



FILED
8-05-15
09:46 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &
ELECTRIC COMPANY (U902E) for
Approval of its Electric Vehicle-Grid
Integration Pilot Program.

Application 14-04-014
(Filed April 11, 2014)

And Related Matter.

Rulemaking 13-11-007

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING REGARDING THE PROCEDURAL SCHEDULE FOR ADDRESSING
THE SETTLEMENT AND THE SDG&E APPLICATION**

Summary

This ruling addresses the procedural steps that are to be followed concerning the proposed settlement that was filed in the above-consolidated proceedings, and the underlying application of San Diego Gas & Electric Company (SDG&E) that was litigated in evidentiary hearings (EH) on April 27, 2015 through May 4, 2015. Today's ruling does not address the merits of SDG&E's underlying application, or the merits of whether the proposed settlement should be adopted or not.

For the reasons stated below, there is no need to have further EHs on the proposed settlement. Instead, this ruling directs SDG&E to provide responses to the questions set forth in Attachment A of this ruling by August 21, 2015. The responses to the questions in Attachment A will provide the Commission with a better understanding of the proposed settlement. In addition, this ruling directs

the parties to file opening and reply briefs on whether the proposed settlement, SDG&E's original proposal, or a variant of those proposals, should be adopted or not.

Parties to these consolidated proceedings shall file and serve their opening briefs by September 4, 2015, and reply briefs by September 18, 2015.

1. Background

The California Public Utilities Commission (Commission) opened Order Instituting Rulemaking (OIR or R.) 13-11-007 in November 2013 to address issues relating to expanding the use of alternative-fueled vehicles in California. This OIR was opened, in part, to support the Governor's Executive Order B-16-2012, which sets a target of 1.5 million zero-emission vehicles in California by 2025. The Governor's Order directs the state entities under his direction and control to "facilitate the rapid commercialization of zero-emission vehicles."

San Diego Gas & Electric Company (SDG&E) filed its application on April 11, 2014 seeking Commission authorization to allow SDG&E to institute a pilot program of deploying electric vehicle charging infrastructure in its service territory, and to integrate that infrastructure into the electric grid. The OIR was consolidated with SDG&E's application on September 29, 2014. SDG&E's application is the first of the three large electric utilities to request authority to establish and implement a pilot program to encourage plug-in electric vehicle (PEV) usage by integrating that usage with the electric grid (referred to as "Vehicle Grid Integration" or VGI), and to promote the widespread deployment of PEV charging stations.

SDG&E's application proposes to contract for the installation of PEV charging stations at multi-unit dwellings and at workplaces, and to offer an hourly time-variant VGI charging rate to PEV owners. SDG&E's application

proposes that the charging stations be owned and operated by SDG&E, and that it be allowed to include its capital investment into ratebase. Six days of EHS were held on SDG&E's application from April 27, 2015 through May 4, 2015.

Following the EHS, SDG&E and 16 other parties entered into a "Settlement Agreement Regarding SDG&E's VGI Pilot Program Application, A.14-04-014" (proposed settlement). The proposed settlement recommends a structure and framework for how SDG&E's VGI program should be allowed to proceed. SDG&E and the other settlement parties filed a joint motion on June 3, 2015 requesting that the Commission adopt the proposed Settlement Agreement (motion). The motion also requests that the procedural schedule for the filing of briefs following the EHS on SDG&E's underlying application be suspended.

Prior to the filing of the motion, SDG&E's counsel e-mailed the Administrative Law Judge (ALJ) and the service list on June 1, 2015 requesting that the upcoming briefing schedule be suspended. In a June 1, 2015 e-mail from the assigned ALJ to the service list, the request of SDG&E's counsel to suspend the briefing schedule was granted, and the briefing schedule was suspended until further notice.

As provided for in Article 12 of the Commission's Rules of Practice and Procedure, parties were allowed to comment on the motion. Nine responses to the motion were filed, and six reply comments were filed.

2. Background of the Underlying SDG&E Application and Proposed Settlement

SDG&E proposes in its application that it be authorized to own, install, and maintain electric vehicle supply equipment (EVSE) and associated infrastructure at up to 550 sites to charge PEVs. The PEV owners using SDG&E's facilities would be charged a time and location-varying rate meant to support

VGI (“VGI rate”). According to SDG&E, the VGI rate will reflect daily dynamic changes in energy prices, as well as system and circuit conditions. The PEV owners using these facilities will be sent advance price signals to encourage PEV charging during the off-peak. SDG&E requests that the costs of this program be capped at \$103 million, and that SDG&E be allowed to recover these costs from its ratepayers.

