

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



October 19, 2012

Advice Letter 4108-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: Compliance Advice Filing Pursuant to D.12-04-045
Addressing Whether There is a Need to Change the
Current Baseline and Proposing a Baseline Comparison
Study for the Following Year**

Dear Mr. Cherry:

Advice Letter 4108-E is effective October 10, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

September 10, 2012

ADVICE 2779-E
(Southern California Edison Company ID U 338-E)

ADVICE 2397-E
(San Diego Gas & Electric Company ID U 902-E)

ADVICE 4108-E
(Pacific Gas & Electric Company ID U 39-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Compliance Advice Filing Pursuant to Decision 12-04-045
Addressing Whether There Is a Need to Change the Current
Baseline and Proposing a Baseline Comparison Study for the
Following Year

In compliance with Decision (D.) 12-04-045 Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) (collectively the investor-owned utilities or IOUs) hereby submit this joint advice letter to provide the IOUs' recommendation on whether there is the need to change the current settlement baselines in statewide demand response programs and to propose a baseline comparison study for demand response programs.

PURPOSE

In compliance with Ordering Paragraph (OP) 13 of D.12-04-045, this joint advice letter proposes to continue 1) the current plus/minus 20 percent cap on the Day-Of Adjustment (DOA) for both SCE's and PG&E's Demand Bidding Programs (DBP), and 2) the current plus/minus 40 percent cap on the DOA for SCE's, SDG&E's and PG&E's Capacity Bidding Programs (CBP). SDG&E did not have a DBP in scope for this filing.

BACKGROUND

On March 1, 2011, the IOUs filed their 2012-2014 Demand Response (DR) Applications (A.)11-03-003 *et al.* On April 30, 2012, the Commission issued D.12-04-045 authorizing funding for the IOUs to conduct DR programs and pilots through December 31, 2014.

OP 13 of D.12-04-045 requires that 45 days following each annual load impact workshop, PG&E, SDG&E, and SCE shall submit a joint Tier 2 Advice Letter addressing whether there is a need to change the current settlement baseline along with a proposed settlement baseline comparison study for the following year.

The DR programs with the settlement baselines that allow the DOA are CBP, DBP, SCE's Demand Response Contracts (DRCs) and PG&E's Aggregated Managed Portfolio Programs (AMP). The IOUs recommend leaving the current baselines unchanged.

First, the IOUs do not propose a baseline modification for the third-party aggregator contracts in DRCs and AMP, as those baselines are included in contracts rather than electric rate schedules and revisions are subject to written agreement between the contracting parties.

Also, the baseline DOA cap for CBP (day-of and day-ahead) need not be modified, as it was recently changed by D.12-04-045, OP 10 to 40 percent. Any further changes at this time would be premature and confusing to customers. While one of the latest baseline studies by Freeman, Sullivan & Company (FSC) recommends a 30 percent cap for aggregator DR programs¹, a 40 percent cap can perfectly accommodate a 30 percent DOA. In fact, changing the baseline calculation frequently does not encourage customer participation.

Furthermore, after review of the recent DBP baseline study and discussion with stakeholders, the consensus of the IOUs is that the DOA's 20 percent DOA cap for DBP should remain in place. The 2011 baseline analysis study conducted for the Demand Response Measurement and Evaluation Committee (DRMEC)² by Christensen Associates Energy Consulting noted that findings of baseline accuracy differ somewhat across utilities and customer groups. For PG&E, a 30 percent adjustment cap produced the most accurate baseline for DBP customers in 2011. For SCE, the study found that "for customers who have selected the day-of adjustment, the variation in accuracy across alternative cap levels is larger,

¹ 2011 Statewide Evaluation of California Aggregator Demand Response Programs, Volume II: Baseline Calculation Rules and Accuracy, CALMAC Study ID: PGE0314.02, June 1, 2012, page 53. (http://calmac.org/publications/Aggregator_Statewide_Program_Year_2011_Baseline_Evaluation_Volume_II_.pdf)

² Demand Response Measurement and Evaluation Committee made up the IOUs, CPUC, and CEC

with a 20 percent cap level producing the most accurate baselines.”³ While there is no single optimal baseline cap for all customers, 20 to 30 percent constitutes a reasonable range for a cap based on the 2011 DBP customer data. As such, there is no compelling reason to change the current adjustment cap. Again, unnecessary changes to the baseline does not improve customer understanding of the program or increase enrollments.⁴

The IOUs’ proposed baseline comparison study for each program year is determined by OP 11 of D.12-04-045, which defines an analysis that shall provide a baseline comparison as part of the Load Impact Annual Filing on June 1, 2012 and again on April 1, 2013 and April 1, 2014. The IOUs will conduct this comparison of baseline settlement results using both individual and aggregated baselines with cap percentage adjustments of 20, 30, 40, 50 and no cap for the months of July, August, and September of the prior year. The IOUs shall compare the annual baseline settlement results with the Measurement and Evaluation results for the same year. The comparison shall include service accounts that select the adjusted energy baseline as well as all service accounts, assuming all service accounts select day-of adjustment.

