

**ENERNOC, INC. COMMENTS ON THE CEC's
DRAFT 2014 INTEGRATED ENERGY POLICY REPORT UPDATE SCOPING ORDER
Docket 14-IEP-1**

EnerNOC, Inc. ("EnerNOC") is pleased to provide comments on the California Energy Commission's (CEC's) *Draft 2014 Integrated Energy Policy Report Update Scoping Order* (Scoping Order). EnerNOC will be participating in the AB 758 implementation efforts, but our comments today focus on the "Electricity Update" section of the Scoping Order.

Electricity Update

EnerNOC is encouraged that the Scoping Order includes an effort to "improve the process alignment of the state's energy planning efforts"¹ and a commitment to update the Demand Forecast. However, it is not clear that the updated forecasts will be sufficient if they solely address economic and demographic projections and add another year of historical data.² EnerNOC is very concerned that the planning assumptions and scenarios being used by the California Public Utility Commission (CPUC), the CEC, and the California Independent System Operator's (CAISO) do not adequately represent the demand potential. For example, they fail to incorporate any growth over current levels of demand response and do not include modifications to the load forecast to reflect increasing customer exposure to time-variant rates.

The CPUC has made very strong declarations about its desire to increase preferred resource penetration that do not appear to be reflected in the CEC's load forecast or the CAISO's Transmission Planning Process (TPP). For example, in the Track 1 (Local Reliability) Decision of the 2012 Long Term Procurement Proceeding (LTPP) (R.12-03-014), the CPUC provided explicit direction to Southern California Edison Company (SCE) regarding the amount and type of procurement they were authorized to pursue, with as much as 800 MW of the maximum 1,800 MW procurement authorization to come from preferred resources.³ SCE has, subsequently, conducted an RFO for 400 MW of preferred resources and, in addition, has solicited preferred resources for two specific sub-stations. Further, the Proposed Decision in

¹ *Draft 2014 Integrated Energy Policy Report Update Scoping Order*, at p. 3.

² *Id.*

³ D.13-02-015, at pp. 10-11.

Track 4 of the same proceeding, identifies an incremental need of between 1,000 and 1,400 MW in the San Onofre Nuclear Generation Station (SONGS) Study Area, encompassing San Diego Gas & Electric's (SDG&E's) Service Territory and the LA Basin of SCE's Service Territory, and directs SCE and SDG&E to procure up to 600 MW from preferred resources.

This direction on preferred resource procurement has been confirmed in the CPUC's new Demand Response Rulemaking, with the stated goal to "increase the penetration of demand response programs,"⁴ as well as the CEC's 2013 Integrated Energy Policy Report (IEPR), which recommends "taking full advantage of the contribution of low-carbon renewable generation."⁵ All of this was captured in the Preliminary Reliability Plan for LA Basin and San Diego, prepared by Staff of the CPUC, CEC, and CAISO on August 30, 2013, in relation to the permanent retirement of SONGS, which identifies its first key action to be development of 3,250 MW of preferred resources to meet 50 percent of the identified resource needs resulting from the SONGS closure.⁶

Demand response is one of the preferred resources being promoted in the state's policy context; however, it is being virtually ignored for planning purposes. This apparent lack of coordination among the agencies and their staffs conducting the studies is leading to an untenable situation. Parties, including EnerNOC, have to devote significant time and resources to continually advocate for the inclusion of preferred resources into planning scenarios, when they should be included automatically, consistent with state policy.

As part of the 2014 IEPR Update, EnerNOC strongly encourages the use of scenario analysis for supply-side and for non-dispatchable demand response in the load forecast. It is unreasonable to continue to rely on a forecast that assumes *no* growth in supply-side demand response over the planning period. It is also unreasonable to fail to consider demand resources for local capacity. Several supply-side demand response resources, including Aggregator-Managed Contracts, the Capacity Bidding Program, the Demand Bidding Program, and the Base Interruptible Program, are dispatchable by either local capacity area or sub-load aggregation point and some are dispatchable in 30 minutes. Of the 2000 MW of demand response in

⁴ R.13.09-011, Order Instituting Rulemaking (September 25, 2013), at p. 15.

⁵ CEC 2013 IEPR, at p. 40

⁶ Preliminary Reliability Plan, at p. 2.

California, less than 200 MW is assumed, by the CAISO, to be in the LA Basin in the LTPP, but not for CAISO's own TPP.⁷ Recognition of DR resources, in the CEC's IEPR Forecast is necessary in order for the CAISO to incorporate DR into its planning process, at least as a load-modifier. If the assumptions used to forecast demand and supply resources is not harmonious among the joint agencies and consistent with the Energy Action Plan energy policies, planning for system and local resource needs and resource acquisition will be disconnected from these policies. That disconnection devalues demand response.

In addition to including supply-side and non-dispatchable demand response in either the load forecasts or as available supply resources, energy efficiency savings may need to be revised as part of the 2014 IEPR Update. In the March 3, 2014 Assigned Commissioner's Ruling Amending Scoping Memorandum, and Providing Guidance on Energy Savings Goals for Program Year 2015⁸, President Peevey referenced recent commitments from the CEC, CAISO, CPUC and Senators Padilla and Fuller regarding how "to appropriately and consistently consider energy efficiency savings in energy forecasting, electricity procurement planning, and transmission planning"⁹ Each entity committed to "align the key milestones of the demand forecasting process, including projections for energy efficiency, with agencies' planning and policy deliberations."¹⁰ The specific forecasts and purposes identified by the joint entities included:

- Actions by the CPUC in its efficiency potential and goals studies which guide program and funding decisions for investor-owned utilities;
- Actions by the CPUC and CAISO regarding electricity procurement and transmission planning;
- Actions by the CPUC and CEC in recommended portfolios used in the CAISO's transmission planning process.¹¹

⁷ 2012-2013 LTPP Track 1 Decision.

⁸ R.13-11-005, Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.

⁹ Id, at p. 5.

¹⁰ Id.

¹¹ Id, at footnote 5.

Thank you for your consideration of our comments.

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