SDG&E’s underlying application was fully litigated through the preparation of prepared testimony, and six days of EHS. Following the EHS, the proposed settlement was entered into, and the motion filed.

The proposed settlement is based on, and would adopt with certain modifications, SDG&E’s proposal as set forth in its application. As described in the motion and the text of the proposed settlement, the proposed settlement is based on 11 Guiding Principles that are to guide the VGI program implementation, and on 16 modifications to SDG&E’s underlying application.

The proposed Guiding Principles to guide VGI program implementation are as follows:

1. Must support the Governor’s and California state goals to: achieve installation of grid-integrated infrastructure to support 1 million zero emission vehicles by 2020; accelerate the adoption of 1.5 million zero emission vehicles by 2025, and support clean air and climate change objectives.
2. Must be structured to provide net benefits to all ratepayers.
3. Must protect ratepayers by ensuring that assets continue to be used and useful.
4. Must provide EV drivers the opportunity to maximize fuel cost savings relative to conventional transportation fuels.

5. Must provide equitable deployment of services to all ratepayers, including statutory requirements and directives to serve disadvantaged communities and increase access to clean transportation.
6. Must provide customer choice.
7. Must support broad-based investment in electric vehicle charging equipment and services by public, private and utility entities and avoid anticompetitive impacts on the markets for EV charging equipment and related services;
8. Must incorporate learning-by-doing and make adjustments to the VGI Pilot Program as needed.
9. Must provide data to help inform State policy.
10. Must utilize rate design and load management practices to facilitate the integration of renewable energy resources, as well as deliver other grid benefits.
11. Must align with SDG&E's Diversified Business Enterprise (DBE) goal of 40% and request subcontractors to provide proposals in support of the 40% goal.

The 16 modifications that the settling parties have agreed to make to SDG&E's underlying application are summarized as follows:¹

- The VGI facility site hosts will have the choice of two billing options: (1) the VGI rates offered directly to the PEV driver; or (2) the VGI rate offered to the site host;
- If the VGI facility host opts to receive the VGI rate, the site host or its selected vendor, will be required to submit to

¹ The modifications are more fully described in the proposed settlement.

SDG&E the load management tactics it will implement at its VGI facility, including the incremental costs and equipment required to implement the load management tactics, the prices or fees that it intends to levy on VGI facility users, and any vehicle or EVSE communication systems necessary to implement the load management tactics. If a VGI facility site host opts for the VGI rate to be offered directly to the EV driver, the site usage patterns will be monitored, and the site host determined prices or fees will be tracked;

- The VGI facility site hosts will choose EVSE and related services from a list of vendors prequalified by SDG&E to provide such services for the VGI program. SDG&E's VGI program does not include the installation of DC fast charging equipment;
- SDG&E will assess a VGI program participation payment on VGI facility site hosts that elect to participate in the program. The participation payment is to be waived for VGI facilities located at sites in disadvantaged communities;
- After the first year of participation, the VGI facility site host shall have the annual option to switch VGI rate plans. In the event that the ownership of control of the VGI facility site changes, the new site host has the option to select a VGI rate plan;
- Third party vendors of EVSE and services pre-qualified by SDG&E for the VGI program may offer and contract with the VGI facility site host to provide any additional or complementary services, as long as these services do not interfere with the objectives of the VGI program. The costs of these additional services will not be borne by the VGI program, unless they are complementary services necessary to support the VGI program objectives. As such, SDG&E will encourage discussions during the request for information (RFI) process that allow vendors to explore the funding of innovative opportunities that may exceed the

- minimum implementation requirements of the VGI program, and have the potential to enhance and improve the grid-integration outcomes of the VGI program overall;
- The pre-qualified third party vendors, in coordination with SDG&E customer contact personnel, will market and sign up potential VGI facility site hosts to participate in the VGI program in the two targeted customer segments of multi-unit dwellings, and workplace, and in any other customer sub-segments identified in the Settlement Agreement (e.g., disadvantaged communities and housing or sites that support car-sharing entities). Competitively neutral descriptions of the VGI rate plans will be prepared by SDG&E and shall be used by third parties. Third parties shall be permitted to develop and utilize their own marketing materials at their own expense, consistent with and subject to SDG&E's co-branding policy and approval process. To create and maintain a positive customer experience with the VGI program, the third parties will be required to describe how they will share the initial and ongoing customer relationships with SDG&E and the VGI facility host and EV driver;
 - The VGI program will be included within SDG&E's companywide DBE goal of 40%. The request for proposal and contract will contain a DBE subcontracting plan;
 - At least 10% of the VGI facilities will be installed in disadvantaged communities as identified by the California Environmental Protection Agency's CalEnviroScreen tool developed pursuant to Senate Bill 535 (Statutes of 2012, Chapter 830.) SDG&E will work with community based organizations to assist with education and outreach, as well as pre-qualifying and signing-up hosts for participation in the VGI program. In addition, SDG&E will scale up deployment of VGI facilities at qualified locations above the 10% target to support accelerated EV adoption in disadvantaged communities;

