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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)

Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies.

Rulemaking 13-11-007
(Filed November 14, 2013)

JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S SCOPING MEMO AND CONSOLIDATION RULING

In Application 14-04-014, the San Diego Gas & Electric Company (SDG&E) requests authority to establish and implement a pilot program for electric vehicle-grid integration (VGI) (SDG&E Application.) SDG&E's Application describes the proposal as a new hourly time-variant rate and associated grid-beneficial charging infrastructure for plug-in electric vehicles (PEVs). The SDG&E VGI Pilot will target workplace and multi-unit dwelling (MuD) host facilities. There is considerable interest and support by the parties for SDG&E's Application. There are also several significant issues in dispute. The timing and size of this request raise issues discussed and resolved in this ruling. This ruling consolidates SDG&E's Application with the pending, related Alternative-Fueled Vehicle Rulemaking (AFV Rulemaking) proceeding (Rulemaking (R.) 13-11-007) as discussed below. This scoping memo sets forth the scope of issues and procedural schedule for review of the SDG&E Application.

1. Consolidation of the SDG&E Application and the AFV Rulemaking

In issuing the AFV Rulemaking, the Commission articulated support for California Executive Order B-16-2012 which set a target of 1.5 million zero-emission vehicles (ZEVs) on the roads in California by 2025. An integral part of meeting that goal is having sufficient PEV charging available. The AFV Rulemaking also recognized that the AFV market is rapidly evolving and research, development and demonstration (RD&D) projects and pilot programs can build upon innovation already achieved to date. For that reason, the AFV Rulemaking did not foreclose RD&D or pilot proposals during the pendency of the statewide policy proceeding. (R.13-11-007 at pp.14-15.)

A number of issues raised by the SDG&E Application are also the subject of the AFV Rulemaking in the context of statewide policy development. SDG&E's Application and the AFV Rulemaking are now underway concurrently. The potential options for coordination of the two proceedings were explored in Prehearing Conference (PHC) Statements and at the August 13, 2014 PHC.

A threshold issue raised by a majority of parties was whether there is a need for the Commission to determine the role of the investor-owned utilities in ownership of PEV charging infrastructure in the AFV Rulemaking prior to proceeding with review of the SDG&E Application. Currently, this issue is the subject of recent comments filed August 29, 2014 with a Commission decision targeted for the end of this year. In addition, there were other issues that are the subject of policy review in the AFV Rulemaking that arise in SDG&E's Application, for example, the appropriate cost-benefit assessment for new utility VGI programs.

These circumstances present a unique opportunity to develop a record in each proceeding that will be informed and enhanced by the other. Efficiency and

fairness call for coordination such that the parties' and the Commission's resources are not called upon in both proceedings at the same time, in parallel. It is reasonable to consolidate the two proceedings into one proceeding given the related questions of law and fact pending in both cases. (Commission's Rules of Practice and Procedure, Rule 7.4).

1.1. Initial Consolidated Proceeding Schedule

This ruling determines that the Commission's review of the SDG&E Application will proceed immediately after the Commission's initial Phase 1 Decision in the AFV Rulemaking, R.13-11-007, addressing utility infrastructure ownership. In so ruling, SDG&E's request to move quickly was weighed against several key factors raised by SDG&E's Application. SDG&E's request for expedited treatment of its Application is predicated in large measure on the assertion that the proposed VGI program is a pilot program. However, SDG&E's Application includes at least three defining characteristics that make expedited treatment inappropriate.

First, the size of the estimated cost is over \$103 million, of which approximately \$55 million represents a potential capital investment for which SDG&E seeks ratebase treatment. SDG&E's request represents a significant infrastructure investment incremental to the distribution infrastructure costs and programs recently authorized in SDG&E's 2013 GRC. It is also on par with the size of a fully developed utility program, not an initial experimental pilot.

Second, SDG&E's Application requests authority to own charging infrastructure raising the issue of whether utility ownership of electric vehicle service equipment (EVSE) may be appropriate given the Commission's initial assessment that, in general, third party competitive market participants should

develop and own such infrastructure. As discussed herein, this issue will be resolved when statewide policy guidance is established by Commission decision in the AFV Rulemaking.

Third, SDG&E's Application proposes to implement the new program over ten years and collect the costs in rates until 2037. Taken together, these factors go beyond typical pilot programs and put the SDG&E Application on par with a full program business model, rather than an initial, research-oriented test project. These factors require the Commission to allow adequate time to meaningfully assess the reasonableness of a request of this length, cost and complexity. While we will not order SDG&E to do so, should SDG&E find it acceptable and appropriate to revise its application to more closely approximate the PEV pilots authorized to date in scope, cost and duration, expedited treatment would be reconsidered in that context.

