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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 (U 902 E) 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

OPENING COMMENTS OF THE GREENLINING INSTITUTE ON THE SMART GRID WORKSHOP REPORT

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I. INTRODUCTION

Pursuant to the *Administrative Law Judge Ruling Setting Schedule and Topics for Workshops* issued November 22, 2011 in the above-captioned proceeding, the Greenlining Institute (Greenlining) files these Opening Comments on the Smart Grid Workshop Report setting forth staff's comments and recommendations (Staff Report).

The Commission should not approve the utilities' Smart Grid Deployment Plans (Deployment Plans or Plans) unless and until they are amended to remedy the significant deficiencies identified in both the Staff Report and the comments of several parties throughout this proceeding. The plans as written are not compliant with SB 17 or D.10-06-047, and should not be approved until they are. However, even accepting the Staff Report's conclusion that the Plans are compliant, they fail to lay a proper foundation for the complex buildout and rollout process that lies ahead. As written, their deficiencies will make the Commission's assessment and approval processes in the years to come more difficult and more unwieldy than it would be if the Plans were truly complete.

II. DISCUSSION

1. Utilities Should Make, and Staff Should Review, the Recommended Changes Before the Commission Approves the Plans

One of the key functions of these Deployment Plans, as set forth in D.10-06-047, is to provide guidance for future investments.[1] The Smart Grid will consist of dozens, if not hundreds, of individual applications and General Rate Case (GRC) components filed over the next several years. Some of these applications have already been filed, while others will propose functions, features, and technologies that have yet to be invented or brought to market. Without a detailed strategy, timeline, and guiding principles, the Commission will be unable to assess whether and how each application fits into the overall Deployment Plan. This leaves the approval process open to a great deal of subjectivity and potentially excessive cost.[2] It will also be difficult for the Commission to assess whether the utilities have left out any components of the Deployment Plan.

With respect to the Smart Customer,[3] the Staff Report notes that none of the utilities presented an actual strategy and timeline for outreach to customers, or even a set of guidelines "that can be referred back to when the utilities propose related Smart Grid Marketing Education & Outreach activities in future proceedings."[4] While the utilities did provide more detailed strategies at the workshops, this information is nowhere in the record. It is not even summarized

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[1] D.10-06-047, p. 21 "[T]he best uses of the deployment plans is to set a baseline indicating the current deployment of Smart Grid technologies *and as a document for guiding future Smart Grid investments*." (emphasis added) See also Staff Report p. 14 (listing "three different roles that a deployment plan could play as part of the Smart Grid regulatory program.")

[2] The Staff Report at p. 14, #3, specifically identifies the risk of "after-the-fact reasonableness reviews" of specific projects.

[3] Greenlining's comments here focus on the Smart Customer portions of the Staff Report and Deployment Plans, but they are applicable to the Smart Utility and Smart Market portions as well, since they all suffer the same deficiencies.

[4] Staff Report, p. 2.

in the Staff Report, which focuses on identified barriers and shortcomings.[5] As such, there is nothing that can be referred back to, as was intended in D.10-06-047 and this Staff Report itself.

Instead, the Staff Report recommends that detailed strategies and a three-year timeline (current-year and the subsequent two years) be submitted in each utility's Annual Report, and sets forth specific criteria for the utilities to satisfy.[6] Perplexingly, the Staff Report states that "[t]he benefit of providing this level of detail *now* is that it enables the Commission and stakeholders to identify opportunities for customer engagement in the short term,"[7] but then goes on to require the information not *now*, but in the Annual Reports to be filed *after* the Plans are approved. Greenlining agrees with the Staff Report's recommendations for the Annual Reports, but urges that these cannot replace the addition of same level of detail to the Deployment Plan itself. The work of the Commission, the utilities, market participants, and advocates of all stripes will be substantially more efficient and effective if we lay down the rules and objectives of this very complex game before we begin to play.