- All contractors shall have hiring goals to support opportunities to increase hiring from disadvantaged communities, including first-source hiring and targeted-hiring goals for projects in disadvantaged communities. The VGI Program Advisory Council (PAC) will also monitor and provide recommendations, including specific numerical targets for meeting hiring targets, to contractors or subcontractors associated with the increase of hiring from disadvantaged communities, including best practices for hiring;
- SDG&E will solicit participation of a broad and diverse stakeholder advisory group known as the PAC in planning and implementing the VGI program following its approval by the Commission. The PAC will include representatives from local and state government (including representation from the Energy Division), industry, labor and other stakeholder participants, ratepayer and environmental advocates, and representatives of disadvantaged communities;
- With guidance from the PAC, SDG&E will make program changes as needed during the course of the VGI program in line with the Guiding Principles. The settling parties recognize that certain changes may require filings that require Commission approval. Information will be provided to the PAC in a manner similar to SDG&E's Procurement Review Group. Data will be provided to the PAC and Commission to assess the need for program changes;
- Metering at the EVSE level must be compatible with SDG&E billing and metering requirements, and/or submetering protocol if and as approved by the Energy Division. SDG&E reserves the right to make exceptions as conditions of the VGI program warrant. Minimum acceptable metering tolerance is anticipated to be 1% and if needed to meet meter testing and re-calibration requirements, removal (and replacement) of the entire

EVSE will be acceptable. The VGI bills will be sent directly to the SDG&E EV driver receiving the VGI rate or to the VGI facility site host receiving the VGI rate under the VGI rate-to-host pricing plan. Data will be provided to SDG&E by the qualified third party to SDG&E's specifications in a manner acceptable to both parties to allow for this billing. Billing specifications are to send the VGI rate on a day-ahead basis, allow customer to set charging needs, meet these charging needs, collect usage data and send data to SDG&E for billing processing. For exceptional instances when a non-SDG&E customer is allowed by the VGI facility site host at a site that is on the VGI rate-to-EV driving pricing plan to use the VGI facility for vehicle charging temporarily, the site host will have the option to be the VGI rate customer (i.e., enrolled in the VGI rate), and will be billed for this usage, similar to how the site host is billed under the VGI rate-to-host pricing plan;

- Unless directed otherwise by the Commission, as originally proposed SDG&E will cease marketing the VGI program and will not sign up any additional sites as of the end of the 4th years of VGI program implementation, except for the following limited exception. The original proposal is modified for potential VGI facilities sites with documented plans for new construction or major tenant improvements. For such sites the VGI facility installation period may extend beyond the 5th year of the VGI program proposed installation period if the site host commitment is made by the end of the 4th year of VGI program implementation. SDG&E will allow for flexibility in the design of the VGI facility configuration to meet the needs of a host site. The costs of any incremental configuration needs will not be funded within the VGI program. Implementation and site screening process will accommodate host site construction, tenant improvement timelines and situational needs. The settling parties acknowledge that some sites may be rejected due to physical limitations, unusually large construction costs and/or level of difficulty;

- As stated throughout SDG&E's VGI program proposal, SDG&E will contract with one or more third parties to provide operating systems and related hardware to control EVSE networks to implement the VGI system. Although described in Exhibit SDG&E-2 (Schimka), further clarification of the RFI and request for proposal processes are described in Appendix C to the proposed Settlement Agreement;
- In order to provide an assessment of the VGI program consistent with the Guiding Principles, two years after the VGI program is launched SDG&E will provide an interim progress report to the Commission and serve it on all parties to A.14-04-014 and R.13-11-007. The interim progress report will include data as described in Appendix B of the proposed Settlement Agreement, and a description of any program changes implemented by SDG&E prior to the date of the report. Parties will be permitted to file comments and reply comments on the report.

3. Responses and Replies to the Motion to Adopt the Proposed Settlement

The motion requests that the Commission approve the proposed settlement. According to the motion, if the proposed settlement is approved by the Commission, this would resolve the issues raised in SDG&E's Application (A.) 14-04-014.

Nine parties filed responses to the motion.