As noted by Commissioner Peterman at the PHC, the question of the role and scope of utility ownership of PEV infrastructure is a matter of statewide concern. (PHC Transcript at 59.) Any burden to this proceeding arising out of a need to await a Commission decision on this question in the statewide AFV Rulemaking which is proceeding well underway at the present time is outweighed by the need for greater guidance on this issue beyond the current proceeding. Accordingly, it is in the interest of justice and efficiency to issue an initial decision in the AFV Rulemaking on utility charging infrastructure ownership prior to proceeding further on the SDG&E Application.

A proposed decision on the utility infrastructure ownership issue will be issued in advance of the other matters now pending in the AFV Rulemaking. Given that this is a threshold issue in the SDG&E Application, as well as its importance for all three utilities, it makes sense to consider it on a statewide basis

and avoid the need for briefs and decision on this question for the SDG&E Application alone. Once the Commission issues a final decision on the utility infrastructure ownership issue, the SDG&E Application will proceed. The current schedule in the AFV Rulemaking will be further adjusted to the extent necessary to prevent the overburdening the Commission and the parties by imposing a schedule that requires participation in both proceedings at the same time. A proposed decision on the remainder of the initial Phase 1 issues addressed in parties' August 29, 2014 Comments will be issued as soon as is practicable. The AFV Rulemaking workshop targeted for October will be postponed. A separate ruling will issue addressing any further schedule changes in the AFV Rulemaking.

2. Proceeding Category, *Ex Parte* Rules, Need for Hearing

The Commission preliminarily categorized this matter as ratesetting. No party objects. This ruling affirms the preliminary categorization of SDG&E's Application as ratesetting. This ruling may be appealed. Appeals must be filed and served within 10 days. (Rule 7.6.)

The SDG&E Application is a ratesetting proceeding and is now consolidated with R.13-11-007. The *ex parte* restrictions for ratesetting proceedings will apply to the SDG&E Application. (Pub. Util. Code § 1701.3, Rule 8.3(c) et seq.) These restrictions will now also apply to the AFV Rulemaking issues that are the subject of the SDG&E Application. The issues are a subset of the Phase 1 questions set forth in the July 16, 2014 Scoping Memo in R.13-11-007 at pages 13 through 15. Those specific issues within the common scope of both proceedings are as follows:

- Should the Commission consider an increased role for the utilities in PEV infrastructure deployment and, if so, what should that role be? If the Commission should consider utility ownership of PEV charging

infrastructure, how should the Commission evaluate “underserved markets” or a “market failure” pursuant to D.11-07-029? What else should the Commission consider when evaluating an increased role for utilities in EV infrastructure deployment?

- How should the Commission define an electric vehicle VGI resource generically? Which V1G use case initiatives should be considered as Demand-Side Management (DSM) measures? Are other regulatory program categories, such as energy storage and demand response, also applicable to particular utility AFV activities?
- What are the transmission and distribution system grid safety, efficiency and reliability benefits of V1G use case applications? How can PEVs be used in order to capture these benefits?
- Should the Total Resource Cost (TRC) Test and the Program Administrator Cost Test (PAC) found in the Standard Practices Manual¹ be applied to electric vehicles programs? Do these tests need modification to account for any costs or benefits that are unique to electric vehicles? In particular, does the Standard Practice Manual adequately list the appropriate costs included in evaluating an electric vehicle VGI program? Does the definition of avoided cost benefits require modification to capture value unique to electric vehicles?
- Should the Commission recognize the benefits associated with the following V1G impacts:
 - Reduction in Greenhouse Gas (GHG) Emissions;
 - Renewable Portfolio Standard Resource avoided cost;
 - ancillary services avoided cost;
 - decrease in gas consumption as fuel switching benefits; and
 - avoided environmental health costs.²

¹ http://www.cpuc.ca.gov/NR/rdonlyres/004ABF9D-027C-4BE1-9AE1-CE56ADF8DADC/0/CPUC_STANDARD_PRACTICE_MANUAL.pdf

² See D.10-12-024, 2010 Demand, Response Cost-effectiveness Protocols, Appendix 1, Section 3, Costs and Benefits of Demand Response.

- What data and analysis should be required of VGI pilot projects for final results reporting by the utilities? What safety impact information should be required?

The Commission preliminarily determined that this matter will require hearing. No party asserts otherwise. This ruling finds that hearing is necessary. It is anticipated that the record will be composed of all documents filed and served on parties. The record will also include testimony and exhibits received at hearing.

3. Scope of Issues

Prior to today's consolidation, the SDG&E Application issues were presented and discussed in multiple pleadings (*i.e.*, application, protests, responses, reply, PHC statements) and at the August 13, 2014 PHC. Based on this information the scope of the SDG&E Application portion of this consolidated proceeding will include the reasonableness of SDG&E's proposed: 1) program design, 2) program cost, 3) cost effectiveness, 4) rate treatment and 5) potential competitive impact on the PEV charging infrastructure market.

