



BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric  
Company (U 39 E) for Approval of its  
Demand Response Programs, Pilots and  
Budgets for Program Years 2023-2027

Application 22-05-002  
(Filed May 2, 2022)

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And Related Matters.

Application 22-05-003  
Application 22-05-004

**OPENING BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT  
COUNCIL**

Dated: August 22, 2022

**Joseph Desmond**  
**Executive Director**  
**California Efficiency + Demand**  
**Management Council**  
849 E. Stanley Blvd #294  
Livermore, CA 94550  
Telephone: (925) 785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)

**Luke Tougas**  
**Consultant for**  
**California Efficiency + Demand**  
**Management Council**  
849 E. Stanley Blvd #294  
Livermore, CA 94550  
Telephone: (510) 326-1931  
E-mail: [l.tougas@cleanenergyregresearch.com](mailto:l.tougas@cleanenergyregresearch.com)

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## SUMMARY OF RECOMMENDATIONS

Rule 13.11 of the Commission's Rules of Practice and Procedure requires that a "summary of the briefing party's recommendations [follow] the table of authorities." In summary, the Council recommends and requests that the Commission do the following:

- Approve Pacific Gas and Electric Company's ("PG&E's") proposed changes to its Capacity Bidding Program ("CBP") as modified in PG&E's Reply Testimony.
- Approve PG&E's request for an additional \$2.279 million in IT system enhancements.
- Approve Southern California Edison Company's ("SCE's") request for Summer Discount Plan ("SDP") funding but only with caveats.
- Adopt San Diego Gas & Electric Company's ("SDG&E's") CBP Pilot as a full program with the requested \$708,000 budget.
- Approve OhmConnect, Inc.'s ("OhmConnect's") proposal to create an on-ramp to market-integrated DR within the Emergency Load Reduction Program ("ELRP").

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Reliable Electric Service in California in the  
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 19, 2020)

**OPENING BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT  
COUNCIL**

California Efficiency + Demand Management Council (“the Council”) respectfully submits this Opening Brief in Application (“A.”) 22-05-002, et al. (Demand Response Programs). Through these Applications, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) seek approval of their DR programs, pilots and budgets. The Council’s Opening Brief is timely filed and served pursuant to the Commission’s Rules of Practice and Procedure (Rule 13.11) and the Assigned Commissioner’s Scoping Memo and Ruling (Scoping Memo), dated July 5, 2022.

**I.  
BACKGROUND**

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.<sup>1</sup> Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council’s mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructure, and environmental improvement.

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<sup>1</sup> Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

## **II. SUMMARY OF THE COUNCIL’S POSITION**

As discussed in more detail below, the Council recommends the Commission should:

- Approve Pacific Gas and Electric Company’s (“PG&E’s”) proposed changes to its Capacity Bidding Program (“CBP”) as modified in PG&E’s Reply Testimony.
- Approve PG&E’s request for an additional \$2.279 million in IT system enhancements.
- Approve Southern California Edison Company’s (“SCE’s”) request for Summer Discount Plan (“SDP”) funding but only with caveats.
- Adopt San Diego Gas & Electric Company’s (“SDG&E’s”) CBP Pilot as a full program with the requested \$708,000 budget.
- Approve OhmConnect, Inc.’s (“OhmConnect’s”) proposal to create an on-ramp to market-integrated DR within the Emergency Load Reduction Program (“ELRP”).

## **III. THE COMMISSION SHOULD APPROVE PG&E’S MODIFIED PROPOSED CHANGES TO ITS CBP**

In Opening Testimony, PG&E proposed several changes to its CBP during the 2023 Bridge Year. Those changes included limiting program hours to the 4 p.m. – 9 p.m. window to match the current resource adequacy (“RA”) window,<sup>2</sup> increasing monthly capacity incentives,<sup>3</sup> and replacing the current pass-through energy payment framework with calculated energy payments and penalties based on the California Independent System Operator (“CAISO”) hourly energy prices.<sup>4</sup> In addition, PG&E proposed to change its CBP to align it with the RA Supply Plan requirements, including making modifications to the nomination window, refinement of the Elect Bid option, and recovery of RA-related market penalties via the DR Expenditure Balancing Account (“DREBA”).<sup>5</sup> However, in its Reply Testimony, PG&E stated that it would “defer

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<sup>2</sup> Pacific Gas and Electric Company 2023 Bridge Funding Prepared Testimony (Exhibit (“Ex.”) PG&E-1), submitted May 2, 2022, at p. 1-10, lines 4-22.

<sup>3</sup> *Id.*, at p. 1-11, line 1 through p. 1-12, line 5.

<sup>4</sup> *Id.*, at p. 1-12, lines 6-21.