The California Energy Storage Alliance (CESA) contends that the proposed settlement "still presents significant risk to the competitive third party market for EV infrastructure and services in SDG&E's service territory." (CESA Response, at 2.) CESA recommends that the following measures be added to the proposed settlement:

- CESA proposes that the PAC be independent and diverse, and have the authority to report on key issues directly to the Commission, including periodic reports to the assigned Commissioner in Rulemaking (R.) 13-11-007, and to Commission staff overseeing the VGI program. This PAC would be allowed to recommend program modifications about the VGI program directly to Commission staff without filtering by SDG&E.
- CESA proposes that the data collection effort for the VGI program include statistics documenting the development of both third party and SDG&E-owned EVSE sites, and that such data be updated quarterly and provided to the Commission. To keep track of, and to improve the VGI program, CESA recommends that 18 months after the Commission approval of the VGI program, that SDG&E be required to file an Interim Progress Report in R.13-11-007 that described SDG&E's activities up to that date in implementing the VGI program, its impacts on deployment, and its market share. The Interim Progress Report would contain the data identified in Appendix B of the proposed settlement, other data requested by the Commission, and a description of any program changes implemented by SDG&E prior to the date of the Interim Progress Report. CESA recommends that parties and the PAC be allowed to file comments and reply comments on the Interim Progress Report, and that workshops could be held if deemed necessary.
- CESA believes it is crucial to encourage program participants to be actively involved and invested in the VGI program. CESA therefore recommends that the Commission modify the VGI program to require a cost contribution from all VGI facility site hosts that participate in the VGI program, and that this cost contribution requirement be waived for VGI facilities located in disadvantaged communities. CESA recommends that this cost contribution be in the amount of \$1000 per EVSE port, and that this payment be made directly to SDG&E. CESA

recommends that SDG&E be required to request Commission approval of any amount in excess of the proposed \$1000 amount through a Tier 2 advice letter (AL) after consulting with the PAC.

- In order to maintain an environment in which third party developers can participate in the PEV charging market, CESA recommends that SDG&E be required to implement the following procedures to ensure that non-SDG&E owned EVSE sites are not being hampered, delayed, or overcharged: accurate and detailed data should be collected independently, and reviewed for possible adjustments to the VGI program; SDG&E should create appropriate firewalls to ensure that the applications and data of the non-utility EV charging station sites cannot be accessed by SDG&E personnel, and that the cost of such measures be paid from currently approved sources of administrative funds; SDG&E should create transparent policies and procedures, and the Commission should require reporting, to ensure that non-SDG&E PEV charging sites are queued fairly in the interconnection process and that the SDG&E-owned charging station sites are not given priority or given less burdensome rules and decisions when being installed; SDG&E should provide at least the same information and transparency to third party developers about PEV charging sites or potential PEV charging sites as it has itself; and SDG&E should establish procedures to ensure unbiased pre-approval of design configurations that can be referenced by third parties, and SDG&E should not require extensive or repeated configuration studies of third party-owned PEV charging station sites.

The Consumer Federation of California (CFC) contends that the proposed settlement fails to adequately address the issues about: the costs of the program; the benefits to ratepayers who will end up funding the program; and that ratepayers should not be entirely responsible for a project to spur the adoption of

PEVs. CFC recommends that the proposed settlement be rejected, and that the parties be instructed “to negotiate a more reasonable equivalence between the cost attributed to the ratepayers and the minimal benefits the ratepayers will receive.” (CFC Response, at 6.)

The Joint Minority Parties² oppose the proposed settlement because of concerns regarding the following: the excessive cost and scope of the proposed VGI program; the insufficient provisions to reduce barriers to EV adoption in disadvantaged communities; and the vague and incomplete descriptions of key components of the proposed settlement. The Joint Minority Parties contend that the proposed settlement “has completely ignored or only minimally addressed these concerns, along with issues raised by other parties on behalf of ratepayers.” (Joint Minority Parties Response, at 2.)

Despite the concerns over the cost and scope of the VGI program, the Joint Minority Parties contend that the proposed settlement did not make any adjustment to the amount of the requested funding. The Joint Minority Parties contend that “Given the substantial unknown benefits of deploying charging infrastructure and the risks from likely future developments in clean energy vehicle technology that would adversely affect the VGI program forecast, a more conservative investment should be made through a smaller pilot program.” (Joint Minority Parties Response, at 3.) The proposed Settlement Agreement contains a statement that a shareholder reward/risk mechanism will be

² The Joint Minority Parties is composed of the following organizations: National Asian American Coalition, Ecumenical Center for Black Church Studies, the Jesse Miranda Center for Hispanic Leadership, Christ Our Redeemer AME Church, National Hispanic Christian Leadership Conference, Orange County Interdenominational Alliance, and the Los Angeles Latino Chamber of Commerce.

considered before the conclusion of the VGI program. However, the Joint Minority Parties contend that under the proposed settlement, ratepayers will bear all of the risks by fully funding the VGI program. Instead of ratepayers funding the program, the Joint Minority Parties recommend that SDG&E's shareholders fund at least 50% of the program costs.

