

Docket No.: R.20-11-003

Exhibit No.: _____

Date: 09/01/2021

Witnesses: Maria Belenky

Commissioner: Marybel Batjer

ALJ: Brian Stevens and Sarah R. Thomas

**OPENING TESTIMONY OF MARIA BELENKY
ON BEHALF OF OHMCONNECT, INC.**

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EXHIBITS

Exhibit A Statement of Qualifications and Verification of Maria Belenky

1 **I. INTRODUCTION**

2 My name is Maria Belenky, and I am the Market Development Manager at OhmConnect,
3 Inc. (“OhmConnect”). OhmConnect’s business address is 371 3rd Street, 2nd Floor, Oakland,
4 California 94607. I have been employed at OhmConnect for three years. Prior to that I served as
5 the lead technical expert on national climate and clean energy policy at Washington D.C.-based
6 consulting firm Climate Advisers. I regularly participate in various proceedings at the California
7 Public Utilities Commission (“Commission”) including Rulemaking (“R.”) 19-11-009,
8 Applications (“A.”) 19-03-002, etc. My Statement of Qualifications and Verification is attached
9 as Exhibit A.

10 OhmConnect is a third-party Demand Response Provider (“DRP”) founded in 2013 and
11 headquartered in Oakland, California. The company provides Demand Response (“DR”)
12 services to residential retail electric customers in California pursuant to Electric Rules 24
13 (Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company
14 (“SCE”)) and 32 (San Diego Gas & Electric Company (“SDG&E”)). Specifically,
15 OhmConnect’s free software service notifies households of impending DR events and pays them
16 for their energy reductions, without requiring purchase or installation of additional hardware.
17 OhmConnect is registered to participate as a DRP in the wholesale electricity market operated by
18 the California Independent System Operator Corporation (“CAISO”).

19 In my testimony, I propose several modifications to the Emergency Load Reduction
20 Program (“ELRP”). The program the Energy Division (“ED”) Staff proposes in the *ED Staff*
21 *Concept Paper* will not sufficiently unlock the potential of DR customers, even though
22 customers would be automatically defaulted into the ELRP. Instead, the Commission should:

- 23 1) Adopt an ELRP design that incentivizes emergency load drop and encourages
24 enrollment in higher-impact demand response programs by:

- 1 a) holding an “open enrollment” program where customers are actively
2 encouraged to opt-in to a higher impact DR program, and
- 3 b) subsequently enrolling the remaining customers into the default ELRP;
- 4 2) Ensure a customer defaulted into the ELRP is able to sign up for another DR
5 program without friction or delay;
- 6 3) Require that the ELRP trigger for Group B be both the Flex Alert and the CAISO
7 Alert;
- 8 4) Allow third-party CAISO-integrated DR providers to administer automated
9 Demand Response (“AutoDR”) technology incentives; and,
- 10 5) Ensure residential households, and at minimum low-income customers or
11 customers living in disadvantaged communities, receive a \$2/kWh payment for
12 reducing load during ELRP events.

13 In addition, I recommend that the Commission decline to substantially modify the resource
14 adequacy (“RA”) rules for third-party DR as the *ED Staff Concept Paper* proposes; this is simply
15 both the wrong time and the wrong process.

16 **II. ADDITIONAL ELRP MODIFICATIONS BEYOND THE STAFF PROPOSAL**
17 **ARE NECESSARY TO BETTER UNLOCK THE POTENTIAL OF DR**
18 **CUSTOMERS**

19 We support the intent of ED Staff to establish an inclusive statewide program to
20 financially incentivize energy savings during grid emergencies. However, the proposed program
21 to default all residential customers into the ELRP will not achieve its intended goal and must be
22 modified.

23 Even assuming that a typical household saves 0.5 kW per hour¹ over five continuous
24 hours, a \$1/kWh compensation rate would result in that household earning \$2.50 during a Flex
25 Alert. This amount is unlikely to incentivize customers to reduce energy consumption during
26 ELRP events—at least not much more deeply than they would have done voluntarily in response

¹ The per-customer impact will likely be lower, as OhmConnect testified in its reply to the proposals of PG&E and CEJA in this proceeding. We reference it here as a high-water benchmark.

1 to the existing Flex Alert program. Even if the incentive is doubled to \$2/kWh, the total
2 payment of \$5 for participating during a Flex Alert is likely still not enough to achieve deeper
3 reductions than the voluntary Flex Alert.

