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

Application of Pacific Gas and Electric  
Company for Approval of Gas Demand  
Pilot Program. (U39G.)

Application 20-03-016

**ADMINISTRATIVE LAW JUDGE'S RULING GRANTING PACIFIC GAS AND  
ELECTRIC COMPANY'S MOTION TO DEFER CONSIDERATION OF ITS  
APPLICATION FOR GAS A DEMAND PILOT PROGRAM UNTIL A FINAL  
DECISION IN TRACK 2 OF RULEMAKING 20-01-007 IS ISSUED**

**1. Background**

**1.1. Pacific Gas and Electric Company's  
Gas Demand Response Pilot Application**

On March 30, 2020, Pacific Gas and Electric Company (PG&E) PG&E filed Application (A.) 20-03-016 with the California Public Utilities Commission (Commission) for approval of its gas demand response (DR) Pilot Programs, consistent with Decision (D.) 19-09-025 which directed PG&E to "file an application with a proposal to implement a Gas Demand Response" by March 30, 2020. (D.19-09-025 at 322, Ordering Paragraph 11, referenced.

PG&E's Application includes two programs: 1) a residential Home Energy Report (HER) program aimed at gas-only customers and 2) a commercial program that would allow Core Transport Agents (CTAs), who serve large core commercial and industrial loads, to propose a gas DR program that could be used in lieu of allocated or self-managed storage as Alternative Resources used to meet a CTA's firm storage requirement.

## **1.2. PG&E's Motion to Defer Application**

Concurrently with its Application, PG&E filed a motion to defer consideration of its Application in order “to allow for the Commission to issue a final decision in Track 2 of Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning (Gas Strategy Rulemaking), Rulemaking (R.) 20-01-007.”<sup>1</sup> (Motion.)

PG&E argues that the active and ongoing long-term Gas Strategy Rulemaking will examine threshold questions that are key to determining the need for alternative resources such as DR programs, and will address long-term planning strategy to address and/or balance projected reductions in gas demand with statutorily mandated rules and programs to ensure the safe and reliable provision of energy at just and reasonable rates. Additionally, PG&E contends that the Commission’s recent decision (D.20-02-043) denying without prejudice Southern California Gas Company’s (SoCalGas) application to establish DR pilots and requiring future applications for gas DR programs to meet certain criteria (*i.e.*, have a “reasonable likelihood of being effective in achieving significant gas consumption reduction, curtailment avoidance and/or energy savings on a daily and/or overall basis, at a reasonable cost per unit of load reduction over a relevant and useful period”),<sup>2</sup> have superseded the need for its Application at this time and in its current form. Accordingly, PG&E asserts that deferring the consideration of its Application herein is appropriate because the

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<sup>1</sup> See, Motion at 1; Application at 1.

<sup>2</sup> D.20-02-043, at 54-55 and COL 3-4.

pending long term Gas Strategy Rulemaking may address issues relating to future gas demand, which may in turn affect the need for a gas DR program.

On April 20, 2020, Commercial Energy of California (Commercial Energy), a registered CTA and Energy Service Provider, filed a response to PG&E's Motion (Response), urging the Commission to deny PG&E's request to defer the Application. In its Response, Commercial Energy: 1) contends that there is a need for capacity relief on PG&E's system and that a gas DR program would give PG&E more options to allow customers to voluntarily reduce load to reduce service disruptions, pointing to its success in Montana - where its customers meet their obligations by curtailing their load and/or by switching to backup heating systems; and 2) argues that SoCalGas DR application's denial (in D.20-02-043) is irrelevant to this proceeding *because the SoCalGas Application was based on a program for residential customers.*

In its May 4, 2020 Reply to Commercial Energy's Response to the Motion (Reply), PG&E insists that its PG&E's gas system has sufficient capacity and the ability to wait for the outcomes in R.20-01-007 before undertaking new gas DR Pilots initiatives now that may not be cost effective. Accordingly, PG&E argues that "waiting for the issues in R.20-01-007 to be resolved, including whether core gas demand response is appropriate for PG&E's system, before deciding whether to undertake a core demand response gas program, is the prudent course of action,"<sup>3</sup> because the DR program will incur costs.

On April 23, 2020, the Public Advocates Office of the Commission (Cal Advocates) filed its response to PG&E's motion, supporting PG&E's request to defer the Gas DR Application until a decision in R.20-01-007 is issued by the

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<sup>3</sup> PG&E's Reply at 3.