Under the proposed settlement, at least 10% of VGI facilities will be placed in disadvantaged communities. Given this percentage of facilities, the Joint Minority Parties recommend that it is reasonable to only have up to 10% of the VGI program costs recovered from ratepayers living in these disadvantaged communities, or to limit cost recovery from low income ratepayers to 10% of the VGI program costs.

The Joint Minority Parties contend that low income ratepayers will need financial support to increase their use of EVs, and that the VGI facilities in disadvantaged communities will be underutilized without sufficient EV adoption by persons residing in these communities. The Joint Minority Parties recommend that the VGI program fund and expand new and existing EV adoption programs, and that SDG&E conduct research in disadvantaged communities to determine how much the average driver is willing to spend to purchase a PEV if EVSE infrastructure is made available.

The Joint Minority Parties also contend that the criteria in the proposed settlement for selecting a disadvantaged community as identified by the CalEnviroScreen tool is too vague, and that priority in site selection should be based on the criteria described in the Joint Minority Parties' response.

The Joint Minority Parties also contend that the Guiding Principles in the proposed settlement are too vague, and fail to provide sufficient clarity to guide future program changes. As for the proposed PAC, the Joint Minority Parties

contend that the proposed settlement fails to address how the PAC will decide on what their overall input and recommendations will be, and does not provide a meaningful venue for stakeholder participation.

Marin Clean Energy (MCE) supports the efforts of the settling parties to increase customer choice and flexibility in EVSE deployment options in SDG&E's service territory, and favors the proposed settlement over SDG&E's original proposal. However, MCE points out that the Commission should be aware that site selection and electricity supply for EVSE deployment should not have an anti-competitive impact on non-investor-owned load serving entities.

The Office of Ratepayer Advocates (ORA) opposes the proposed settlement because it "fails to resolve issues of program size, program cost, and utility ownership...." (ORA Response, at 1.) ORA contends that the proposed settlement "is not reasonable in light of the record, is inconsistent with the law and is not in the public interest." (ORA Response, at 1.)

ORA notes in its response that the September 29, 2014 scoping memo and ruling recognized that "the issues of cost, size, duration and competitive impacts..." would require an extended review of SDG&E's application. (ORA Response, at 4.) ORA further notes that the proposed settlement has not altered these issues about the VGI program, and contends that the motion and the proposed settlement "do not contain the information necessary for the Commission to find the size and utility ownership aspects of the SDG&E's VGI Program reasonable." (ORA Response, at 5.)

ORA recommends that if the Commission does not reject the proposed settlement outright, that hearings are needed to address new issues raised by the proposed settlement. ORA contends that hearings are needed on the following issues:

- That the proposed settlement does not provide for an early program assessment by the Commission before SDG&E submits its program effectiveness report two years after the program begins. In addition, there is no provision for suspension or off-ramping if the VGI program falls short of program objectives.
- Although the proposed settlement includes a VGI rate-to-host that offers customer choice in the selection of an electric vehicle service provider (EVSP), it does not address how the VGI program will impact competition in the EVSP market in San Diego, and does not provide for the measurement of the impact of the VGI program on non-utility EVSE installations pursuant to the balancing test in D.14-12-079.
- How will SDG&E measure how site hosts that have subscribed to the VGI rate-to-host option comply with the load management tactics identified by the proposed settlement?
- The VGI rate-to-host option implies that site hosts or third-party vendors may charge EV drivers any price or rate for EV charging. This is a new VGI program element, and parties should examine how SDG&E will work with site hosts and third party vendors to track prices or rates in relationship to VGI program performance. The details of this process could be outlined in an initial pilot phase of the VGI program, which provides transparency and accountability to the stakeholders and the Commission.
- The proposed settlement provides that the costs of additional services will not be borne by the VGI program unless they are complementary and are necessary to support the VGI program objectives. Hearings are necessary to explore possible additional costs, how SDG&E proposes to determine if they are necessary to the VGI program function, and how SDG&E proposes to account for these costs in the VGI program budget.

