

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric Company
(U 39-E) for Approval of Demand Response
Programs, Pilots and Budgets for Program Years
2018-2022.

Application No. A.17-01-012
(Filed January 17, 2017)

And Related Matters.

Application No. A.17-01-018
Application No. A.17-01-019

**PREHEARING CONFERENCE STATEMENT OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)**

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January 3, 2019

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Pursuant to Commission Rule 7.2(a) and Judge Hymes' ruling,¹ San Diego Gas & Electric Company ("SDG&E") submits this prehearing conference statement.

I. THE PROCEEDING'S SCOPE SHOULD BE CLARIFIED

Before responding to the ruling's questions, it is useful to clarify the purpose and scope of further proceedings intended by Decision ("D.") 17-12-003. The ruling (at 1) states:

The purpose of the prehearing conference is to discuss the filing by Pacific Gas and Electric Company, ... [SDG&E], and Southern California Edison Company ... of the Federal Energy Regulatory Commission Tariff Amendment to Implement Energy Storage and Distributed Energy Resources Requirements, pursuant to Decision 17-12-003, and to discuss next steps for determining demand response baselines.

The referenced CAISO² FERC tariff amendment aimed to implement new demand response ("DR") wholesale baselines for the CAISO DR products (Proxy Demand Resources, or PDRs, and Reliability Demand Response Resources, or RDRRs). These baselines were proposed by the baseline analysis working group ("BAWG") as part of the CAISO Energy

¹ *Administrative Law Judge's Ruling Noticing Prehearing Conference and Asking for Prehearing Conference Statements* (November 30, 2018).

² California Independent System Operator Corp.

Storage and Distributed Energy Resources (“ESDER”) stakeholder process, phase II.³ Because the FERC has approved these new wholesale baselines, SDG&E does not interpret the ruling’s phrase “to discuss next steps for determining demand response baselines” to refer to the CAISO wholesale DR baselines. Instead, based on the discussion in D-17-12-003⁴ citing the fact that certain parties asked the Commission to “to consider ... alternate baselines, once the FERC has adopted the new tariffs.”⁵ Given the context of the decision’s discussion, SDG&E assumes the ruling intends to reference the next steps for determining the retail baselines for the utility DR programs approved in D.17-12-003. SDG&E requests that the scoping memo clarify the intended scope of the proceeding. If the ruling intended to include analysis of potential future wholesale baselines in the scope, this would greatly complicate the proceeding, and SDG&E’s answers below would not hold.

II. RESPONSE TO RULING’S QUESTIONS

a. What issues should the Commission consider in determining whether to revise the current baseline?

SDG&E submits that this proceeding’s scope is limited to whether to revise baselines for the utility-run DR programs approved in D.17-12-003. The key questions Commission should consider in determining whether to revise the current utility program baselines are:

1. In reference to the BAWG’s recommended baselines for CAISO Performance Evaluation Methodologies, what baseline changes are parties recommending? If the baseline changes are not from the referenced report, there are additional questions and analysis that must be answered/conducted prior to any revisions.
2. What are the potential benefits of revising the current baselines for utility retail programs?

³ Nexant, *CAISO Baseline Accuracy Work Group Proposal* (June 6, 2017).

⁴ D.17-12-003 at 153-155.

⁵ *Id.* at 154 and n. 283.

3. What are the expected implementation costs for any proposed revisions?
4. Do the potential benefits of revising the current baselines justify the potential costs?
5. Should the retail baselines be allowed to be different than the wholesale baselines?
6. What is the timing for proposed retail baseline changes?
7. Can the additional implementation costs be covered by the 2018-2022 DR portfolio approved budgets?
8. Will the additional costs require fund-shifting within the approved 2018-2022 budget?
9. If the costs cannot be covered by the 2018-2022 budget and an application is required for implementation, what will that timing look like given this is to be resolved within the next 7 months.
10. What are the differences between how the CAISO implements wholesale energy settlements and how the utility implements retail settlements?

b. Will these issues result in the need for an evidentiary hearing?

SDG&E believes that there are few, if any issues that will turn on disputed facts and witness credibility, such that evidentiary hearings are required. Therefore SDG&E submits that this matter can be submitted on written comments, possibly assisted by a workshop process. See response to c. below.

c. Is testimony needed or is a workshop followed by comments and reply comments the appropriate approach?

See the response to the prior question. A workshop/webinar or two prior to comments could help identify scope and suggest subjects to be addressed in comments.

- d. This proceeding has a statutory deadline of July 17, 2019. Do you feel the Commission can adopt a baseline for demand response programs by this deadline?**

SDG&E believes that the narrow scope of the subject matter makes the deadline attainable with all parties having the opportunity to address the issues. But it will require firm will on the part of the Commission to make it happen.

III. CONCLUSION

SDG&E asks that these comments be accepted in compliance with the subject ruling.

Respectfully submitted,

/s/ E. Gregory Barnes

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