As required by OP 13, the IOUs propose that the previous baseline comparison study as defined in OP 11 and conducted in 2011 be repeated for 2012. This effort will develop a broader body of empirical evidence to support any proposed baseline changes in the future, further informing the Commission’s policy to improve demand response baseline accuracy. By using the same baseline comparison study methods in subsequent years, results can also be compared across different weather scenarios, allowing the Commission to make more informed decisions about baseline methodology.

PROPOSAL / PROPOSED TARIFF CHANGES

The IOUs propose to keep the current 40 percent DOA cap for the statewide CBP, and the current 20 percent DOA cap for SCE’s and PG&E’s DBP. The IOUs will also conduct another baseline comparison study in 2012 similar to the 2011 study, which will continue to be funded under existing IOU Measurement and Evaluation demand response program budgets.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

³ 2011 Load Impact Evaluation of California Statewide Demand Bidding Programs (DBP) for Non-Residential Customers: Ex Post and Ex Ante Report, Christensen Associates Energy Consulting, CALMAC Study ID SCE0317, May 29, 2012, page 7

⁴ Discussions with IOU program staff and customer service field personnel

TIER DESIGNATION

Pursuant to D.12-04-045, OP 13, this advice letter is submitted with a Tier 2 designation.

EFFECTIVE DATE

This advice filing will become effective on October 10, 2012, the 30th calendar day after the date filed.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile (858) 654-1879
E-mail: MCaulson@semprautilities.com

Leslie E. Starck
Senior Vice President
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of General Order (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list and A.11-03-001 et al. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Amy Liu at (626) 302-4019 or by electronic mail at Amy.Liu@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:ks/en:jm
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: Darrah.Morgan@sce.com

E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2779-E

Tier Designation: 2

Subject of AL: Compliance Advice Filing Pursuant to Decision 12-04-045 Addressing Whether There Is a Need to Change the Current Baseline and Proposing a Baseline Comparison Study for the Following Year

Keywords (choose from CPUC listing): Compliance, Baseline

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.12-04-045

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information: _____

Resolution Required? Yes No

Requested effective date: 10/10/12 No. of tariff sheets: -0-

Estimated system annual revenue effect: (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: _____

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
Edtariffunit@cpuc.ca.gov

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Leslie E. Starck
Senior Vice President
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@sce.com

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North America Power Partners
Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Douglass & Liddell	Northern California Power Association
Anderson & Poole	Downey & Brand	Occidental Energy Marketing, Inc.
BART	Duke Energy	OnGrid Solar
Barkovich & Yap, Inc.	Economic Sciences Corporation	PG&E
Bartle Wells Associates	Ellison Schneider & Harris LLP	Praxair
Bloomberg	Foster Farms	R. W. Beck & Associates
Bloomberg New Energy Finance	G. A. Krause & Assoc.	RCS, Inc.
Boston Properties	GLJ Publications	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SCE
Brookfield Renewable Power	GenOn Energy, Inc.	SMUD
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
CENERGY POWER	Green Power Institute	San Francisco Public Utilities Commission
CLECA Law Office	Hanna & Morton	Seattle City Light
California Cotton Ginners & Growers Assn	Hitachi	Sempra Utilities
California Energy Commission	In House Energy	Sierra Pacific Power Company
California League of Food Processors	International Power Technology	Silicon Valley Power
California Public Utilities Commission	Intestate Gas Services, Inc.	Silo Energy LLC
Calpine	Lawrence Berkeley National Lab	Southern California Edison Company
Cardinal Cogen	Los Angeles County Office of Education	Spark Energy, L.P.
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	Luce, Forward, Hamilton & Scripps LLP	Sunrun Inc.
Chris, King	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MBMC, Inc.	Sutherland, Asbill & Brennan
City of Palo Alto Utilities	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
City of Santa Rosa	Marin Energy Authority	TransCanada
Clean Energy Fuels	McKenzie & Associates	Turlock Irrigation District
Clean Power	Merced Irrigation District	United Cogen
Coast Economic Consulting	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	Morrison & Foerster LLP	Wellhead Electric Company
Davis Wright Tremaine LLP	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	NRG West	eMeter Corporation
Defense Energy Support Center	NaturEner	
Department of General Services	Norris & Wong Associates	