

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of: 2008 Rulemaking on
Load Management Standards
Implementation of Public Resources
Code Section 25403.5

Docket No. 08-DR-01

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DATE <small>MAR 14 2008</small>
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**POST-WORKSHOP COMMENTS OF
THE DIVISION OF RATEPAYER ADVOCATES**

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I. BACKGROUND

On January 2, 2008, the California Energy Commission (CEC) approved an Order Instituting Informational and Rulemaking Proceeding on demand response equipment, rates, and protocols. On March 3, 2008, the CEC held a public workshop to receive input from interested parties regarding the scope of the proceeding. The invited presenters included representatives of the California Independent System Operator, Inc., Investor Owned Utilities (IOU), the Energy Division of the California Public Utilities Commission (CPUC), and demand response aggregators, among others. The Division of Ratepayer Advocates (DRA) provided oral comments regarding the inclusion of ratemaking issues within the proceeding's scope. DRA hereby submits its post-workshop comments, which will be limited to the ratemaking aspect of the proceeding.

II. DRA'S COMMENTS

DRA applauds the joint efforts of the CPUC and the CEC to achieve cost-effective and reliable demand response in California through the adoption of load management standards. California Public Resources Code Section 25403.5 in fact envisions the coordination of efforts between the two agencies in this respect. DRA also understands that there is an interest in adopting such standards in as short a timeframe as possible, and, as stated at the workshop, recommends that ratemaking issues be removed from this

proceeding in the interests of efficiency and the best use of available resources. The California Large Energy Consumers Association (CLECA), the Utility Reform Network (TURN) and DRA all provided comments at the workshop to this effect.

First, when considering the scope of this proceeding, the CEC should consider the language of Public Resources Code Section 25403.5 (a)(1), which states, (after granting the CEC the authority to adopt load management standards), that: “[c]ompliance with those adjustments in rate structure shall be subject to the approval of the Public Utilities Commission in a proceeding to change rates of service.” DRA does not believe that a debate on this issue is necessary in this proceeding, since an easier, more efficient use of resources and division of labor between the two Commissions would render such a debate moot. DRA respectfully agrees with Commissioner Arthur Rosenfeld’s final statement at the workshop, which could be paraphrased as “let the CEC do what it does best, and let the CPUC do what it does best.” What the CPUC does best in this respect is ratemaking, and therefore, in the interests of helping both Commissions reach their common goals in the most efficient and productive manner, in the shortest period of time, DRA recommends that ratemaking issues be left to those CPUC proceedings where they inevitably take place, and include in the instant proceeding the other, more technologically oriented issues.

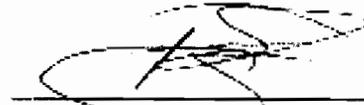
Second, DRA emphasizes that the intricate, and often highly disputed nature of rate design is best addressed in the regulatory process that occurs in the CPUC general rate cases (GRCs). The process of revenue requirement allocation and rate design involves analyses of customer load profiles, bill impacts, and other considerations, that are subject to extensive discovery and an evidentiary process that is not anticipated in the instant proceeding. Current proceedings at the CPUC where dynamic pricing implementation is being examined include the Pacific Gas and Electric Company’s GRC Phase III on dynamic pricing policy and San Diego Gas & Electric Company’s and Southern California Edison Company’s GRC Phase II proceedings to update marginal costs, allocate revenues, and rate design. Given that there are concurrent CPUC proceedings to examine IOUs’ retail pricing, it would be a duplication of effort to include

the topic of electricity rate design within the scope of the CEC Load Management OII/OIR proceeding.

III. CONCLUSION

DRA appreciates the CEC's proactive efforts to facilitate the development of the state's demand response resources. To avoid the unnecessary and costly duplication of efforts, however, DRA recommends that any ratemaking issues previously envisioned by the CEC as forming part of this proceeding, be excluded from its scope.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document "POST WORKSHOP COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES" in Docket No. 08-DR-01 by using the following service:

E-Mail Service: sending the entire document as an attachment to the California Energy Commission.

U.S. Mail Service: mailing by first-class mail with postage prepaid to the California Energy Commission.

Executed in San Francisco, California, on the 14th day of March, 2008.


Rebecca Rojo

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