- The proposed settlement allows third party vendors to charge VGI rate-to-host customers a fee for EV charging services. How will SDG&E verify the impact of the additional fee on VGI program enrollment? Will SDG&E moderate fees if they adversely affect the program's goals? If the VGI program is preceded by an initial pilot phase, the details of this process could be studied.
- Under the proposed settlement, VGI program participants will be assessed a program participation payment. SDG&E will obtain feedback from the PAC regarding the amount of the program participation payment, and to collect the payment SDG&E intends to file a Tier 2 AL. ORA contends that the Commission needs to scrutinize the range of the potential program participation payment, if the payment will be a one-time or recurring payment, and what program costs this payment will defray.
- The proposed settlement provides for the input and feedback of the PAC. What is the scope of the PAC's authority, and how will it impact program modification?

Shell Energy North America (US), L.P. (Shell Energy) contends that the proposed settlement fails to specify what elements of SDG&E's original VGI application are adopted, and which features are modified. Shell Energy further contends that the proposed settlement "does not address the total cost to be recovered from ratepayers, the length of the program, or the agreed upon schedule for deployment of EV charging stations," and "does not address the opportunity for VGI Facility owners to choose direct access, and it does not address third party ownership of VGI Facilities." (Shell Energy Response, at 2.) Shell Energy requests that the motion and the proposed settlement be denied and dismissed without prejudice, and that the settling parties be directed to resubmit

the proposed settlement that fully describes all the features of the proposed VGI program.

The Utility Reform Network (TURN) opposes the proposed settlement. TURN contends that the proposed settlement still essentially contains the vast majority of the elements contained in SDG&E's underlying proposal, and fails to address the major issues raised by TURN and the other consumer advocates. TURN contends that the proposed settlement is not reasonable and is not in the public interest, and that the terms are so unclear that it is difficult to determine if the settlement complies with Commission standards.

TURN contends that the following terms in the proposed settlement are vague, and that evidentiary hearings should be held to clarify these terms:

- Load management tactics: the proposed settlement will require hosts to submit a load management plan consistent with the Guiding Principles to SDG&E, and that the applicable principle appears to be principle number 10 which specifies that the program should facilitate the integration of renewable energy resources, as well as deliver other grid benefits. TURN contends that these terms do not provide much clarity regarding the potential requirements of any load management tactics, and that the parties may have different and conflicting views on what services advance the integration of renewable energy resources.
- EVSE: the proposed settlement is silent on the issue of cost recovery and ownership. TURN assumes that this paragraph simply reiterates SDG&E's application proposal to have the utility pay for EVSE construction and installation and to own the charging stations.
- Participation payment: the proposed settlement introduces a participation payment, but delays determination of the level of any such payment until a further Tier 2 AL. The cost recovery implications are not specified. It also appears

that SDG&E seeks to have discretion to require different participation payments from different customers.

- Third party vendor services: the proposed settlement authorizes site hosts to contract for any additional or complementary services, and that such costs would not be part of the VGI program unless they are necessary to support the VGI program objectives. There is no detail regarding the nature or potential scope of any such costs.

The Utility Consumers' Action Network (UCAN) oppose the proposed settlement, and contend that the settlement fails to address the size, length, and cost of the VGI program, and the utility ownership issue. Since new terms have been included in the proposed settlement, UCAN recommends that hearings be held on these new issues. If no hearings are held, UCAN recommends that the Commission reject the proposed settlement, and that a Commission decision on SDG&E's original application be prepared after briefs have been filed.

UCAN contends that the proposed settlement has included the following six new issues:

- That the VGI rate, as the site hosts' election, will be offered to either the site host or the driver.
- The site host is permitted to add additional charges for EV drivers to use the charging equipment so long as SDG&E is provided with a plan detailing the load management tactics the site host will implement, including the incremental costs and equipment required to implement the load management tactics, the prices or fees that it intends to levy on EV drivers, and any vehicle or EVSE communication systems necessary to implement the load management tactics.
- SDG&E will assess a VGI program participation payment (as yet to be determined) on VGI facility site hosts that elect to participate in the VGI program. In developing the

proposed participation payment, SDG&E will consider the following: customer commitment, avoiding adverse impacts to deployment, total VGI facility cost, and customer segment.

- Third party vendors of EVSE and services prequalified by SDG&E for the VGI program may offer and contract with the VGI facility site host to provide any additional or complementary services, as long as these services do not interfere with the VGI program objectives. However, the costs of these additional or complementary services will not be borne by the VGI program, unless they are necessary to support the VGI program.
- The proposed settlement calls for the establishment of a PAC in planning and implementing the VGI program following its approval by the Commission. As envisioned, the PAC will make no binding decisions on SDG&E.
- Metering at the EVSE level must be compatible with SDG&E billing and metering requirements. Minimum acceptable metering tolerance is anticipated to be 1% and if necessary to meet meter testing and re-calibration requirements, then removal (and replacement) of the entire EVSE will be acceptable. SDG&E reserves the right to decide on the need to make exceptions as conditions of the VGI program may warrant.