4 Successful DR programs have additional characteristics—beyond an appropriate financial
5 incentive—that result in the desired impact. In OhmConnect’s experience, deep customer
6 engagement and education, as well as direct load control, play a fundamental role in achieving
7 more significant per-customer reductions. The California Energy Commission’s (“CEC”) recent
8 study on effective DR program designs for residential customers also concluded that a financial
9 incentive is far from the only contributor to customer engagement.² Specifically, the CEC found
10 that while “[o]ffering a financial incentive for participation was critical to inducing consumption
11 reductions,” the greatest reductions came from “energy engaged” customers such as those with
12 solar panels, plug-in vehicles or load automation devices.³ Moreover, the CEC noted that user
13 engagement tends to fall over time: “A central challenge to DR is not only attracting customers,
14 *but ensuring they remain active long term.*”⁴ The expanded ELRP proposed by ED Staff is
15 missing some of these critical features and is therefore unlikely to achieve substantial impact.

16 If the Commission adopts an expanded ELRP as proposed, the program should be
17 designed in a way that sensitizes customers to demand response and functions as an on-ramp to
18 additional, more advanced, DR programs.

² See California Energy Commission, *Identifying Effective Demand Response Program Designs for Residential Customers* (Nov. 2020), <https://www.energy.ca.gov/sites/default/files/2021-05/CEC-500-2020-072.pdf>.

³ *Id.* at ii.

⁴ *Id.* at ii (emphasis added).

1 **A. ELRP Design Should Incentivize Emergency Load Drop and Encourage**
2 **Enrollment in Higher-Impact DR Programs.**

3 ED Staff’s proposal attempts to ensure that as many households as possible are
4 incentivized to reduce load during times of significant grid stress—and that the barriers to doing
5 so are as low as possible. To that end, it is understandable that the proposal includes automatic
6 enrollment of residential customers in the ELRP with no sign-up or acknowledgement required.
7 If properly engaged, however, many households can provide deeper load reduction during
8 emergencies, as well as during less severe conditions in response to economic signals.
9 Defaulting all households into a very simple and mostly behavioral DR program—likely without
10 their knowledge despite outreach and education—will only scratch the surface of many
11 customers’ load drop potential.⁵ A successful ELRP will incentivize customer response during
12 emergency grid conditions *and* serve as a conduit for enrollment in higher-impact and higher-
13 reward demand response programs. To that end, we propose a two-step ELRP design, to be
14 implemented as follows:

15 Step 1: At the start of each year, ELRP administrators will run an “open enrollment”
16 period, during which customers will be able to proactively opt-in to a DR program of their
17 choice. To provide lead-time for the program administrators, open enrollment can run for 90
18 days from March 1 to May 31. During open enrollment, ELRP administrators will leverage a
19 variety of channels, including website content and email, as appropriate, to communicate to
20 customers the value of demand response in addressing emergency grid conditions. ELRP
21 administrators will also provide customers with a list of DR program options and their key
22 features—including both third-party and investor-owned utility (“IOU”)-operated programs—
23 with information on how to enroll. If a customer chooses one of these IOU or third-party DR

⁵ Reply Testimony of OhmConnect at 7 (July 21, 2021).

1 programs, then they will not be automatically enrolled in the default ELRP option. However,
2 they will still be able to participate in the ELRP as is currently the case with Group B customers,
3 in addition to providing economic demand response.

4 Step 2: Customers who did not proactively opt-in to a DR program during the open
5 enrollment period will be defaulted into the ELRP, as proposed in the ED Staff Concept Paper.
6 This is appropriate for households that would otherwise not engage in DR, but might respond to
7 a very simple Flex Alert-based ELRP and therefore create some value for the grid by
8 participating. It is important that a customer be able to choose another DR program at any point,
9 even after they are automatically enrolled in the default ELRP option. Once such a customer
10 initiates enrollment in another DR program, they should be automatically disenrolled from the
11 default ELRP option. I expand on this point in greater detail in Section D, below.

12 Adopting a modified ELRP that automatically enrolls all households without educating
13 them about available DR program options and giving them an opportunity to select a DR
14 program of their choosing would be a substantial missed opportunity to increase load reduction
15 capabilities statewide. A two-step implementation approach, on the other hand, will maximize
16 load reduction potential by allowing all households to benefit from responding to emergency grid
17 conditions in the simplest possible way, while also providing an explicit “on-ramp” to more
18 engaging and higher-impact DR programs.

