneth Sahm White, am authorized to make this verification on behalf. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 9 day of April, 2014 in the City of Santa Cruz, California.

Kenneth Sahm White

A handwritten signature in black ink, appearing to read "Sahm", is written above a horizontal line.