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)
And Related Matters.	Application 22-05-003 Application 22-05-004

REPLY BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL

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California Efficiency + Demand Management Council ("the Council") respectfully submits this Reply 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 Reply 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.
PG&E, SDG&E AND THE PUBLIC ADVOCATES OFFICE MISCHARACTERIZE OHMCONNECT, INC.'S OPEN ENROLLMENT PROPOSAL FOR RESIDENTIAL EMERGENCY LOAD REDUCTION PROGRAM

PG&E, SDG&E, and the Public Advocates Office ("Cal Advocates") oppose OhmConnect's Emergency Load Reduction Program ("ELRP") open enrollment proposal on the grounds that it would specifically benefit third-party DR providers ("DRPs"). PG&E argues that OhmConnect's proposal "would divert ratepayer funding to marketing of non-utility DRP programs and should be denied."[1] Similarly, SDG&E contends that if it adopted OhmConnect's proposal SDG&E's "costs would rise and be passed to its ratepayers, raising the total cost of the pilot. The DRPs must consider their own costs to participate in the ELRP, any marginal profits a as business, and whether or not it is advantageous for them to continue."[2] These

[1] PG&E Opening Brief, at p. 24.
[2] SDG&E Opening Brief, at p. 6.

characterizations of OhmConnect's proposal are inaccurate. In reality, OhmConnect's proposal clearly targets all market-integrated DR, not only third-party DR, and would have broad-based benefits.[3] As OhmConnect states in its Opening Brief, co-marketing economic DR programs as part of the ELRP "is highly complementary and represents an opportunity to derive additional value from the ratepayer funding approved for the program."[4] This statement is accurate regardless of whether an IOU or DRP provides the economic DR program. The Council also agrees with OhmConnect that "this proposal be adopted in Phase 1 of this proceeding so that the on-ramp can be in place ahead of the summer 2023."[5] As such, the Council reiterates its recommendation that the Commission adopt OhmConnect's open enrollment ELRP proposal.

II.
FLEX ALERT SHOULD BE THE TRIGGER FOR ALL RESIDENTIAL ELRP PARTICIPANTS

In its Opening Brief, OhmConnect updated its original proposal to revise the trigger for residential ELRP Group B.1 participants to include Flex Alerts.[6] In response to SCE and SDG&E rebuttal testimony, OhmConnect now proposes to adopt a Flex Alert trigger for all residential ELRP participants, regardless of the sub-group within which they participate. The Council strongly supports OhmConnect's revised proposal because it simplifies implementation of the new trigger by applying it consistently across all residential ELRP participants, eliminating any potential confusion. Furthermore, the Flex Alert brand is well-established and its use as a trigger for a DR program with such broad-based residential participation would likely further reinforce customer association of Flex Alerts with load curtailment.

III.
PG&E HAS CLEARLY EXPLAINED WHY 4:00 P.M. TO 9:00 P.M. IS THE MOST APPROPRIATE TIME TO OPERATE ITS CAPACITY BIDDING PROGRAM

The Council agrees with PG&E that revising the Capacity Bidding Program ("CBP") hours to the 4:00 p.m. to 9:00 p.m. window "would align with the current operative window for

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[3] PG&E Opening Brief, at pp. 24-26; SDG&E Opening Brief, at pp. 5-7; and Cal Advocates Opening Brief, at pp. 12-13.
[4] OhmConnect Opening Brief, at p. 4.
[5] Id., at p. 5.
[6] Id., at pp. 6-9.

[resource adequacy ("RA")], which, in turn, will result in improved targeted utilization of the capacity within the CBP to deliver firm and targeted DR for times of greatest grid need."[7] As such, the Council again disagrees with Cal Advocates who argues that "PG&E fails to explain why 4 p.m. to 9 p.m. is the most appropriate time to operate CBP."[8] Contrary to that assertion, PG&E's testimony clearly demonstrates that the purpose of this proposal is to align CBP availability with the RA availability assessment hours ("AAH").[9] The Council urges the Commission to adopt PG&E's proposed CBP window modifications.