19 **B. A Customer Defaulted into the ELRP Should Be Able to Sign Up for Another**
20 **DR Program without Friction or Delay.**

21 Any customer automatically enrolled in the ELRP should be able to transition into
22 another DR program seamlessly and without delay. Existing processes for a customer to
23 disenroll from IOU DR programs are confusing, burdensome, and time-consuming.⁶ In the best

⁶ *Id.* at 5-6.

1 case, the customer is required to send an email stating their intent to disenroll from the program.
2 An even more cumbersome requirement for some IOU programs is that the customer must make
3 a phone call to the program staff to disenroll. Enrollment conflicts can take weeks to untangle,
4 resulting in a poor customer experience and customer attrition.

5 An ELRP program design that automatically enrolls all customers should not require
6 proactive opt-out of any kind. To the customer, enrolling in a third-party DR program should
7 feel no different than if they were not enrolled in a DR offering of any kind. Specifically, if a
8 customer authorizes a third-party DR provider data access via the existing click-thru process, that
9 customer must be immediately released from the default ELRP. The Commission has previously
10 required such friction-less processes with success.⁷

11 **C. The ELRP Trigger for Group B Should Be Both the Flex Alert and the**
12 **CAISO Alert.**

13 The Commission adopted the CAISO Alert—pursuant to CAISO’s Alert Warning
14 Emergency (“AWE”) system—as the day-ahead ELRP trigger for Group B participants.⁸ This
15 trigger has been problematic for several reasons.

16 First, to the customer, a Flex Alert is much more visible than an AWE Alert, facilitating
17 communications around the need for deeper reductions. A CAISO Alert, on the other hand, is
18 often more arcane and not readily recognized by the broader public. Because an AWE Alert
19 does not always follow a Flex Alert, customers receive confusing messages that they need to
20 reduce more deeply during *some* but not *all* Flex Alerts.

⁷ See, e.g., SCE Rule 24, Section C.2.d (finding that SCE will disenroll a customer from its Critical Peak Pricing program “without further action by the customer or the Non-Utility DRP” following the customer’s election of a third-party non-utility DRP).

⁸ See D.21-03-056, at 23.

1 Second, while in prior years a day-of Warning or Emergency declaration was nearly
2 always preceded by a day-ahead AWE Alert, that has not been the case thus far this year. In fact,
3 the CAISO has not called a single day-ahead AWE Alert, even though several day-of Warnings
4 and Emergencies have been declared. This means that, effectively, Group B ELRP has not been
5 triggered *even though emergency grid conditions existed*. This outcome appears contrary to the
6 intent of the ELRP as adopted.

7 Finally, modifications are required to address customer fatigue in a world where Flex
8 Alerts are relatively frequent. ED Staff’s Concept Paper correctly notes that “the voluntary Flex
9 Alert program may have diminishing impacts over time as customer fatigue sets in.”⁹

10 While a Flex Alert trigger is an explicit component of ED Staff’s expanded ELRP option,
11 it is unclear whether Staff intends for the Flex Alert to also be a trigger for the existing Group B
12 ELRP offering. To minimize customer confusion and fatigue, and improve ELRP utilization, the
13 Commission should determine that both the Flex Alert and the CAISO Alert will function as the
14 day-ahead trigger for Group B participants in the ELRP.

15 **D. Residential Households – Especially CARE Customers and Customers**
16 **Residing in Disadvantaged Communities – Should Receive a \$2/kWh**
17 **Payment for Reducing Load During ELRP Events.**

18 ED Staff proposes raising the ELRP incentive payment from \$1 to \$2/kWh for Group A.1
19 non-residential customers and Group A.2 Base Interruptible Program aggregators. Specifically,
20 Staff indicates that “the increased compensation values should be limited to customers who
21 commit to providing a certain load reduction performance level.”¹⁰ The Commission should
22 apply the \$2/kWh incentive to *all* ELRP participants, including all residential customers.

⁹ ED Staff Concept Paper, Section A(1)(d).

¹⁰*Id.* at Section A(1)(a).

1 ELRP is an energy-only program. In fact, the Commission has previously declined to
2 adopt a reservation payment for ELRP customers.¹¹ Increasing the *energy* payment for those
3 customers that are better able to predict their load drop—even though a unit of load drop is
4 equivalent regardless of who is delivering it—is inequitable. Moreover, because this is not a
5 capacity product, it is unclear what a “commitment” to providing a certain level of curtailment
6 would entail, how committed volumes would be verified, and more broadly, how this
7 information would be used by the Commission or the CAISO to ensure reliability.