2. The "X-Factor" Does Not Preclude Developing Complete Plans

The Staff Report notes that technology in this area is evolving rapidly, and will continue to do so. It cites as an example the Green Button initiative, an opportunity which arose after the Deployment Plans were filed and as such was not contemplated in them.[8] Greenlining acknowledges that a great many aspects of the Deployment Plans will undoubtedly experience this kind of "x-factor" event several times over the next several years. The Deployment Plans will have to allow room and flexibility to adapt to these x-factors, but this should not preclude

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[5] Staff Report, pp. 2-4, 10.

[6] Staff Report, p. 10. Greenlining infers that the timeline is meant to be three years because this is the format set forth as a template in Appendix 1.

[7] Staff Report, p. 10 (emphasis added)

[8] Staff Report, p. 9.

the utilities from setting forth guiding principles and a basic strategy. Adding or modifying components of an existing strategy to take advantage of emerging technologies will be a far neater process than attempting to cobble together an evolving strategy, one new technology at a time. It will also help to ensure cost effectiveness and prevent duplicative efforts. As such, recognizing that as-yet unknown x-factors will arise should not preclude the Deployment Plans from serving as the road maps they are intended to be.

3. Annual Reports Should Include Supplier Diversity

Greenlining has noted at every stage of this process the utilities' near-total lack of compliance with D.10-06-047's directive to set forth "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."[9] In their responses to Greenlining's protest to this effect, all three of the utilities acknowledged the point and stated that they would work with Greenlining directly to remedy this deficiency. To date, none have done so.[10] Greenlining reiterates that this too is an area of deficiency that renders each plan out of compliance with D.10-06-047, and that warrants rejection of the plans as written.

Since the Staff Report relies on the Annual Reports to remedy the shortcomings it identifies in the Plans, Greenlining urges that the Annual Reports include a supplier diversity assessment corresponding to the list, described in Recommendation 3, of projects complete, in progress, and planned to start or be submitted for approval the following year.[11] Utilities should

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[9] D.10-06-047, p. 49 (emphasis added).

[10] In recent weeks, Greenlining has met with Edison and PG&E regarding their 2012 GO 156 reports generally. Neither discussed Smart Grid specifically, much less setting forth the elusive strategies that D.10-06-047 required. A similar meeting with the Sempra utilities is scheduled for next week.

[11] Staff Report, p. 14.

report their current WMDVBE[12] spend, broken down by demographic category, and include a genuine strategy for what efforts are to come in the year ahead. This should add little to no additional administrative burden for the utilities, since they consistently track their diverse spend throughout the year and report it comprehensively every March. While this in no way would make up for the radio silence on this issue that has characterized the last nine months since the utilities filed their plans, it will ensure appropriate attention and transparency on the issue on an ongoing basis.

III. CONCLUSION

It remains unclear why, after identifying numerous significant shortcomings in the Deployment Plans, the Staff Report goes on to recommend that the Commission adopt them as written. Greenlining understands that the Commission is constrained by the statutorily mandated approval deadline, which is just around the corner. However, these Plans are meant to serve as a blueprint for a massive, multi-faceted, multi-utility infrastructure project scheduled to take several years to complete. Approving the Plans in their current incomplete state virtually guarantees that the Commission will find it harder to assess individual project applications, and that the process in the aggregate will be subject to far more subjectivity, guesswork, and – most importantly – cost than it would if the blueprints were drawn right from the start. One would never build a skyscraper using as incomplete a blueprint as we have before us here, yet that is precisely what the Staff Report recommends the Commission do. Greenlining urges the Commission to find that the deficiencies identified in prior comments and in the Staff Report must be remedied before the Deployment Plans can be approved.

[12] Women, Minority, and Disabled Veteran Owned Business Enterprise.

Dated: March 15, 2012

Respectfully submitted,

/s/ Stephanie C. Chen
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The Greenlining Institute