

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



**FILED**

11/19/18  
04:59 PM

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

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) ON  
PROPOSED DECISION RESOLVING REMAINING APPLICATION ISSUES FOR  
2018-2022 DEMAND RESPONSE PORTFOLIOS**

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November 19, 2018

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Pursuant to Commission Rule 14.3, San Diego Gas & Electric Company (“SDG&E”) submits this reply to certain comments to the proposed decision issued October 25, 2018 (“PD”).<sup>1</sup> SDG&E does not reply to each and every contention in the opening comments,<sup>2</sup> but here focuses on a few important items.

**I. CONSUMER PROTECTIONS ARE IMPORTANT BUT OUT-OF-SCOPE HERE**

SDG&E agrees with Olivine’s assertion (comments at 4) that vulnerable members of Disadvantaged Communities (“DACs”) need strong consumer protections. However, the Commission has already included solar consumer protections in the scope of the Net Energy Metering (“NEM”) proceeding, Rulemaking (“R.”) 14-07-002. Decision (“D.”) 18-09-044 in

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<sup>1</sup> Proposed *Decision Resolving Remaining Application Issues for 2018-2022 Demand Response Portfolios and Declining to Authorize Additional Demand Response Auction Mechanism Pilot Solicitations* issued by Administrative Law Judges Kelly A. Hymes and Nilgun Atamturk.

<sup>2</sup> In addition to SDG&E, the following parties filed opening comments: Pacific Gas & Electric Company (“PG&E”), Southern California Edison Company, California Independent System Operator Corp., Olivine, Inc. (“Olivine”), OhmConnect, Inc. (“OhmConnect”), California Large Energy Consumers Association (“CLECA”), California Energy Storage Alliance (“CESA”), California Efficiency + Demand Management Council (“CEDMC”), and CPower & Enel X North America, Inc. (“CPower”). Opening comments are cited herein as follows: “[party nickname] comments at [page number(s)].”

that proceeding addressed solar consumer protection measures there in great detail. For example, the decision required customer education, checklists, and other efforts by solar companies and the Utilities to enforce consumer protections. Any further efforts in this Demand Response (“DR”) proceeding to include additional guidelines on consumer protection or add a “Customer Bill of Rights” would be duplicative, and without having any record developed in this proceeding. SDG&E urges the Commission to address any additional consumer protection concerns it may have for the DR-DACs pilot via the NEM proceeding.

## **II. IT IS PREMATURE TO ADDRESS THE STRUCTURE OF ANY FUTURE DRAM**

The comments generally agree with SDG&E and the PD that the determination of the Demand Response Auction Mechanism (“DRAM”) pilot’s future will come after the full DRAM pilot evaluation is concluded.<sup>3</sup> However, some parties have requested that the Commission provide details about the next DRAM auction.<sup>4</sup> SDG&E submits that it is premature to discuss the structure of future DRAM auctions until the evaluation is completed so that the Commission and stakeholders can fully understand what DRAM has achieved so far using ratepayer money. Even if the DRAM evaluation suggests that it is in the public interest to continue DRAM, it will require extensive collaboration, discussion, and drafting to refine the pro forma and the parameters based on the recommendations of the DRAM assessment.

## **III. THERE IS NO GOOD REASON TO EXTEND THE DRAM NOW**

SDG&E disagrees with CEDMC’s argument that the Commission should extend DRAM so as to avoid gaps in procurement.<sup>5</sup> DRAM is a pilot. It has already been extended for two

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<sup>3</sup> PG&E comments at 1; OhmConnect comments at 1; CPower comments at 8; CESA comments at 11; CLECA comments at 6; Olivine comments at 5.

<sup>4</sup> CPower comments at 10.

<sup>5</sup> CEDMC comments at 4–6.

years past its intended test period.<sup>6</sup> The Commission must not extend DRAM indefinitely based on the idea that we should avoid gaps in procurement. If DRAM is to be extended, it should be extended based on proven cost effectiveness, and not merely to avoid gaps between DRAM auctions.

SDG&E does not agree with the following two parties' arguments that there are not enough business opportunities for third-party Demand Response Providers ("DRPs") if DRAM does not continue. OhmConnect (comments at 4) stated that "Non-DRAM business opportunities available to third-party DRPs remain extremely limited," especially for residential customers. Similarly, CESA (comments at 4) argued:

... [F]oregoing [sic] a 2019 DRAM auction will limit market opportunities for third-party DRPs and cause the state to revert back to a past world when utility-administered DR programs were the sole opportunity for third-party DRPs to access energy and capacity markets.

SDG&E's Capacity Bidding Program is open to all third-parties and will be available to residential customers in the near future. SDG&E also offers AC Cycling program to residential customers and aggregators to bid into the CAISO wholesale market. Other non-utility opportunities also exist in the Resource Adequacy solicitations. As a recent example, OhmConnect won a five-year demand response contract in SDG&E's 2016 Preferred Resource Request for Proposal for local Resource Adequacy capacity.<sup>7</sup> The fact that the Commission has approved the Local Capacity Resource DR contract proves that business opportunities for third-party DRPs, including those who serve residential customers, are available in California energy markets.

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<sup>6</sup> Resolution E-4728 (July 23, 2105) authorized DRAM auctions in 2015 and 2016 for delivery in 2016 and 2017. D.16-06-029, ordering paragraph ("OP") 25(a) at 94, extended the DRAM pilot to 2018. D.17-10-017, OP 7 at 89, further extended the DRAM pilot to 2019.

<sup>7</sup> D.18-05-024, OP 3 at 28, approved this contract.

#### IV. CONCLUSION

SDG&E asks the Commission to adopt its comments and these reply comments, including the changes to the PD's proposed findings of fact and ordering paragraphs offered in the Rule 14.3(b) appendix to SDG&E's opening comments.

Respectfully submitted,

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