Specifically, the Commission will decide if SDG&E has established that its proposed VGI Pilot Program is just and reasonable as to: 1) the time-variant rate, 2) EVSE design, development, ownership, and competitive impact on the EVSE market, 3) scale, cost and duration, 4) cost allocation and rate treatment, 5) bill impact; and 6) partial financing through Greenhouse Gas (GHG) revenue. This proceeding will also assess whether SDG&E has established that the VGI Pilot Program will produce direct ratepayer benefits as defined under Pub. Util. Code §§ 740.3 and 740.8.

4. Schedule.

The table below provides a schedule for the management of this consolidated proceeding. If so required, the Administrative Law Judge may alter

this schedule as required to promote the efficient and fair resolution of the proceeding. Consistent with Section 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this Scoping Memo.

EVENT	DATES
R.13-11-007 Issued	November 22, 2013
SD&E Application (A.14-04-014) Filed	April 11, 2014
Protests/Responses Filed	May 12, 2014
SDG&E's Reply Filed	May 29, 2014
AC Scoping Memo and Ruling Issued in R.13-11-007	July 16, 2014
Prehearing Conference Statements Filed (A.14-04-014)	August 8, 2014
Prehearing Conference Held (A.14-04-014)	August 13, 2014
First Proposed Decision (IOU role in ownership of EVSE), Phase 1, R.13-11-007 targeted	November, 2014
2 nd PHC (if needed) in A.14-04-014	January 15, 2015
Intervenor Testimony (A.14-04-014)	February 16, 2015
SDG&E Rebuttal Testimony (A.14-04-014)	March 16, 2015
Case Management Statement (A.14-04-014)	March 30, 2015
Evidentiary Hearings (A.14-04-014) Commission Courtroom State Building	Week of April 6, 2015

505 Van Ness Avenue San Francisco, CA 94102	
Opening Briefs (A.14-04-014)	May 1, 2015
Reply Briefs (A.14-04-014)	May 15, 2015
Projected Proposed Decision (A.14-04-014)	August, 2015

The SDG&E Application proceeding will stand submitted upon the filing of reply briefs, unless further evidence or argument is ordered by the ALJ.

Parties are reminded of the Commission's Alternative Dispute Resolution (ADR) Program. Parties should contact the ADR Coordinator, ALJ Jean Vieth, at xjv@cpuc.ca.gov or (415) 703-2194 with any specific questions about ADR or if they wish to request ADR. Parties should conduct at least one settlement conference before the beginning of hearing. The settlement conference, even if no settlement results, should help parties focus on disputed, material issues and promote efficient, productive evidentiary hearing. Consistent with Rule 12.6, all discussions during ADR and settlement meetings will be confidential.

5. Case Management Statement

Before the start of evidentiary hearings, the Applicant is responsible for filing and serving a Case Management Statement. This filing will be due on March 30, 2015. Any party that served written testimony or intends to cross-examine witnesses at the evidentiary hearing shall provide the Applicant the information set forth below so that it can prepare the Case Management Statement. The Case Management Statement shall identify the following: (1) any issue parties have settled, including relevant citations to the parties' prepared testimony, (2) all remaining contested issues, (3) an estimate for cross-examination time and proposed order of witnesses, and (4) any other relevant matters.

6. Presiding Officer

Pursuant to Public Utilities Code Section 1701.3, ALJ Irene K. Moosen is designated as the Presiding Officer in this proceeding.

7. Party Status, Filing, Service, and Service List

Consolidation of A.14-04-014 with R.13-11-007 results in all parties to one proceeding automatically becoming parties to the other. In other words, the existing official service lists will be consolidated into one official service list. When filing and/or serving documents in this consolidated proceeding, all parties must use the new consolidated proceeding caption as shown above. All parties are reminded to review the most current Commission Rules of Practice and Procedures to comply with the latest rules in effect. Prepared testimony is to be served, but not filed, pursuant to Rule 13.8(a).

Parties are encouraged to file electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/efile/static.htm>. This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the appearance or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. In this proceeding, concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

Any e-mail communication about this proceeding should include, at a minimum, the following information on the subject line of the e-mail:

A.14-04-014/R.13-11-007 (Consolidated). In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Brief*. Paper format copies, in addition to electronic copies, shall be served on the assigned ALJ. Serve Commissioner Peterman by e-mail only.

The official service list for this proceeding is available on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov

IT IS RULED that:

1. Application 14-04-014 is consolidated with Rulemaking 13-11-007.
2. The Presiding Officer is Administrative Law Judge Irene K. Moosen.
3. The scope of this proceeding is as set forth in Section 3.
4. The schedule of this proceeding is as set forth in Section 4.
5. The final categorization of the SDG&E Application is ratesetting and hearing is required. This category is appealable under Rule 7.6.

6. *Ex parte* communications are permitted with restrictions and are subject to reporting requirements as set forth in Rules 8.2, *et seq.*

Dated September 29, 2014, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Commissioner

/s/ IRENE K. MOOSEN

Irene K. Moosen
Administrative Law Judge