

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



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Order Instituting Rulemaking on the
Commission's Own Motion to consider
renewal of the Electric Program Investment
Charge Program.

R.19-10-005

**SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) COMMENTS
ON THE PROPOSED DECISION RENEWING THE ELECTRIC
PROGRAM INVESTMENT CHARGE**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), San Diego Gas & Electric Company (SDG&E) hereby submits these comments on the *Proposed Decision Renewing the Electric Program Investment Charge Program* (EPIC) issued on July 22, 2020 (PD).

SDG&E agrees with the PD's renewal of the EPIC Program and notes that EPIC is currently the only opportunity for utilities to participate in the development of pre-commercial grid technologies and determine how best to integrate these technologies onto their system.¹ The PD states that "the EPIC program is on track in achieving its program objective of *providing electric utility ratepayer benefits*."² SDG&E believes that the Investor Owned Utilities (IOUs) have played a significant role in meeting that objective and that the PD misstates SDG&E's assessment of how to maximize the benefit to ratepayers.

¹ Decision (D.)12-05-037, Ordering Paragraph 17 at 106.

² PD at 2 (emphasis added).

In Phase 1, SDG&E argued that its customers could receive *greater* benefits if the role of the IOU was expanded to include the applied research and development and market facilitation stages of the Research Development and Demonstration lifecycle (RD&D). The role of the IOUs as Administrators within EPIC should not be eliminated with this Decision and instead all potential options, and level of IOU involvement, should receive full consideration in Phase 2 of this proceeding, including the appropriate level of funding to support those roles.

II. DISCUSSION

A. The Proposed Decision Mischaracterizes Statements Regarding EPIC's Value to SDG&E's Ratepayers

The PD inaccurately states that SDG&E “questions if its customers are benefiting from EPIC investments.”³ The PD cites to specific contributions made by both Pacific Gas and Electric Company (PG&E) and Southern California Edison Company, but neglects to note SDG&E's work in prior EPIC cycles as described in its Opening Brief.⁴ To be clear, SDG&E's customers have benefitted from EPIC investments and are continuing to do so through the projects in EPIC 3. SDG&E's Opening Brief notes that 8 of its 11 projects, between EPIC-1 and EPIC-2 combined, “were determined to be commercially ready.”⁵ SDG&E provided a specific example of such project showing quantifiable benefits to ratepayers from its EPIC-1 project on Visualization and Situational Awareness Demonstration.⁶ The results of the project included validating technical solutions for collecting, processing and presenting data to enhance grid monitoring and situational awareness. The ratepayer benefits derived from commercial adoption

³ *Id.* at 16.

⁴ PD at 11.

⁵ *Opening Brief for SDG&E on Order Instituting Rulemaking on Commission's Own Motion to Consider Review of Electric Program Investment Charger Program* (April 17, 2020) (SDG&E Opening Brief) at 3.

⁶ *Id.* at 4.

of the technology solution included approximate annual savings of \$595k to SDG&E's operational expenditures.

Additionally, as a result of the collaborative nature of the Research Administration Plan (RAP), the IOUs incorporated feedback received into their EPIC-3 investment plans. More specifically, one of SDG&E's EPIC-3 projects is currently evaluating the benefits of a mobile battery demonstration at the Port of San Diego. One of the benefit areas of this application is to address air quality issues for a nearby disadvantaged community (DAC) that are associated with emissions resulting from cruise ships using cold-ironing while docked at the Port of San Diego.⁷

To summarize, SDG&E believes the EPIC program has provided value to ratepayers as a result of the IOUs' role as administrators because the IOUs are uniquely positioned to identify the specific needs of its customers and evaluate potential technology solutions to address those needs. The PD erroneously states, "Filings by the utility administrators in this proceeding add to our concerns, as SDG&E questions if its customers are benefiting from EPIC investments, while the other utility administrators provided limited quantitative benefits."⁸ To the contrary, SDG&E asserts that ratepayers could be receiving greater value if the EPIC structure were improved in the manner described by SDG&E in its Opening Brief.⁹ Accordingly, SDG&E respectfully requests that the PD's discussion of SDG&E's position during Phase 1 accurately reflect the information contained in SDG&E's briefing.

⁷ See, D.18-10-052 (approving SDG&E's mobile battery project).

⁸ PD at 16.

