

**CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL'S COMMENTS ON
CAISO'S DEMAND RESPONSE AND ENERGY EFFICIENCY ROADMAP
July 12, 2013**

OVERVIEW

The California Energy Efficiency Industry Council (Efficiency Council) appreciates this opportunity to provide comments on the California Independent System Operator's (CAISO) *Demand Response and Energy Efficiency Roadmap*. The Efficiency Council commends the CAISO's efforts to present strategies and approaches aimed at increasing energy efficiency and demand response resources in California.

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency and demand response services and products in California. Our member businesses employ many thousands of Californians throughout the state. They include implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of energy efficiency and demand response products and equipment. The Efficiency Council's mission is to support appropriate energy efficiency and demand response policies, programs, and technologies that create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

DISCUSSION

The Efficiency Council aligns with many of CAISO's stated goals and objectives outlined in the Roadmap aimed at supporting an increase in the investments in demand response and energy efficiency resources in order for California to meet its long term goals related to greenhouse gas emission reduction, energy efficiency, and to support the State's needed transition to a cleaner power sector to meet the 33% RPS requirements. While the Roadmap lays out a variety of approaches, including alignment with existing efforts and strategies for new initiatives aimed at achieving these goals, the Efficiency Council would like to focus our comments on the following approaches that we feel will have the largest potential impact.

1. Get the Price Signal to the Consumer

As noted in the Load Reshaping Path, aligning retail price signals with grid conditions is a fundamental basic requirement for engaging the end-users in understanding the value and costs of energy and increasing demand for DR and EE. This can be done by providing energy end-users with price signals, incentives and the ability to adjust consumption based on system needs. Therefore we strongly encourage CAISO, and the CPUC, to support retail rate structures that reflect time-varying electricity costs, such as TOU and CPP rates as well as smart grid automation (including incenting adoption of DR enabling technologies).

2. Increase Collaboration between State Agencies

The Efficiency Council strongly supports CAISO's suggestion for increased coordination and collaboration between the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), and CAISO in their forecasting, planning and procurement processes. We agree that through increased collaboration, each of these state agencies is able to leverage resources and avoid duplication of efforts. Also, this coordination helps to avoid potential confusion in the marketplace that can occur with varying program requirements and regulations for energy efficiency and demand response. Specifically, the Efficiency Council supports the alignment of timelines and inclusion of strategies within the various proceedings and processes that deal with energy efficiency and demand response at the CPUC (Long Term Procurement Plan, Resource Adequacy, Demand Response and Energy Efficiency portfolio proceedings) and the CEC (IEPR). The table at the end of the Roadmap is very helpful in this regard. We also agree with CAISO that in order for this collaboration to work, the state agencies must come to an agreement on performance verification methodologies. Having an inter-agency agreement on methodologies and the results they produce will facilitate industry alignment with these methodologies and support market participation and growth.

3. Expand Energy Efficiency and Demand Response Programs

The Roadmap lays out a variety of approaches that support the advancement and expansion of various energy efficiency and demand response programs in California. The Efficiency Council supports many of these initiatives as ways to further the inclusion of energy efficiency and demand response resources in forecasting and future resource planning. This includes an increase in geographically targeted energy efficiency programs in order to help reshape the load profile in certain areas. Strategies such as this must be included in the efforts to offset the impacts of the recent closure of the San Onofre Generating Station (SONGS) in Southern California. We also support incentivizing customer adoption of smart grid and demand response-enabling technologies, as well as the continuation of voluntary energy conservation efforts (i.e. Flex Alert), which will allow for increased participation from consumers and businesses in available programs. The Efficiency Council recognizes that in order for these strategies to be successful there must be inter-agency agreement on methods to accurately account for the impacts of energy efficiency and demand response programs in future resource planning. This can only be accomplished through the approaches outlined in the previous section.

4. Establish Evaluation, Measurement & Verification (EM&V) Mechanisms

The Efficiency Council strongly supports the creation of a definitive cross-agency monitoring and EM&V mechanism in order to assess the progress and effectiveness of the implementation of these key strategies as well as inform future design, planning and program implementation for energy efficiency and demand response resources. We agree that leveraging established infrastructure and existing efforts, such as utilizing the Demand Analysis Working Group (DAWG) and the Demand Response Measurement and Evaluation Committee (DRMEC), could be an effective way to monitor progress. We would also encourage CAISO to continue to have a collaborative stakeholder engagement process in order to further refine key approaches in the Roadmap and better inform the process moving forward.

CONCLUSION

The Efficiency Council looks forward to continuing to engage with CAISO and other key stakeholders on the further development of the Roadmap and the implementation of the identified strategies in order to help support efforts to achieve the state's goals for energy efficiency and demand response resources.

For further information or to discuss these comments, please contact Margie Gardner, Executive Director, at mgardner@efficiencycouncil.org or at 503-810-1155.