



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

FILED

08/06/21
02:43 PM

Order Instituting Rulemaking to Establish Policies,
Processes, and Rules to Ensure Reliable Electric
Service in California in the Event of an Extreme
Weather Event in 2021.

Rulemaking 20-11-003
(Filed November 19, 2020)

**SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) COMMENTS ON PROPOSED AMENDED
SCOPING MEMO AND PROCEDURAL SCHEDULE**

AIMEE M. SMITH
8330 Century Park Court, CP32D
San Diego, California 92123
Telephone: (858) 654-1644
Facsimile: (858) 654-1586
E-mail: amsmith@sdge.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

August 6, 2021

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

Order Instituting Rulemaking to Establish Policies,
Processes, and Rules to Ensure Reliable Electric
Service in California in the Event of an Extreme
Weather Event in 2021.

Rulemaking 20-11-003
(Filed November 19, 2020)

**SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) COMMENTS ON PROPOSED AMENDED
SCOPING MEMO AND PROCEDURAL SCHEDULE**

I. INTRODUCTION

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”) and the direction set forth in the August 2, 2021 e-mail ruling of Administrative Law Judge (“ALJ”) Brian Stevens (“ALJ Ruling”), San Diego Gas and Electric Company (“SDG&E”) provides these comments concerning the proposed amended scope and procedural schedule issued in the above-captioned proceeding.

As discussed in more detail below, SDG&E generally supports the Commission’s intent to take an expansive look at potential solutions for increasing grid reliability in emergency situations including extreme weather events. In particular, SDG&E supports the proposal to consider in this proceeding “other opportunities” that could potentially serve to increase resource supply. Given the recent Executive Proclamation issued by Governor Newsom on July 30, 2021,^{1/} it is critical that stakeholders think creatively and take a flexible approach to developing solutions designed to increase supply and better ensure reliability. For example, options for

^{1/} Available at: <https://www.gov.ca.gov/2021/07/30/governor-newsom-signs-emergency-proclamation-to-expedite-clean-energy-projects-and-relieve-demand-on-the-electrical-grid-during-extreme-weather-events-this-summer-as-climate-crisis-threatens-western-s/>.

achieving supply increases could include expansion of existing resource locations, solutions that result in operational efficiencies and/or hybridization, which could both increase capacity and enhance operational performance. Other solutions for increasing supply could involve contract-related approaches that should be considered by the Commission in this proceeding, as discussed below.

While the urgency of the task set before the Commission and parties is clear, it is nevertheless important that the Commission's actions be well-considered and supported with adequate analysis, and that procedural clarity and regulatory certainty be preserved.

Accordingly, SDG&E notes below certain issues proposed to be included in scope of this proceeding that are already within scope of other Commission proceedings and should therefore not be considered here. In addition, SDG&E notes that direction regarding additional supply-side and/or demand-side actions should take into account the results of the actions ordered in Decision (“D.”) 21-03-056,^{2/} as well as multiple demand-side actions focused on 2022.^{3/}

For the reasons discussed below, SDG&E recommends that the proposed amended scope for this proceeding be revised as follows:

- *Supply-Side*: Increase peak and net peak resources in 2022 and 2023
 - Expedited resource procurement
 - ~~Updates to resource adequacy requirements~~
 - Support for the California Independent System Operator's Capacity Procurement Mechanism authority
 - ~~Analysis of need—particularly at net peak—and resources available to meet this need, in light of recent trends in weather and resource availability~~
 - Expedited Integrated Resource Plan procurement
 - ~~Planning Reserve Margin adjustment for 2023~~
 - Other opportunities to increase supply
 - **Development of a voluntary expedited contract approval process option similar to the framework adopted in the Renewables Portfolio Standard (“RPS”) proceeding.**

^{2/} See, e.g., D.21-03-056, Ordering Paragraph (“OP”) 14.

^{3/} Including applications scheduled to be filed in November, 2021 for the 2023-2027 DR cycle and several DR program actions implemented through this proceeding.

