

October 2, 2012

VIA EMAIL (docket@energy.ca.gov)California Energy Commission
Dockets Office, MS-4
Re: Docket No. 12-EPIC-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Development of the California Energy Commission Investment Plan for the Electric Program Investment Charge Program – Comments of Pacific Gas and Electric Company on September 27, 2012 Workshop

I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) first draft of its Electric Program Investment Charge (EPIC) Investment Plan. As indicated at the September 27 workshop, the CEC staff has assembled a wide-ranging plan in a very short timeframe. PG&E's comments are offered in the spirit of enhancing the CEC's EPIC Investment Plan and focus on opportunities for collaboration as the investor-owned utilities (IOUs) also undergo development and publication of their plans. As noted at the workshops, this Plan marks the beginning of an extended process that will require close collaboration and coordination to ensure efficient use of customer monies and maximize "deployability" to the grid.

II. CLOSE COORDINATION IS NEEDED TO ENSURE UTILITY CUSTOMERS GET THE MOST VALUE FOR THEIR INVESTMENTS

The CEC has taken a pragmatic and reasoned approach to establishing their Program Scope and PG&E would also like to recognize the efforts from all of the Program Administrators to develop their plans on a short timeline and in as coordinated a fashion as possible. However, given the timelines, PG&E emphasizes the need for close and ongoing collaboration to limit the potential for redundancy across both new and existing utility initiatives to ensure that utility customers get the most value for their investments.

The CEC's intent, as stated in the workshop, is to develop programs that are synergistic with those of the IOUs' and hence ongoing collaboration will help confirm that initiatives are not unnecessarily duplicative of other activities. PG&E recommends further discussion with the CEC, especially in PG&E's existing program areas like energy efficiency, demand response, and smart grid initiative areas.

Several PG&E initiatives are already underway or planned in the near future in these areas, and additional discussion can help ensure that the CEC's activities are synergistic with PG&E's existing activities. Flexibility in program design will be important as well, particularly where an IOU or the CEC may have more expertise in a particular area and IOU roles may be defined accordingly to allow greater leadership in particular areas.

Good collaboration across all areas could allow the CEC to focus on the Applied Research activities for each area, with the IOUs implementing pilot projects that leverage that Applied Research. Careful scoping of activities and pilots will help reduce any duplication of efforts.¹

PG&E is not recommending the elimination of any initiatives from the Plan. PG&E does recommend an assessment of existing research, development, and deployment (RD&D), both in California and nationally, be performed to identify potential duplication areas.

However, PG&E believes that there are a few areas that are missing or may be too narrowly scoped at present. In particular, while there is a great emphasis on integrating renewables and distributed generation, there appears to be a gap in proposed research on basic transmission and distribution research. The utilities face several challenges including aging grid infrastructure, workforce transition issues, and a lack of interoperability between new technologies, which are all areas where the CEC's Applied Research, coupled with utility pilots, could have significant benefits to customers.²

An area that could benefit from a more expansive scoping could be Applied Research Initiative S7.1, "Characterize the Generation Fleet of 2020 for Grid Operators and Planners," which captures the issues of the future well from a modeling and research perspective, but there are technologies ready to be demonstrated on the existing generation fleet today. There is a need for technology demonstrations of systems to improve generation flexibility, such as reduced minimum generation and increased ramp rates for gas-fired generation and renewable dispatch. PG&E suggests that a comprehensive approach that includes modeling, research, and technology demonstrations is very important, given the limited time between now and 2020. Unless technology demonstrations begin soon, there will be very few changes from today's generation fleet to that of 2020.

¹ For example, complementary areas when considering the CEC's EPIC plan and Utility Programs include Initiative S1.2 (Develop, Test, Demonstrate, and Integrate Advanced Equipment, Systems, and Components that Improve the Energy Efficiency of [HVAC] and Refrigeration Systems in Buildings), and Initiative S2.1 (Develop Cost-Effective Metering and Telemetry to Allow...). These initiatives would be good candidates for collaboration for CEC Applied Research and Utility-specific demonstration. Initiative S2.2 – Develop Demand Response Technologies and Strategies to Allow Customers to Participate in Ancillary Services Markets may also benefit from collaboration, where the CEC may focus on developing information and modeling tools and the IOUs implementing pilots that could allow building data to be aggregated and dispatched.

² Emerging technology areas include new sensor technologies, switching technologies, other new electric system technologies that enhance safety, reliability, and cost-effective operations. PG&E could collaborate with the CEC to develop such ideas, partner in the analysis on possible solutions, and then work with vendors to assemble the product. PG&E could then test the device to ensure it works as planned. Such a process may help move these devices more quickly through the pre-commercialization phase and make them commercially available to all.

The Market Facilitation area addresses some of the barriers faced when permitting large or small renewable energy facilities. Similar concerns apply with permitting chargers for electric vehicles. Streamlined permitting processes would facilitate and accelerate the adoption of electrified transportation. Accordingly, PG&E recommends a broader perspective on how to modify permitting processes for a number of technologies and initiatives, not just renewables, and that such streamlining could yield benefits for our customers by reducing the time (and cost) to permit a variety of facilities.

IOUs are referenced in a few initiatives, but in general, more coordination with the utilities will be needed to make certain that the grid-side technologies researched or demonstrated meet the needs of IOU customers. As mentioned above, coordination is also needed in energy efficiency, demand response, smart grid and any other areas where there are ongoing or proposed activities in place at the utilities. Some of the initiatives that will be proposed in the IOUs' EPIC Investment Plans will cover some of the same general areas as the CEC's plan. Duplication and redundancy needs to be avoided in those areas to ensure that our customers' investments are used effectively.

Avoiding duplication and redundancy and ensuring that the most effective initiatives are funded can best be addressed by including more discussion of formal program governance/coordination and advisory committees in the Plan. PG&E would be happy to meet with the CEC to collaborate on the development of such a structure, and commends the CEC for its collaborative efforts to date as part of the development of the EPIC plans.

III. FURTHER STREAMLINING OF THE NEW SOLAR HOMES PARTNERSHIP PROCESSES WOULD BE BENEFICIAL

As noted at the workshops, with the funding of the New Solar Homes Partnerships Program, PG&E is supportive of working with the CEC to identify ways to further streamline the forms and processes associated with this program. Workshops this fall to explore such opportunities would help advance such efforts.

IV. CONCLUSION

PG&E appreciates the opportunity to provide these comments and is happy to discuss them with the CEC staff. Should you have any questions about PG&E's comments, please do not hesitate to contact me.

Sincerely,

/s/

Valerie J. Winn

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