UCAN requests that these new issues that are contained in the proposed settlement be addressed in hearings.

The Vote Solar Initiative (Vote Solar) opposes the proposed settlement as drafted, unless the changes described below are made. Vote Solar contends that the proposed settlement should not be approved because of the following:

- It will give SDG&E an unfair advantage by allowing it to pick the most profitable charging opportunities, while

supported by ratepayer funding which SDG&E's private competitors will not have access to;

- There is a need for additional siting evaluation criteria to determine the site's impact on alleviating grid constraints as identified in SDG&E's Distribution Resources Plan, and that locations in areas where there are grid constraints should be solicited to evaluate such locations to alleviate grid constraints as part of the Distributed Energy Resources program;
- SDG&E should be required to establish clear criteria, particularly for host systems, for attaining specific VGI goals, and to include a plan to measure, evaluate, and verify VGI results at both site-hosed and direct billed charging installations;
- SDG&E should specify minimum standards for EV charging equipment with respect to upgradability from unidirectional power flow into the battery, to bi-directional power flow into and out of the battery (i.e., vehicle to grid);³
- The proposed settlement fails to provide tools to address the impacts of ratepayer-based subsidies on competition from the private sector. SDG&E should be required to set aside \$2 for every \$1 spent on infrastructure upgrades for the VGI program to support interconnection of third party-owned systems outside the VGI program, in exchange for allowing SDG&E to rate base whatever portion of these third-party infrastructure upgrades the Commission has allowed for the VGI program, with the infrastructure upgrade costs subject to some prudence review.

³ Vote Solar contends that if SDG&E is allowed to build out 20% of the regional market with no consideration for vehicle to grid, that this risks creating an approach that fails to maximize the potential benefits of VGI to provide grid services.

Of the six parties who filed replies to the motion to adopt the proposed settlement, only SDG&E addressed the need for hearings on the issues that ORA, TURN, and UCAN had identified in the proposed settlement. SDG&E contends that these issues have already been addressed in the proposed settlement, and that there is no need for the Commission to obtain information on all of the details for implementing the proposed settlement. SDG&E further contends that the hearings would only lead to speculative answers, and to cumulative testimony. (*See* SDG&E Reply, at 39-54.)

4. Discussion

Most of the responses and replies to the motion to adopt the proposed settlement focused on whether SDG&E's original VGI proposal and the proposed settlement should be adopted or not. Only ORA, TURN, and UCAN addressed the need for additional hearings, and only SDG&E responded in its reply as to whether hearings are needed on the proposed settlement.

After reviewing the proposed settlement, the responses and replies to the motion to adopt the proposed settlement, and reviewing the testimony and transcripts from the evidentiary hearing, we conclude that no additional hearings on the proposed settlement are needed. The testimony and the EHs have already addressed many of the issues that the parties have raised about SDG&E's underlying VGI proposal, and about the proposed settlement. The proposed settlement also addresses many of the issues that ORA, TURN, and UCAN have raised about the settlement, although it may not contain the specificity or details that they desire. In addition, such hearings will require additional resources from both the parties and the Commission, which seem unnecessary given the type of additional information that is being sought, and the information that is

already in the record. For those reasons, we decline to set a hearing on the proposed settlement.

However, we agree with ORA, TURN, and UCAN that the proposed settlement introduces modifications to SDG&E's original VGI proposal that require further explanation for the Commission to have a more thorough understanding of how the proposed settlement is to be implemented. To achieve that, we have appended Attachment A to this ruling, which is a series of questions that we have about the proposed settlement. SDG&E is directed to provide responses to the questions set forth in Attachment A by August 21, 2015, and to serve the response on the consolidated service list. Since these are questions about the proposed settlement, SDG&E may want to consult with the other signatories to the settlement before preparing its responses. As explained below, all of the parties filing opening and reply briefs in this proceeding can then comment on SDG&E's responses.

In addition to having SDG&E provide responses to the questions in Attachment A, this ruling determines that the most efficient process for the Commission to address the contested proposed settlement, and SDG&E's underlying VGI proposal, is to have the parties file opening and reply briefs on whether SDG&E's original VGI proposal, or the proposed settlement, should be adopted or not, or if some variation of these proposals should be adopted by the Commission. We pursue this process because the proposed settlement is predicated on SDG&E's VGI proposal as set forth in A.14-04-014. Six days of EH on SDG&E's VGI proposal have been held. Since the briefing schedule following the EH was suspended, as noted earlier, and because SDG&E's original VGI proposal, and the proposed settlement agreement, are both contested, the parties

should be provided the opportunity to fully brief SDG&E's original VGI proposal, and the proposed settlement.

