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

In the Matter of the Application of San Diego Gas &
Electric Company (U902E) for Adoption of its Smart Grid
Deployment Plan

Application 11-06-006
(Filed June 6, 2011)

And Related Matters.

Application 11-06-029
Application 11-07-001

PROTEST OF THE GREENLINING INSTITUTE

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August 4, 2011

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I. INTRODUCTION

The Greenlining Institute (Greenlining) regretfully submits the following protest to the California Public Utilities Commission (Commission), as directed in the Administrative Law Judge’s Ruling Memorializing the Consolidation of Applications 11-06-006, 11-06-029, and 11-07-001, Setting a Date for Protests and Responses, Permitting Replies, and Scheduling a Prehearing Conference.

While this proceeding now addresses three separate Smart Grid Deployment Plans (Deployment Plans or Plans), they all suffer the same shortcomings on the issue of supplier diversity. These shortcomings are, quite frankly, very disappointing from companies that are supplier diversity leaders among their peers. Greenlining strongly urges the Commission to find the supplier diversity “strategies” contained in all three Deployment Plans to be woefully inadequate, and to urge the utilities back to the drawing board to spell out true, detailed strategies for addressing the opportunities that will arise in building out the Smart Grid.

II. DISCUSSION

Decision (D.) 10-06-047 was a landmark ruling in many ways, setting California's course for building out its Smart Grid. But it was also landmark in terms of the way that grid will be built. It requires that the Deployment Plans include "the utility's *strategies* for meeting GO 156 goals and requirements in regards to Smart Grid, including *how* the utility intends to use its subcontracting program to encourage its prime contractors to utilize women, minority, and disabled veteran business enterprise subcontractors."¹ All three Deployment Plans, as filed, fail to do so. They are addressed individually below, in order of submission.

1. A.11-06-006, San Diego Gas & Electric Company's Deployment Plan.

San Diego Gas & Electric's (SDG&E's) Deployment Plan section on GO 156 "alignment" consists of only two paragraphs, which set forth only very general strategies for achieving GO 156 goals in the Smart Grid context.² The company states it intends "to work closely with current and future companies to achieve its DBE goals."³ It goes on to state that "[a]ll contracts contain subcontracting language regarding DBE spending: these include spending for Smart Grid Projects."⁴ Finally, it states that "SDG&E plans to further develop its DBE program by working with DBEs to build their technical capabilities to participate in Smart Grid projects."⁵

The Deployment Plan also notes that SDG&E has a "proven track record" of success when it comes to supplier diversity, and Greenlining does not deny this claim. In fact, SDG&E has been an industry leader for several years, receiving an "A" in Greenlining's most recent

¹ D.10-06-047, p. 49 (emphasis added).

² SDG&E Smart Grid Deployment Plan, pp. 17-18.

³ *Id.* at 117.

⁴ *Id.*

⁵ *Id.* At 118.

Supplier Diversity Report Card, with 26.2% spend with Minority Business Enterprises (MBEs) in 2010.⁶ This achievement significantly exceeds GO 156's MBE goal of 15%, and even significantly exceeds SDG&E's own 2009 performance, coming in at just over 20%.⁷

It is therefore unsatisfactory that, when directed to provide a *strategy* and concrete mechanisms – even just in the planning stages – for *how* the company plans to incorporate supplier diversity into its Smart Grid build-out, the response is “we will do it how we have always done it.” The Smart Grid is a whole new kind of endeavor for an electric utility. SDG&E itself refers to it as “an end-to-end transformation of our electric system.”⁸ Greenlining is therefore not satisfied by a “strategy,” coming from a supplier diversity leader such as SDG&E, that states that it will address a veritable revolution, an end-to-end transformation, with mere application of the status quo. Greenlining urges that the Commission find this unsatisfactory as well, and require more detail from SDG&E and the other utilities discussed below.

