

**ENERNOC, INC. COMMENTS ON THE JOINT AGENCIES’  
“PRELIMINARY RELIABILITY PLAN FOR LA BASIN AND SAN DIEGO”  
Docket# 13-IEP-1**

EnerNOC, Inc. (“EnerNOC”) participated remotely in the September 9, 2013 workshop to discuss the issues surrounding near-term and longer-term resources needs related to the closure of the San Onofre Nuclear Generating Station (SONGS), and we are pleased to provide comments on the joint agencies’ *Preliminary Reliability Plan for LA Basin and San Diego* (“Resource Plan”) discussed at the workshop. We have included some general comments below as well as specific comments on particular details in the near-term and longer-term sections of the Resource Plan.

**GENERAL COMMENTS**

EnerNOC appreciates the Resource Plan’s consideration of preferred resources, including demand response (“DR”) and energy efficiency (“EE”), as a significant part of both the near-term and longer-term solutions to address the challenges presented by 1) the closure of SONGS, 2) the upcoming elimination of once-through cooling in the coastal areas’ aging, gas-fired power plants, and 3) the anticipated load growth in southern California. We are actively participating in a number of different efforts at the California Energy Commission (“CEC”), the California Public Utilities Commission (“CPUC”), the California Independent System Operator (“CAISO”), and collaborative efforts with the utilities and other stakeholders to develop opportunities for DR and EE in California. EnerNOC is keenly aware of the sense of urgency surrounding the southern California resource needs, in particular, and we look forward to engaging with policy makers and stakeholders as we all grapple with solutions to these challenges over the next months.

The Resource Plan correctly acknowledges that each of the items being considered to address near-term and longer-term reliability in southern California comes with its own unique set of challenges. In order to achieve many of these recommended outcomes, existing rules and processes need to be modified or challenged in order to expedite procurement of preferred resources, development of transmission lines, and extensions for aging generation resources to retire or repower. Even with these rule and process changes to add regulatory flexibility, EnerNOC is concerned that some of the dates in the near-term section may not be realistic. We have provided additional details below.

## **NEAR-TERM PREFERRED RESOURCE PROCUREMENT**

The Resource Plan indicates that as the CPUC “takes steps” in 2014 to accelerate authorization and procurement of additional preferred resources, it should “consider rule changes that can allow resource authorizations to better address the local reliability needs of the LA Basin and San Diego.”<sup>1</sup> EnerNOC encourages the CPUC to authorize additional competitive processes with expedited approval as it moves to procure these additional preferred resources to fill the identified gaps. We are hopeful that the competitive process authorized for Southern California Edison (“SCE”) to procure resources, including preferred resources, to meet this need is a superior process to the cumbersome, often extremely lengthy approval processes currently employed for procurement of DR and EE. It is unclear at this time, however, how the results of SCE’s current Request for Offers (RFO) for 400 MW of DR in southern California will be evaluated in light of the new CPUC rulemaking process for DR.<sup>2</sup> The new rulemaking will examine future resource capabilities and will include rule changes, and parties are hopeful that the rulemaking will be completed by July 2014. However, this still does not result in approved resources prior to 2015 at the earliest.

EnerNOC is currently evaluating SCE’s RFO, but it was issued based on existing rules that may not be consistent with rules developed in the new Rulemaking. Any near-term procurement of additional preferred resources needs to be tied to realistic expectations under the new Rulemaking.

The near-term Resource Plan section also includes SCE’s Preferred Resource Pilot, in addition to the recent resource procurement authorization from the CPUC and the adjustment of SCE’s existing EE and DR programs. There are currently insufficient details on the pilot for EnerNOC to provide detailed comments on this aspect of the Resource Plan, but we generally support efforts to accelerate the deployment of cost-effective preferred resources. However, the devil is always in the details.

We share concerns raised by a number of participants at the workshop regarding CAISO’s examination of the pilot multi-year auction for EE and DR programs targeted to southern California. We look forward to providing more comments in CAISO’s stakeholder initiative.

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<sup>1</sup> *Preliminary Reliability Plan for LA Basin and San Diego*, at page 3.

<sup>2</sup> Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State’s Resource Planning Needs and Operational Requirements, issued September 19, 2013

## **LONGER-TERM RESOURCE PLAN**

EnerNOC's primary concern with this section of the plan is that the preferred resource goals may be too aggressive and are contingent on a number of other factors that may not come to fruition. The plan determines that there is a need for 4,600 MW of additional resources by the end of 202 and that preferred resources will need to meet approximately 1000 MW of residual need in 2022.<sup>3</sup> This is based on a presumption of 1,000 MWs of incremental EE savings from programs that have not yet been authorized and 200 MW of reliability-based DR that has not been developed. We urge the joint agencies to reevaluate these longer-term presumptions based on preliminary estimates of need, as the most recent procurement model results indicate there may not be significant additional need beyond what was already authorized in 2013. In addition, it is our understanding that significant amounts of cost-effective EE were omitted from those preliminary estimates, which may displace the need for new resources in 2022.

## **CONCLUSION**

EnerNOC understands that the needs and proposed mitigations in the Resource Plan are a direct response to an urgent situation in southern California. We also agree that the solution requires a high degree of coordination between a number of agencies and affected parties. We appreciate the effort of the joint agencies to develop a plan with expected operating dates and specific actions that should result in more opportunities to meet the reliability needs. We just caution the agencies to be realistic as they evaluate these recommendations in light of the changing regulatory landscape.

Thank you for your consideration of our comments.

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<sup>3</sup> Preliminary Reliability Plan for LA Basin and San Diego, at page7.