Accordingly, parties to these consolidated proceedings may file and serve their opening briefs by September 4, 2015, and their reply briefs by September 18, 2015. Since SDG&E is directed to serve its responses to the Attachment A questions by August 21, 2015, the parties may respond to SDG&E's answers in their opening briefs, and parties may reply to the parties' responses in the reply briefs.

Once the reply briefs are filed, the issues in A.14-04-014 will be submitted. A proposed decision will then be drafted for the Commission's consideration.

IT IS RULED that:

1. San Diego Gas & Electric Company shall answer the questions set forth in Attachment A of this ruling, and shall serve the answers on the service list in these consolidated proceedings by August 21, 2015.
2. Pursuant to the discussion section of this ruling, the request to hold additional hearings on the proposed settlement is denied.
3. As described in the discussion section of this ruling, parties to these consolidated proceedings are to file and serve their opening briefs by September 4, 2015, and their reply briefs by September 18, 2015.
4. In accordance with Rule 1.10(e) of the Commission's Rules of Practice and Procedure, a paper copy of all documents served by e-mail are to be provided to the assigned Commissioner and Administrative Law Judge.

5. Application 14-04-014 will be submitted upon the filing of the reply briefs on September 18, 2015.

Dated August 5, 2015, at San Francisco, California.

 /s/ JOHN S. WONG

John S. Wong
Administrative Law Judge

 /s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner

ATTACHMENT A

Vendor Prequalification and Site Selection

- Describe the Request for Information (RFI) process. What does SDG&E expect to achieve through the RFI?
- Describe the Request for Proposal (RFP) process. What is expected to be included in bids from vendors and how will vendors be evaluated to become “prequalified” to participate in the program?
- Through the RFP, how will SDG&E evaluate if “complementary services” are “necessary” to support the objectives of the program? How will “complementary services” impact the budget for the program and the number of sites SDG&E is able to serve?
- Will SDG&E conduct marketing and outreach to potential host site participants or is this solely the responsibility of third-parties under the Settlement?
- Will the site selection criteria articulated in the prepared direct testimony of Randy Schimka at RS-7 (Exhibit SDG&E-02) still apply under the settlement? Please specify the process SDG&E will use to evaluate and choose sites to participate in the program.
- What criteria will be used to choose sites in disadvantaged communities?
- How will third party selection of sites affect the statistical significance of the pilot in determining impact of the VGI rate on the 48 prototypical circuits within the SDG&E territory?
- Please detail the RFI, RFP, site selection, and tariff enrollment processes (per the Application and as modified by the Settlement) in a process diagram. Identify each entity and action necessary to implement the VGI Program from the RFI to vehicle charging and customer billing. Cite to specific sections or parts in the Application or Settlement for clarity.
- What issues need to be considered to determine the proposed site host participation payment?
- How does SDG&E propose that the participation payment be determined?

Installation, operations, maintenance and ownership of charging infrastructure

- Does the Settlement maintain SDG&E’s proposal to own and rate base the charging infrastructure? If so, how is ownership of this infrastructure imperative to the success of the program?

- How will SDG&E mitigate interruptions or terminations in EVSP vendor operations for EVSPs providing services to a site host under the VGI Program (e.g. if the EVSP changes business or no longer conducts business in California)?

Billing and Rates

- What are the minimum requirements for the EVSE and VGI operating systems? If these are not yet determined, how will SDG&E determine them? Please refer to specific national or international standards where available.
- Will availing the VGI Rate-to-Host option increase revenue requirements for the program? If so, how?

Program Advisory Council (PAC)

- Who determines entry into the PAC? How will SDG&E mitigate conflicts of interest in decision-making if market participants are allowed to participate in procurement decisions, particularly if it is intended to operate “in a manner similar to the Procurement Review Group”? How will SDG&E allow for entry and feedback from new market participants and ensure that the size does not become unwieldy?
- How often will the PAC meet? Who determines the agenda for PAC meetings?
- What is the process for the PAC to make recommendations for program implementation? What is the process for the CPUC to consider and/or approve recommendations made by the PAC?

Monitoring and Evaluation

- Under a VGI rate-to host option, what is the process for evaluating the adequacy of the host’s load management plan? How will SDG&E assess the impact of EV charging on distribution circuits if the site host is aggregating and managing load through, potentially, multiple strategies?