Commission as requested by PG&E. As PG&E contends, Cal Advocates also believes that the long-term Gas Strategy Rulemaking may consider proposals that encompass all major utilities' gas DR programs, and accordingly believes that deferring the consideration of PG&E's Gas DR Pilot Programs Application until a decision in Track 2 of the long-term Gas Strategy Rulemaking is issued, is appropriate and prudent.

Lastly, Indicated Shippers,<sup>4</sup> "whose members own and operate industrial and cogeneration end-use facilities, produce and deliver California natural gas, and/or operate as Contracted Marketers on the PG&E system" and "actively participate in PG&E rate cases to address rate impacts on large natural gas transportation customers of PG&E,"<sup>5</sup> filed a protest of the Application on May 7, 2020. In its protest, Indicated Shippers support PG&E's request to defer the Application, contending that the Commission should first address fundamental issues relating to the future of California's natural gas market before evaluating PG&E's proposed gas DR programs in this Application.

## **2. Discussion**

After evaluating PG&E's Motion to Defer the Application, parties' responses, opposition, and support for it, and PG&E May 4, 2020 response to Commercial Energy's opposition to the Motion, we conclude that PG&E's Motion to Defer the Application has merit and it should be granted in order to allow the Commission to issue its final decision in Track 2 of its long-term Gas Strategy Rulemaking. Additionally, we agree with PG&E that PG&E's DR Pilot Programs Application here might not have met the criteria (that future DR

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<sup>4</sup> Indicated Shippers members include: Chevron USA, Tesoro Companies, Inc., PBF Holding Company, and Phillips 66 Company, according to its protest.

<sup>5</sup> Indicated Shipper's Protest at 2.

applications establish a need for the DR programs) as the Commission clearly articulated was necessary in denying SoCalGas's DR application without prejudice in D.20-02-043. Accordingly, PG&E's Motion to Defer the Application is GRANTED.

Additionally, we are unclear how Commercial Energy's experience in Montana could be illustrative in California energy market in light of D.16-09-056 and D.18-06-012, dealing with Prohibited Resources in California. Finally, we disagree with Commercial Energy in its assertion that that SoCalGas DR application's denial (in D.20-02-043) is irrelevant to this proceeding because SoCalGas Application was based on a program for residential customers. This assertion is incorrect, as SoCalGas' A.18-11-005 SoCalGas Application for approval of its DR pilot programs included a program aimed at large commercial customers including schools, warehouses and office buildings, and not just residential customers.

Due to the expected delay that will occur in evaluating the proposed DR Pilots in this Application; and the possible future directives (regarding the structure, design, composition or goals of future gas DR programs, among others) that may be provided by the Commission in the final decision in Track 2 of R.20-01-007, or in other proceedings between the date of this ruling and the date of the final decision in Track 2 of R.20-01-007, PG&E will be required to file an amended Application in this proceeding after the issuance of a final decision in Track 2 of Rulemaking 20-01-007, as further provided below.

Upon the filing of the amended Application, a prehearing conference will be scheduled and held in this proceeding, and a procedural schedule for the resolution of this Application, as amended, will be adopted.

**IT IS RULED** that:

1. Pacific Gas & Electric's Motion to defer Application 20-03-016 for approval of its gas demand response Pilot Programs until the Commission issued its final decision in Track 2 of Rulemaking 20-01-007, is granted.

2. Pacific Gas & Electric (PG&E) shall file an amended Application in this proceeding within sixty (60) days of the date of issuance of a final decision in Track 2 of Rulemaking (R.) 20-01-007. The amended Application shall update PG&E's system information and demand response (DR) programs needs consistent with Decision 20-02-043, and address any new directives provided by the Commission in the final decision in Track 2 of R.20-01-007 regarding future DR Pilots.

3. Pacific Gas & Electric (PG&E) shall serve this ruling on the Service Lists listed in PG&E's April 15, 2020, and the April 22, 2020 follow-up Request for Leave to file Reply, including the Service Lists in: Application (A.) 17-11-009; A.17-01-013; A.17-01-014; A.17-01-015; A.17-01-016; A.17-01-017; and R.13-11-005. This order is effective today.

Dated June 2, 2020, at San Francisco, California

/s/ ADENIYI AYOADE  
Adeniyi Ayoade  
Administrative Law Judge