8 At a minimum, the Commission should increase the incentive for customers enrolled in
9 the California Alternate Rates for Energy (“CARE”) Program and customers residing in
10 Disadvantaged Communities. The California Environmental Justice Alliance (“CEJA”) has
11 previously reported that “[t]hese customers are likely to be responsive to bill savings, given the
12 utility burden carried by low-income customers.”¹² Implementing such a targeted incentive
13 would be feasible. As CEJA further notes: “PG&E, SCE and SDG&E have already identified
14 the residential customers located in disadvantaged communities, and have records of all CARE-
15 enrolled customers.”¹³ Therefore, OhmConnect recommends that the Commission raise the
16 ELRP incentive payment to \$2/kWh *without* the committed load drop requirement, with a view
17 toward targeting the payment to those customers most likely to respond to and benefit from it.

18 **III. THIRD-PARTY, CAISO-INTEGRATED DR PROVIDERS SHOULD BE ABLE**
19 **TO ADMINISTER AUTOMATED DEMAND RESPONSE TECHNOLOGY**
20 **INCENTIVES**

21 Currently, IOUs are exclusively charged with administering the automated demand
22 response (“AutoDR”) technology incentives—programs that reward customers with rebates for

¹¹ See, e.g., Decision 21-03-056, at 24-25.

¹² Prepared Supplemental Testimony of Dan Sakaguchi, MS, on behalf of CEJA, at 6 (July 7, 2021).

¹³ Ibid.

1 purchasing technologies that automate their load. For residential customers, the technology is
2 primarily smart thermostats. The existing process has several flaws and should be changed.
3 Specifically third-parties should be able to administer the smart thermostat incentives for
4 customers that connect the devices to their platforms.

5 **A. IOU Processes to Claim the AutoDR Incentives Have Been Unduly**
6 **Confusing.**

7 In 2017, the Commission determined that customers should be permitted “to access
8 available Auto Demand Response technology incentives, whether they choose to use the
9 technology in a utility-administered or third-party supply side program not subject to cost-
10 effectiveness.”¹⁴ Since then, the IOUs have implemented several processes by which customers
11 could claim these incentives to varying degrees of effectiveness. Generally, customers have
12 encountered confusing (or altogether lacking) instructions on how to proceed with a rebate claim,
13 as well as long wait times for the actual payment. In several instances, messaging around
14 eligibility rules have raised doubts in the minds of third-party customers about whether they are
15 even eligible for such an incentive. In other instances, applications have appeared and
16 disappeared, or lacked centralized information describing the incentive and guiding the customer
17 on how to apply.¹⁵

18 Beyond issues with the applications themselves, the current paradigm leads to a lack of
19 transparency and encourages customer mistrust. Specifically, a customer is asked to connect the
20 smart device to a third-party platform, but must seek a rebate from the IOU. Because the device

¹⁴ See D.17-12-003, at 183 (Conclusion of Law 39).

¹⁵ Protest of California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., and Ohmconnect, Inc. of Advice Letter (ALs) 5799-E (Pacific Gas and Electric), 4182-E (Southern California Edison), and 3522-E (San Diego Gas & Electric) (Demand Response 2018-2022 Mid-Cycle Review), at 11-14.

1 is being used within the third-party program and the customer may have heard about the
2 incentives from the third-party provider, they will naturally seek support with the application
3 process from that provider.

4 Unfortunately, third-parties have absolutely no visibility into the application process,
5 including stages of review and timeline for approval. Companies like OhmConnect can do little
6 to help customers through this process outside of simply directing them to their respective IOU.
7 This results in skepticism among customers who likely feel bounced around different entities.
8 Taken together, these issues have depressed the uptake of AutoDR incentives among residential
9 customers and rendered it nearly impossible for third-parties to effectively promote these offers
10 to their user base.

11 **B. Third-Party DRPs Should Be Permitted to Administer the AutoDR**
12 **Incentives for Their Own Customers.**

13 To simplify messaging and address the transparency and trust issues, third-party DR
14 providers should be permitted to administer these incentives. For example, a DRP should be
15 able to develop its own claims process and application using methods and messaging that best fit
16 its customer base. The DRP would then seek reimbursement from the appropriate IOU for the
17 claims that it approves. The reimbursement process can include a number of checks. For
18 example, one check could ensure that a customer does not claim the incentive more than once.
19 Another check could ensure the customer is actually actively enrolled in the administering DR
20 program and has connected the device to the relevant platform. Decentralizing administration of
21 the program in such a manner would ensure that more households are able to access the rebate
22 and better enable DRPs to help their customer through the claims process.