IV.
PG&E'S PROPOSED CBP INCENTIVE INCREASES SHOULD BE ADOPTED

Cal Advocates also incorrectly targets PG&E's proposal to increase CBP incentives and claims that PG&E "has not shown that the cost increase will result in commensurate ratepayer benefits."[10] However, increases in CBP incentives should be adopted because they are needed to attract more CBP capacity. As PG&E states, "[s]trengthening the value for CBP to aggregators and the customers is essential for attracting more megawatts into the program, without which PG&E would not achieve its DR portfolio goals."[11] Therefore, the commensurate ratepayer benefits come in the form of the additional CBP capacity the higher incentives would attract. The Commission should reject this argument from Cal Advocates and adopt PG&E's proposal.

V.
PG&E'S PROPOSAL FOR INCREASED IT FUNDING SHOULD BE APPROVED

The Council again disagrees with Cal Advocates regarding increased funding for PG&E's IT system enhancements. Cal Advocates' Opening Brief essentially ignores every piece of evidence presented by PG&E and the Council as to why this increased funding is necessary. Instead, Cal Advocates urges the Commission to hold a workshop and then determine whether the increased funding is necessary.[12] In part, Cal Advocates argues that this decision should be

[7] PG&E Opening Brief, at p. 15.
[8] Cal Advocates Opening Brief, at p. 4.
[9] Pacific Gas and Electric Company 2023 Bridge Funding Prepared Testimony (Exhibit ("Ex.") PG&E-1), submitted on May 2, 2022, at p. 1-10, lines 9-12.
[10] Cal Advocates Opening Brief, at p. 5.
[11] PG&E Opening Brief, at p. 16.
[12] Cal Advocates Opening Brief, at p. 7.

made after a determination about further DR Auction Mechanism ("DRAM") pilot auctions are held. As the Council pointed out in Reply Testimony, PG&E has demonstrated that there are "compelling factors exogenous to the future of DRAM that, if ignored, could cause PG&E to reach its maximum effective capabilities before it can implement its proposed IT system enhancements, even if they are approved in Phase 2 of this proceeding."[13] The Commission should adopt PG&E's proposed IT system enhancements in this phase of the proceeding regardless of the Commission's decision on DRAM.

VI.
THE COUNCIL DISAGREES WITH CAL ADVOCATES' ARGUMENT REGARDING THE BUDGET FOR SDG&E'S RESIDENTIAL CBP PILOT

Cal Advocates again argues that granting SDG&E's proposed budget for its residential CBP pilot would double its cost without providing new benefits.[14] Cal Advocates continues to misunderstand that SDG&E is not asking to double its 2023 residential CBP pilot budget, only to extend it into 2023 with the same budget that was approved by the Commission in 2022. Furthermore, SDG&E's Opening Brief demonstrates the many reasons why SDG&E's request for $708,000 in 2023 funding for its Residential CBP should be adopted.[15] For example, SDG&E "still needs to collect additional data before making its final evaluation on whether to convert the pilot into a program" and that SDG&E needs to collect additional data unique to its own service territory and customer base.[16]

VII.
SMALL BUSINESS UTILITY ADVOCATES' COST-EFFECTIVENESS PROPOSALS ARE OUTSIDE THE SCOPE OF THIS PROCEEDING

Small Business Utility Advocates ("SBUA") sets forth several bridge funding cost-effectiveness proposals, such as utilizing the Societal Cost Test ("SCT") primarily, with the Program Administrator Cost ("PAC") test as a supplemental test.[17] The Council agrees with

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[13] Reply Testimony of the California Efficiency + Demand Management Council (Ex. Council-01), submitted on August 3, 2022, at p. 5.
[14] Cal Advocates Opening Brief, at p. 11.
[15] SDG&E Opening Brief, at p. 4.
[16] *Id.*, at pp. 4-5.
[17] SBUA Opening Brief, at p. 3.

PG&E and SDG&E that these matters are outside of Phase 1 of this proceeding.[18] SDG&E correctly states that "issues regarding which tests to conduct, what emphasis or priority one test should have over another, etc. are issues that are best suited for resolution in a separate venue."[19]

VIII.
CONCLUSION

The Council respectfully recommends that the Commission adopt the Council's proposals contained herein and the Council's Reply Brief.

Respectfully submitted,

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[18] PG&E Opening Brief, at p. 26 and SDG&E Opening Brief, at p. 9.
[19] SDG&E Opening Brief, at p. 9.