2. A.11-06-029, Pacific Gas & Electric's Deployment Plan.

PG&E's GO 156 strategy as set forth in its Deployment Plan is two pages long, but like SDG&E's it largely focuses on past successes.⁹ It does acknowledge that the build-out presents both new opportunities and new challenges in the area of supplier diversity, and it is the only Plan to set forth short-, mid-, and long-term goals for Smart Grid spend in all three DBE categories.¹⁰ It does set forth the framework for a strategy,¹¹ but aside from the identification of

⁶ Supplier Diversity Report Card, published by the Greenlining Institute, at p. 9. Report is available at <http://greenlining.org/resources/pdfs/GISDRCoverforGIwebsite.pdf>.

⁷ *Id.*

⁸ SDG&E Deployment Plan, introductory letter to President Peevey, dated June 6, 2011.

⁹ PG&E Deployment Plan, pp. 44-46.

¹⁰ *Id.* at 45.

a Smart Grid Supplier Diversity Champion to coordinate goals and efforts toward them, the strategy does not go beyond continuing existing practices.

While PG&E's Plan does go slightly further than that of its peers to the south, it does not adequately set forth an actual *strategy* for *how* it will capitalize on these new opportunities and tackle these new challenges. It does not even identify what those opportunities and challenges are. This is an insufficient response to the question of *how* supplier diversity will be incorporated into the Smart Grid build-out, and as such the critique of SDG&E's Deployment Plan, above, applies to PG&E's Plan as well. The Commission should require more detail from PG&E as well.

3. A.11-07-001, Southern California Edison's Deployment Plan.

SCE's supplier diversity strategy, as set forth in its Deployment Plan, is two paragraphs long, less than half a page.¹² It describes only its current processes, including its consideration of diverse subcontracting plans in its contractor selection process. It does not set forth any plans or strategies of any kind, even in the form of general intentions to continue the status quo. It is an extremely brief description of some, but not all, of its current processes, and nothing more. It is not a *strategy* for anything, and certainly does not come close to addressing the challenges and opportunities PG&E recognized (but similarly did not address).

Little more can be said about SCE's supplier diversity strategy, because there is simply nothing there to comment on. This "strategy" is the least sufficient of the three, and Greenlining urges the Commission to find it unacceptably scant, and require more detail and an actual strategy from SCE and its counterparts.

¹¹ *Id.* at 46.

¹² SCE Deployment Plan, p. 49. Technically the section is three paragraphs long, but the first paragraph merely sets forth what GO 156 is, and SCE's intent to further its goals.

4. Recommendations.

While perhaps somewhat unusual for a Protest, Greenlining recommends that the Commission urge the utilities to provide more detail in the supplier diversity sections of their Deployment Plans, answering questions such as, but not limited to:

- What areas present opportunities? What areas present challenges?
- What specific means will be employed to address identified opportunities and challenges?
- How will potential suppliers be identified? How will the utility identify suppliers well-positioned to re-direct their offerings toward Smart Grid-specific needs? How will they go about helping those suppliers understand the needs and what they need to offer in order to become part of the Smart Grid supply chain?
- Have the utilities begun to devise their communications strategy, to reach out to chambers of commerce and other business networks to inform member businesses about the what, where, and when of their Smart Grid needs? If they have not begun to devise this strategy, why not? When will they begin?

III. CONCLUSION

In D.10-06-047, the Commission asked the utilities *how* supplier diversity will be incorporated into their Smart Grid build-out. The utilities seem to have misread, or simply elected not to answer, the question. They provided answers to *whether* supplier diversity would be incorporated, and of course all answered yes. But that was not the question. The question was *how*.

Greenlining is confident that all three utilities can and will devise true, detailed, meaningful supplier diversity strategies for their Smart Grid build-out. We look forward to

working with them and with the Commission to identify opportunities, and act swiftly upon them. All of the utilities state that supplier diversity has become intrinsic to their business operations, part of their DNA. As presently written, the Deployment Plans fall well short of reflecting this depth of commitment.

Dated: August 4, 2011

Respectfully submitted,

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