<sup>5</sup> Ex. PG&E-1., at p. 1-13, line 28 through p. 1-17, line 28.

consideration of changes to supply plan alignment until Phase II since the Commission concluded in D.22-06-050 that DR will not be required in the supply plans before 2025.”<sup>6</sup>

The Council supports PG&E’s non-supply plan modifications to its CBP and PG&E’s decision to defer consideration of supply plan changes, including modifications to the nomination window, to Phase II of this proceeding. As such, the Council disagrees with Cal Advocates who testified that the Commission should defer consideration of PG&E’s CBP modifications, specifically program window modifications, increased monthly capacity incentives, and pass-through energy payment framework until Phase II of this proceeding.<sup>7</sup>

As to program window modifications, Cal Advocates argued that “it is not clear that 4 p.m. to 9 p.m. is the most appropriate time to operate CBP. In June 2022, the Commission modified the RA hours to 5 p.m. to 10 p.m. in March and April.”<sup>8</sup> In Reply Testimony, the Council rebutted this argument and agreed with PG&E’s assessment that this modification aligns CBP availability with the RA availability assessment hours (“AAH”) and that the CAISO affirmed the AAH of 4 p.m. to 9 p.m. for all months other than March and April where the AAH is 5 p.m. to 10 p.m.<sup>9</sup> As such, because PG&E’s CBP is not offered in March and April, the Council agrees with PG&E that its “proposed program hours would be targeted to align with the RA hours for months in which the program operates and ensure that the program can support grid reliability during times of greatest need.”<sup>10</sup>

Cal Advocates opposes increasing monthly capacity incentives for CBP claiming that PG&E “does not claim or provide analysis showing that this increase would be a prudent or cost-effective expenditure.”<sup>11</sup> However, the Council demonstrated in Reply Testimony that these increases are essential and “still fall far short of the average inflation rate that has prevailed since January 2018[.]”<sup>12</sup> and that “it would be imprudent to expect CBP aggregators and their customers to continue participating in the program while their real (as opposed to nominal)

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<sup>6</sup> Pacific Gas and Electric Company 2023 Bridge Funding Rebuttal Testimony (Ex. PG&E-3), submitted August 3, 2022, at p. 1-7, lines 9-12.

<sup>7</sup> Public Advocates Office Opening Testimony (Ex. Cal Advocates-01), submitted on July 13, 2022, at p. 1-3, line 9 through p. 1-5, line 2.

<sup>8</sup> *Id.*, at p. 1-3, lines 14-16.

<sup>9</sup> Reply Testimony of the California Efficiency + Demand Management Council (Ex. Council-01), submitted on August 3, 2022, at p.

<sup>10</sup> Ex. PG&E-3, at p. 1-7, line 28 through p. 1-8, line 2.

<sup>11</sup> Ex. Cal Advocates-01, at p. 1-4, lines 1-2.

<sup>12</sup> Ex. Council-01, at p. 3.

revenues continue to fall so dramatically.”<sup>13</sup> Again, the Council agrees with PG&E that “[i]n light of the State’s focus on ensuring reliability during the 2023 Bridge Year, PG&E recommends that the Commission approve its proposal to increase CBP incentives without requiring an additional cost effectiveness analysis.”<sup>14</sup>

Lastly, the Council disagrees with Cal Advocates’ testimony that PG&E’s modified pass-through energy payment framework “could expose ratepayers and aggregators to harm[.]”<sup>15</sup> While the Council agrees with Cal Advocates that it is possible that ratepayers and CBP aggregators could be exposed to harm if PG&E’s calculation method is flawed, this could be addressed by PG&E including a true-up mechanism in its proposed Tier 2 Advice Letter.<sup>16</sup> Furthermore, the “primary benefit of this proposal is a shortened timeline for CBP aggregators and their customers to be made whole for their performance which, as PG&E notes in its testimony, can take up to 11 months.”<sup>17</sup> With the direction that PG&E should provide a true-up mechanism, the Council agrees with PG&E that this modification could encourage customer participation and delivery of DR programs.<sup>18</sup>

As such, the Council urges the Commission to implement PG&E’s proposed changes to its CBP, as discussed above.

#### **IV. PG&E’S REQUEST FOR AN ADDITIONAL \$2.279 MILLION IN IT SYSTEM ENHANCEMENTS SHOULD BE APPROVED**

In Opening Testimony, PG&E proposed several updates to its IT system and for a budget of \$2.279 million to implement these enhancements.<sup>19</sup> The Council agrees with PG&E that these proposed IT system enhancements should be approved, particularly that these upgrades are needed regardless of the disposition of the DR Auction Mechanism (“DRAM”).<sup>20</sup> As such, the Commission should reject Cal Advocates’ testimony that these enhancements are not necessary in 2023.<sup>21</sup>

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<sup>13</sup> Ex. Council-01, at pp. 3-4.

<sup>14</sup> Ex. PG&E-3, at p. 1-8, lines 15-18.

<sup>15</sup> Ex. Cal Advocates-01, at p. 1-4, lines 16-18.

<sup>16</sup> Ex. Council-01, at p. 4.

<sup>17</sup> *Id.*

<sup>18</sup> Ex. PG&E-03, at p. 1-9, lines 2-5.

<sup>19</sup> Ex. PG&E-01, at p. 2-16, line 12 through p. 2-17, line 24.

