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Date: 8/15/2016

Steven V. King
Executive Director and Secretary, Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Dockets UE-160808 and UE-16809

Dear Steven King,

Please see EnergyHub's comments to the Puget Sound Energy's Direct Load Control Program RFP.

Thank you,

Erika Diamond
VP, Energy Markets
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EnergyHub commends Puget Sound Energy for recognizing the value of residential and small commercial demand response in its 2015 IRP and Direct Load Control Program RFP draft, and we appreciate the open RFP review process, giving us the opportunity to comment. PSE forecasts a capacity shortfall in 2021, driving it to seek 121 MW of cost-effective demand response with 70 MW from a residential and small commercial Direct Load Control program. The RFP provides great detail regarding the method of bid evaluation and the RFP requirements. In these comments, we identify a few areas where further clarification would be helpful and provide a few suggestions to the RFP that would encourage additional bidders to participate.

1. Additional materials should be included in the release of the RFP.

- a. A sample Pro-forma would provide additional clarity around risk and contractual obligations.
- b. A description of how PSE will determine if the bid is “cost-effective” and a sample calculation of any cost effectiveness test will help bidders understand how they are being evaluated.
- c. Information on what type of customer data will be provided to the vendor and how the vendor would retrieve such data would help respondents suggest the appropriate M&V methodology and marketing approach. For instance, will the vendor be given access to the type of heating that customers have before conducting any marketing? In addition, the RFP says the vendor may be called upon to provide meter and payment data (section 3.1), but does not include an explanation of how the vendor would be able to gain access to such meter data, which is managed by the PSE.

2. Further clarification regarding RFP requirements would help bidders respond to the needs of PSE.

- a. Please share more details on whether one vendor must take the entire 70MW obligation and if not, if there is a minimum bid size (e.g. 5MW) and also the amount PSE is required to procure if applicable.
- b. Provide clarification on section 2.1 of the RFP.
 - i. Please elaborate on what “average impacts” means. Is this per participating home (homes that participated in the DR events) or enrolled homes (homes that enrolled for the DR program)?
 - ii. Is the loss of web connectivity factored into these average impacts?
 - iii. Has the internet service improved (or not) since the pilot ended in 2011?
- c. Please elaborate on any telemetry requirements if applicable.
- d. Please define “multi-family home” as referred to in section 2.4. Are all of these units sub-metered?
- e. Expand on the use of a “single sign-on” as part of this project. In section 3.1, the RFP describes “a customer web portal and mobile app” and says that “PSE would like either a single sign-on through customer’s ‘myPSE’ account or an API between pse.com and vendor’s portal” in the footnote. Is this for customer control of the device or for DR control of the device by PSE?



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- f. Clarify how any metrics, in addition to load provided, impact respondent payments. In section 3.3, the RFP says "bidders' performance and compensation will also be measured against pre-defined metrics specified during the contract process." Please explain how these other metrics will impact payment. If this is a performance contract, then the metrics listed will affect the ability of respondent to deliver load shed, therefore we suggest using these metrics as part of a bonus payment structure.

3. PSE should consider the following additional recommendations:

- a. Please clarify what it means to "not expect the same level of curtailment" if a vendor is expected to provide load outside of the required time window. We suggest that if vendors are called outside of the expected time window that this event not be factored in to the vendor's performance. Having well defined triggers is key to the development of an accurate and appropriate response to this RFP. As such, it would help to clarify what would occur that would require an event outside of these windows and how likely that will be. Please explain how a vendor will be judged and compensated for this event. We recommend full payment regardless of performance.
- b. PSE should consider changing the incentive (as described in section 2.3 of the RFP) so that it not be based on performance per event, but rather on the customer staying enrolled throughout the season. Customers deliver load during events even if they opt-out for a certain portion of the event and they should be compensated for that. In addition, penalizing customers for not participating impacts un-enrollment and participation in future years. Lastly, having a more clearly defined yearly incentive (e.g. \$25/year vs \$/event) is a more compelling marketing message and contributes to higher enrollments.
- c. To allow for more advanced control strategies that account for premise level thermal characteristics and capacities, PSE should consider changing the language in section 3.2 to include dynamic temperature setback strategies as well as dynamic cycling strategies to "match PSE's load shape or to meet other objectives."
- d. PSE should consider a Software as a Service (SaaS) business model as a way to minimize costs and allow flexibility in program capabilities. A SaaS platform will allow PSE to avoid cost associated with building, hosting, and maintaining an onsite solution. Also a SaaS investment will ensure PSE's new DR program maintains compatibility with many devices and functionalities as the industries evolves.
- e. For BYOD proposals, PSE should require that the platform integrate with a minimum number of technology providers. (We suggest PSE require a BYOD proposal to integrate with at least 8 providers.) Customers should be provided choice regarding the thermostat or device that best accommodates their needs, and be able to participate in demand response programs regardless of those decisions.



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EnergyHub is a connected home solution for utilities and organized energy markets, aggregating tens of thousands of residential customers to participate in demand response programs across the country. EnergyHub's mission is to ensure that utilities and markets get maximum value out of connected devices and the smart home. EnergyHub's industry-leading Bring Your Own Thermostat® (BYOT) demand response service helps utilities and markets take advantage of customer-installed devices to rapidly launch and scale a load control program. EnergyHub is an independent subsidiary of Alarm.com (NASDAQ: ALRM), the leading technology provider of connected home solutions.