23

24

1 **IV. MODIFICATIONS TO THE RESOURCE ADEQUACY RULES FOR THIRD-**
2 **PARTY DR RESOURCES ARE INAPPROPRIATE AT THIS TIME**

3 The ED Staff Concept Paper proposes several changes to the RA rules for third-party
4 demand response providing RA capacity. The Commission should decline to adopt complex
5 modifications to the RA rules that govern a specific resource type in this proceeding.

6 First and foremost, the rapid nature of this proceeding does not provide sufficient time for
7 parties to explore and build a record around the proposed changes, many of which are complex
8 and would have a substantial impact on the industry if adopted.

9 Second, the appropriate venue to discuss such proposals is the RA proceeding. In fact,
10 several of the topics identified in the Concept Paper, including capacity counting rules, bid caps,
11 and energy delivery requirements, have already been discussed at length in Tracks 2, 3B.1 and 4
12 of the open RA proceeding, R.19-11-009. Decisions 20-06-031 (Track 2) and 21-06-029 (Track
13 3B.1/Track 4) declined to adopt an energy delivery requirement and bid cap for DR resources.
14 Furthermore, the Commission requested the CEC implement a working group process to develop
15 DR counting proposals that best represent the capabilities of the resource.¹⁶ This process is
16 underway and is expected to conclude in early 2022. Undertaking the issue in this proceeding
17 would undermine the CEC working group mandate and is inappropriate.

18 Finally, the Assigned Commissioner's Amended Scoping Memo and Ruling, which
19 outlined the scope of the present phase of the Emergency Reliability proceeding, asked parties to
20 submit proposals to increase supply and reduce load that could be adopted beginning in 2022.
21 Given that a decision in this proceeding is not expected until *after* load serving entities have
22 made their 2022 RA showings, adopting changes that fundamentally alter the rules under which
23 a portion of their contracted resources operate would be confusing and disruptive. Changes to

¹⁶ D.21-06-029, at 77 (Ordering Paragraph 11).

1 the RA program are typically adopted in May or June of the prior year, which allows several
2 months of lead time for all stakeholders to understand and comply with any new requirements
3 ahead of the October 31 year-ahead RA showings.

4 For all of these reasons, the Commission should decline to make significant changes to
5 the rules by which third-party DR providers participate in the RA program in this proceeding.

1 **Exhibit A**

2 **STATEMENT OF QUALIFICATIONS AND VERIFICATION OF MARIA BELENKY**

3 **Q1. Please state for the record your name, position, and business address.**

4 My name is Maria Belenky. I am the Market Development Manager at OhmConnect and
5 my business address is 371 3rd Street, 2nd Floor, Oakland, California 94607.

6 **Q3. Please summarize your professional and educational background.**

7 I have been employed by OhmConnect for over three years, where I lead engagement on
8 resource adequacy and cover other demand response and rate design proceedings before
9 the Commission. Previously, I was a Director of Research & Policy at Climate Advisers,
10 where I led efforts to track and measure the impacts of U.S. climate and clean energy
11 policy on national GHG emissions. I have a BA in Economics and International
12 Relations from the University of Pennsylvania and an MA in Energy, Resources and the
13 Environment from John Hopkins University, School of Advanced International Studies.

14 **Q4. Have you testified previously before the California Public Utilities Commission?**

15 Yes. I have previously testified in this proceeding, in response to PG&E's and CEJA's
16 testimony outlining their proposed DR pilots. I am also currently serving as a witness for
17 the Joint Advanced Rate Parties (JAPRP) in Applications (A.) 19-03-002 (SDG&E's
18 General Rate Case Phase 2) and A.19-11-019 (PG&E's General Rate Case Phase 2). I
19 previously prepared OhmConnect's testimony in Track 2 of R.17-09-020, to Oversee the
20 Resource Adequacy Program for the 2019 and 2020 Compliance Years.

21 **Q5. Was this material prepared by you or under your supervision?**

22 Yes, it was.

1 **Q6. Insofar as this material is factual in nature, do you believe it to be correct?**

2 Yes, I do.

3 **Q7. Insofar as this material is in the nature of opinion or judgment, does it represent**
4 **your best judgment?**

5 Yes, it does.

6 **Q8. Do you adopt this testimony as your sworn testimony in this proceeding?**

7 Yes, I do.

_____/s/_____

Maria Belenky
Market Development Manager, OhmConnect, Inc.