January 9, 2025

Via E-Mail (EDTariffUnit@cpuc.ca.gov)
California Public Utilities Commission
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

RE: Advice Letter (AL) 7458-E (Pacific Gas & Electric Company)
Update to the Capacity Bidding Program to Enable Participation by Customers Required to Join a Demand Response Program
PROTEST OF CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL

Dear Energy Division Tariff Unit:

On December 20, 2024, Pacific Gas and Electric Company ("PG&E") submitted Advice Letter ("AL") 7458-E to update its Capacity Bidding Program ("CBP") by creating the Direct Enrollment Option to enable participation by customers required to join a demand response ("DR") program pursuant to Decision ("D.") 24-03-071. In the AL, PG&E updates the CBP to permit direct enrollment by residential customers in the following circumstances: (a) Customers are required to participate in a DR program as a condition of receiving incentives or rebates, and (b) Customers cannot find an Aggregator to support their participation in a DR program.[1]

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.[2] Our member companies employ many thousands of Californians throughout the state. They include energy efficiency ("EE"), DR, and distributed energy resources ("DER") service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts,

[1] AL 7458-E (PG&E), at p. 1.
[2] 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.

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.

GROUNDS FOR PROTEST

General Order 96-B, Section 7.4.2 sets forth several grounds to protest an AL. The Council protests this AL because it would violate Commission Decision ("D.") 24-03-071 which is the Decision Implementing Assembly Bill 209 and Improving Self-Generation Incentive Program Equity Outcomes issued in Rulemaking ("R.") 20-05-012 (Self-Generation Incentive Program ("SGIP")) on March 22, 2024. In addition, the relief requested in the AL is unjust, unreasonable or discriminatory pursuant to GO 96-B, Section 7.4.2.

Ordering Paragraph 21 of D.24-03-071 directs that SGIP Administrators (PAs) must ensure that incentive applicants are required to enroll in a qualifying DR program as defined in Appendix E of the decision. The decision also allows SGIP PAs to expand the list of qualifying DR programs stating,

> As PAs and participants become more familiar with the newly adopted DR requirement, the PAs may propose, via a Tier 2 Advice Letter, to update the list of qualified demand response programs as new offerings are established or as programs change over time. In short, SGIP approved qualified DR programs must provide verifiable load drop using the storage device support by the SGIP incentive.[3]

PG&E's Advice Letter is a clear indication that the approved list of qualifying DR programs is inadequate to ensure that all residential SGIP participants have a DR program option to satisfy the DR participation requirement. As PG&E states in the Advice Letter, its proposal is intended to "create a viable pathway for SGIP customers to meet the DR participation mandated in D.24-03-071."[4]

AL 7458-E DOES NOT COMPLY WITH D.24-03-071

The Council understands that PG&E's proposal is intended to ensure that all residential SGIP participants in its service area can meet their DR participation requirement. However, PG&E's approach appears to overlook several potential unintended consequences.

The two circumstances under which residential customers would qualify for the CBP Direct Enrollment Option are: 1) the customer is required to participate in a DR program as a condition to receive incentive or rebates, and 2) when the customer

[3] D.24-03-071, at p. 74.
[4] AL 7458-E (PG&E), at p. 1.

cannot find an alternative aggregator to support its participation in a DR program.[5] This second circumstance is highly ambiguous because PG&E does not address how it would determine whether a customer cannot find an aggregator, nor does it address what steps it will take if an aggregator becomes available to a customer that has directly enrolled in the future. The Council presumes that PG&E is tracking the DR participation status of new SGIP participants since the DR participation requirement approved in D.24-03-071 went into effect. However, because a residential SGIP participant is not enrolled in a DR program does not mean this is because there is no available DR program in which to participate. For example, in a Community Choice Aggregator ("CCA") service area where PG&E's SmartRate program is unavailable, one explanation could be that the customer simply has not found a DR aggregator with which to enroll in the CBP. Even if, as the AL states, there are currently no DR aggregators participating in Residential CBP, this could change at any time. Should this occur, it is unclear whether PG&E would then direct any enrolled or unenrolled residential SGIP participants to that/those DR aggregator(s). While PG&E provides the assurance that it "does not intend to compete with the broader Aggregator market and this proposal has a limitation to safeguard the aggregator market", should DR aggregators join Residential CBP, those customers that have already been directly enrolled will remain with PG&E, thereby making it a competitor with its own aggregators.[6] As such, the CBP aggregators would be competing against PG&E to win them back.

RELIEF REQUESTED AND RESERVATION OF RIGHTS

In an effort to ensure all residential SGIP participants in its service area are able to satisfy their DR participation requirement, PG&E has been placed in a position where it could potentially compete directly with its CBP aggregators. This would be costly and counterproductive, so the Commission should provide an option that will avoid such an outcome. The goal should be to provide customers with a range of residential DR providers to choose from. Though there are none currently participating in the CBP, there are several that participate in the Resource Adequacy ("RA") market, and customers from any CCA located in PG&E's service area can participate in DR RA contracts.

The most simple and effective solution would be for PG&E to submit a supplemental advice letter, making any supply-side DR program or contract that provides RA capacity eligible to satisfy SGIP participants' DR participation requirement. This would avoid the need to allocate ratepayer funding for the Operator vendor and avoid creating conflicts between PG&E and its CBP aggregators. Upon approval of the supplemental AL, PG&E can provide stranded residential SGIP participants with a list of residential DR providers that have received a Net Qualifying Capacity value for their DR portfolio to choose from.

[5] CBP Tariff, Sheet 1.
[6] AL 7458-E (PG&E), at p. 4.

CONTACT INFORMATION

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CONCLUSION

The Council respectfully requests that the Commission implement the changes outlined above.

Respectfully submitted,

January 9, 2025

/s/ Joe Desmond

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cc: Courtesy Electronic Service to Service List in A.22-05-002, et al. (Demand Response Programs) and R.20-05-012 (SGIP)