<sup>20</sup> Ex. Council-01, at pp. 4-5.

<sup>21</sup> Ex. Cal Advocates-01, at p. 16, line 3.



**V.**  
**SCE’S REQUEST FOR SDP FUNDING SHOULD ONLY BE APPROVED WITH  
CAVEATS**

SCE requests \$5.14 million in 2023 Bridge Year funding for its SDP program.<sup>22</sup> Cal Advocates testified that this request should be denied because it is inappropriate and it would not be just or reasonable to continuing allocating ratepayer funds for this program.<sup>23</sup> Cal Advocates correctly states that this funding “could result in an additional 60,000 service accounts and up to 48 MWs of incremental load reduction.”<sup>24</sup> While SCE requests this same funding for 2023, it is unclear whether it expects to enroll additional service accounts or achieve another 48 MW of incremental load reductions. In Reply Testimony, SCE clarified that the requested budget will pertain to all supply-side DR programs and that any unspent funds will be returned to ratepayers.<sup>25</sup> In addition, SCE testified that the SDP “program has experienced event-related attrition.”<sup>26</sup> Given this, the Council reiterates its recommendation that if this budget is approved, should SCE fail to enroll another 30,00 new customers and install another 60,000 new load control devices, any unused 2023 budget should be shifted to the Smart Energy Program (“SEP”) for the 2024-2027 period.<sup>27</sup>

**VI.**  
**SDG&E’S RESIDENTIAL CBP PILOT SHOULD BE ADOPTED AS A FULL  
PROGRAM AND THE \$708,000 BUDGET SHOULD BE APPROVED**

The Council agrees with SDG&E’s request of a \$708,000 budget in 2023 for its residential CBP pilot.<sup>28</sup> However, the Council recommends that this pilot be adopted as a full program because it is based on an established concept, and it fills a gap in its current portfolio. As such, the Council agrees with Cal Advocates’ testimony that this pilot “does not test a new concept... and that the experiences of PG&E and SCE could inform SDG&E’s integration of residential customer [sic] into CBP going forward” but the Council disagrees with Cal

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<sup>22</sup> SCE’s 2023 Proposed Demand Response Programs Bridge Funding Request (Ex. SCE), submitted on May 2, 2022, at p. 5, Table III-1.

<sup>23</sup> Ex. Cal Advocates-01, at p. 1-7, line 1 through p. 1-8, line 11.

<sup>24</sup> Ex. Cal Advocates-01, at p. 1-7, lines 17-18.

<sup>25</sup> SCE’s Phase I Reply Testimony (Ex. SCE-06), at p. 2, lines 4-20.

<sup>26</sup> *Id.*, at p. 3, lines 1-2.

<sup>27</sup> Ex. Council-01, at p. 6.

<sup>28</sup> Prepared Direct Testimony of E Bradford Mantz – Chapter 1A on behalf of San Diego Gas & Electric Company (Ex. SDGE-1A), submitted on May 2, 2022, at p. EBM-7, lines 1-6.

Advocates’ testimony that this pilot does not "address a gap in its DR programs..."<sup>29</sup> This program would address a significant gap - the absence of a residential aggregator program - in SDG&E’s DR program portfolio which is not addressed by other SDG&E programs. As such, the Commission should approve SDG&E’s funding request and expand the pilot into a full program.

**VII.  
THE COMMISSION SHOULD APPROVE OHMCONNECT’S PROPOSAL TO  
CREATE AN ON-RAMP TO MARKET-INTEGRATED DR WITHIN THE ELRP**

The Council supports OhmConnect’s proposal to modify the ELRP to create an on-ramp to market-integrated DR programs.<sup>30</sup> OhmConnect proposes that the ELRP “be used to create an on-ramp to economic and more frequently dispatched demand response programs, thereby raising the overall value of the program.”<sup>31</sup> As stated in Reply Testimony, the Council supported this proposal because “it would likely require very little incremental budget to implement and would only result in more residential participation in market-integrated DR.”<sup>32</sup> One modification to OhmConnect’s proposal would be that the IOUs should be directed to make customers aware of the participating DR providers who are eligible to deliver a program.

**VIII.  
CONCLUSION**

The Council respectfully recommends that the Commission adopt the Council’s proposals.

Respectfully submitted,

August 22, 2022

/s/ JOSEPH DESMOND  
JOSEPH DESMOND  
California Efficiency + Demand  
Management Council  
849 E. Stanley Blvd #294  
Livermore, CA 94550  
Telephone: (925) 785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)

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<sup>29</sup> Ex. Cal Advocates-01, at p. 1-10, lines 6-10.

<sup>30</sup> Opening Testimony of Maria Belenky on behalf of OhmConnect, Inc. (Ex. OhmConnect-01), submitted on July 13, 2022, at p. 2, line 1 through p. 6, line 8 and Exhibit A.

<sup>31</sup> Ex. OhmConnect-01, at p. 2, lines 7-9.

<sup>32</sup> Ex. Council-01, at p. 7.