⁹ SDG&E Opening Brief states that utilities "can achieve efficiencies in further advancement of these technology solutions when the learning from the pre-commercial demonstrations can be directly applied to other stages of development that are necessary to bring the solutions to commercial readiness." at 8.

B. IOUs Role Should be Addressed in Phase 2

SDG&E agrees that the role of the IOUs should be addressed in Phase 2 of this proceeding as the PD directs, however SDG&E strongly asserts that the Commission should not eliminate the IOUs from the role of administrator in this Decision. All options for IOU participation and involvement should remain available for the Commission's evaluation in order to assure that a full and complete consideration is given to the benefits that utility leadership in RD&D provides.

Utility participation in the applied research, development and demonstration of new technologies to scale in their electric distribution systems is essential to provide benefits to ratepayers. Utilities are able to choose and adopt the best technology solutions that fit the system's needs in the most cost-efficient manner. As PG&E stated in its Opening Brief,

[t]he operational demonstrations the Utilities have conducted as uniquely-qualified experts in power systems have helped guide the evolution of California's grid to accommodate the integration of Distributed Energy Resources ("DERs") and enable the state's ambitious clean energy goals, and have advanced capabilities that increase resiliency and reduce wildfire risk.¹⁰

In addition, the Commission has repeatedly recognized the value of IOU participation.¹¹ In the recently approved D. 20-02-003, approving the IOUs' Research Administration Plan application the Commission again acknowledged the importance of not only utility participation, but *leadership* in RD&D.¹²

¹⁰ *Phase 1 Opening Brief of Pacific Gas and Electric Company* (April 17, 2020) at 9.

¹¹ *See, e.g.*, D.12-05-037 at 27-28.

¹² *See*, D.20-02-003 stating, "What is more, there is clear evidence that there is value in utility participation and *leadership* in energy R&D -- the Evergreen evaluation found as much, and we have agreed." (emphasis added)) at 33.

The PD acknowledges the role that the IOUs play in RD&D, but the elimination of the IOUs as administrators in this PD significantly limits the ability of the IOUs to contribute their unique expertise to the development of technologies. The IOU ratepayers provide the funds for EPIC, which is mandated to provide benefits to them; it has been the program's most important guiding principle and should remain that way.¹³ Without the leadership of the utilities in EPIC, the value of EPIC will be significantly diminished. Contrary to statements in the PD,¹⁴ in Phase 1 of this proceeding, SDG&E argued for an expanded role for the utilities¹⁵ and increased funding in order to "provide greater value to the ratepayers."¹⁶ Eliminating the IOUs as administrators, in SDG&E's view, is a step backwards in funding and executing RD&D in this discipline.

III. CONCLUSION

A viable structure for EPIC should be established in Phase 2 and it must include a significant role for the utilities in order to assure the most value for ratepayers. SDG&E appreciates the opportunity to provide comments on the Proposed Decision and respectfully requests that the Commission make the modifications recommended herein in its final decision.

¹³ See, D.12-05-037 at 18 (enforcing Public Utilities Code Section 740.1(a) which requires the Commission to consider that "[p]rojects should offer a reasonable probability of providing benefits to ratepayers." in the guidelines of evaluating RD&D programs).

¹⁴ The Commission mischaracterized SDG&E's position by erroneously stating that "SDG&E questions if its customers are benefiting from EPIC Investments." See, PD at 16.

¹⁵ SDG&E Opening Brief at 8.

¹⁶ *Id.* at 11.

Respectfully submitted this 11th day of August 2020.

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APPENDIX OF PROPOSED FINDINGS AND CONCLUSIONS

Proposed Findings of Fact

4. There is evidence indicating that the CEC's and IOUs' administration of the EPIC Program will likely result in quantifiable benefits to ratepayers.

Ordering Paragraphs

2. The California Energy Commission shall continue to administer its portion of Electric Program Investment Charge as a grant, in accordance with Commission-approved investment plans. The Commission shall evaluate the IOUs' continued administration of the EPIC Program in Phase 2 of this proceeding.

3. The California Energy Commission shall have an annual Electric Program Investment Charge budget of \$147.26 million, with the ability to propose to adjust its budget for its 2026-2030 investment plan by the rate of inflation. The Commission shall consider the budget for the IOUs participation in the EPIC Program in Phase 2 of this proceeding.