

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U 39-E) for Approval of Demand Response Programs, Pilots and Budgets for 2012-2014.	Application 11-03-001 (Filed March 1, 2011)
Application of San Diego Gas & Electric Company (U902M) for Approval of Demand Response Programs and Budgets for Years 2012-2014.	Application 11-03-002 (Filed March 1, 2011)
Application of Southern California Edison Company (U338E) for Approval of Demand Response Programs, Activities and Budgets for 2012-2014.	Application 11-03-003 (Filed March 1, 2011)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO
ALTERNATE PROPOSED DECISION ADOPTING DEMAND RESPONSE
ACTIVITIES AND BUDGETS FOR 2012 THROUGH 2014**

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April 16, 2012

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The California Energy Storage Alliance (“CESA”)¹ hereby submits these reply comments to the Alternate Proposed Decision of Commissioner Mark J. Ferron Adopting Demand Response Activities and Budgets for 2012 through 2014 filed on March 20, 2012 (“Alternate”).

I. INTRODUCTION.

CESA urges the Commission to reject recommendations by parties that the “Alternate appropriately reduces the Permanent Load Shifting budgets from those in the PD.”² However, CESA strongly maintains its concurrence with the Alternate’s discussion of the “PLS” budget – “We agree with CESA, CALMAC, and ICE that the utility proposed budget levels of \$32 million

¹ The California Energy Storage Alliance consists of 4R Energy, A123 Systems, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Debenham Energy, Deeya Energy, East Penn Manufacturing Co., Inc., EnerVault, Fluidic Energy, Greensmith Energy Management Systems, HDR Engineering, Inc., Ice Energy, LG Chem, LightSail Energy, Inc., Powergetics, Primus Power, Prudent Energy, RedFlow Technologies Ltd., RES Americas, Saft America, Inc., Samsung SDI, SANYO Energy Corporation, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, SunEdison, SunVerge, TAS Energy, and Xtreme Power. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. <http://www.storagealliance.org>.

² CLECA Opening Comments, p. 2, and see PG&E comments, p. 12.

combined are not consistent with previous Commission guidance on expanding the use of PLS resources.”³ Instead, CESA strongly recommends that the final approved PLS budget matches the Commission’s stated views by adopting a PLS budget *at least* the level proposed in the Proposed Decision (\$50 million).

II. THE COMMISSION SHOULD INCREASE THE BUDGET PROPOSED FOR PERMANENT LOAD SHIFTING IN THE ALTERNATE.

PG&E states that the Alternate “establishes a more appropriate budget than is included in the PD,”⁴ a view CLECA shares.⁵ CESA disagrees. CESA concurs with the view of CALMAC that the Commission should “substantially increase the budgeted amount of funding for permanent load shifting” so that the PLS program can be sufficiently funded to “achieve the desired results...[of] a substantial movement of electrical demand from peak times to off-peak times.”⁶ The Decision should adopt a PLS budget that is a significant increase in the current (2009-2011) levels to assure end users, IOUs and PLS vendors and developers that the Commission continues to support the PLS program, and is continuing to support robust and achievable growth in this new program – just when it is most needed in California. Accordingly, the Alternate said, quite appropriately, “We agree with CESA, CALMAC, and ICE that the utility proposed budget levels of \$32 million combined are not consistent with previous Commission guidance on expanding the use of PLS resources.”⁷

CESA strongly recommends that, contrary to PG&E’s and CLECA’s recommendations, the final decision approve a PLS budget that *supports* the Commission’s above-reiterated views by adopting a PLS budget *at least* the level proposed in the Proposed Decision⁸ (\$50 million) rather than that proposed by the IOUs and the Alternate (\$32 million).

III. THE COMMISSION SHOULD REJECT CERTAIN SPECIFIC RECOMMENDATIONS BY PARTIES THAT ARE COUNTERPRODUCTIVE.

CESA specifically and very briefly replies as follows to a few of the most unhelpful comments of other parties:

³ Alternate, p. 148.

⁴ PG&E Opening Comments, p. 12.

⁵ CLECA Opening Comments, p. 2.

⁶ CALMAC Opening Comments, p. 2.

⁷ Alternate, p. 148.

⁸ *Proposed Decision Adopting Demand Response Activities and Budgets for 2012 through 2014*, issued October 28, 2011, p. 9, “We direct each utility to increase its budget for PLS, \$25 million for PG&E, \$20 million for SCE, and \$5 million for SDG&E), leading to an increased combined budget of \$50 million.”

- A. PG&E’s recommendation⁹ that “if the incentives are not approved in the final decision, the APD should be clarified to indicate that the PLS program is only possibly cost effective and that the incentive levels and program cost effectiveness will be determined in the subsequent advice letters”, and related redlining recommendation,¹⁰ should be rejected. The Alternate provides more than enough direction and clarification in this regard, and adding the suggested extra steps of “subsequent advice letters” would cause unnecessarily delays and consume parties’ resources needlessly.
- B. SCE’s recommendation on the need to add a new Ordering Paragraph on revising the cost-effectiveness analysis¹¹ should be rejected because it is inconsistent with the discussion, findings and conclusions elsewhere in the Alternate.
- C. SDG&E’s recommendation regarding standardizing the PLS program to “include a subsequent issuance of proposed rules and structure through a Rulemaking process”¹² should be rejected. CESA believes that a “Rulemaking process” is not necessary for this straightforward and not-difficult goal, and would only lead to delay and needless effort.

IV. CONCLUSION.

CESA thanks the Commission for this opportunity to reply to the Opening Comments filed by the parties, and looks forward to working with the Commission and stakeholders going forward.

Respectfully submitted,



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⁹ PG&E Opening Comments, p. 12.

¹⁰ PG&E Opening Comments redlining Ordering Paragraph 55, p. A-3.

¹¹ SCE Opening Comments, p. A-5.

¹² SDG&E Opening Comments, p. 12.