- *Demand-Side*: Reduce peak and net-peak demand in 2022 and 2023
 - Flex Alert
 - Critical Peak Pricing
 - ~~Emergency Load Reduction Program Pilot~~
 - ~~Modifications to existing demand response programs (incl. base interruptible program, agricultural and pumping interruptible, air condition cycling)~~
 - ~~Authorization of another capacity bidding program with dispatch in real-time market~~
 - Electric vehicle load management
 - Measures to minimize loss of DR enrollment
 - Other opportunities to reduce demand
 - ~~Energy efficiency measures~~
 - Microgrids
 - Rate Structures

II. DISCUSSION

A. *Additional Supply-Side Issue That Should be Included in the Proceeding Scope*

The Commission should consider in the context of this proceeding creation of a standardized procurement framework enabling expedited contract approval through a Tier 1 or Tier 2 advice letter if certain conditions are met, similar to the process adopted in the RPS proceeding.^{4/} The framework that exists for the RPS program allows an investor-owned utility (“IOU”) to request expedited RPS contract approval if the bid was accepted through a competitive solicitation and a standardized contract, preapproved by the Commission, is used. Utilization of this process is voluntary (parties remain authorized to negotiate outside of this framework and submit contracts for Commission approval using the traditional approval process), but has proven successful as a tool for expediting RPS transactions. This streamlined regulatory approval process, if adopted in the instant proceeding, could help to bring projects online faster and could provide a template for expedited contracting in other procurement proceedings such as the Integrated Resource Plan (“IRP”) proceeding.

^{4/} Rulemaking (“R.”) 18-07-003.

B. *Issues That Should be Deleted from the Proceeding Scope*

i. *Supply-Side Issues Already Before the Commission in Other Commission Proceedings Should Not be Considered in this Proceeding*

The proposed amended scope set forth in the ALJ Ruling includes: (i) updates to Resource Adequacy (“RA”) requirements; (ii) analysis of need – particularly at net peak; and (iii) the Planning Reserve Margin (“PRM”). These issues are already being considered by the Commission in other active proceedings and should therefore not be addressed here.

Specifically, potential refinements to current RA requirements are already being considered in the Commission’s RA proceeding.^{5/} Duplicating that effort in this proceeding would create confusion, pre-judge open issues in the separate RA proceeding and/or invite inconsistency between the two proceedings, and disrupt regulatory certainty. It is an inefficient approach that would divert attention and resources from the other important issues before the Commission in this proceeding that are not being considered elsewhere and must be resolved here.

With regard to performance of a capacity need analysis, the analysis necessary to determine an accurate capacity need to ensure reliability based on the industry standard 1-in-10 Loss of Load Expectation (“LOLE”) is currently being performed in the IRP proceeding.^{6/} The Preferred System Plan (“PSP”), expected to be available in the third quarter of 2021, will include comprehensive integrated planning analysis that accurately reflects existing and planned resources and balances reliability needs with emissions reductions and affordability. Development of a robust and well-vetted capacity need analysis takes time. Put simply, the expedited nature of the emergency procurement contemplated in the Governor’s Executive

^{5/} R.19-11-009.

^{6/} R.20-05-003.

Proclamation does not permit performance of a need analysis. If a need analysis were to be undertaken in the instant proceeding it would be of questionable quality and would be quickly replaced with the PSP's need analysis, which begs the question of the value of expending resources to prepare such an analysis in this proceeding.

The situation is the same regarding consideration of changes to the PRM. The PSP is the appropriate place to identify the PRM needed to meet the 1-in-10 LOLE. Accordingly, it makes little sense to attempt to do so here where any PRM analysis would likely be sub-optimal and would be almost immediately replaced by the PSP's integrated and comprehensive analysis. Accordingly, issues related to the need analysis and PRM should be excluded from the scope of this proceeding.

ii. Demand-Side Issues that are Not Ripe for Consideration and/or Will Be Considered in Other Commission Proceedings Should Not be Considered in this Proceeding

The ALJ Ruling proposes to include within the scope of the instant proceeding the following issues:

- (i) Emergency Load Reduction Program Pilot (“ELRP”);
- (ii) modifications to existing demand response (“DR”) programs, including the base interruptible program (“BIP”), agricultural and pumping interruptible programs, and air condition cycling programs;
- (iii) potential authorization of another capacity bidding program with dispatch in real-time market; and
- (iv) Energy Efficiency (“EE”).

With regard to the ELRP pilot, the IOUs each launched their pilot programs in May, 2021. Given the nascent state of the ELRP, it is premature to consider proposed revisions to the pilot at this point. Data and analysis necessary to support proposed modifications or refinements

to the ELRP pilot will likely not be available by September, when witness testimony in this proceeding is due under the preliminary procedural schedule. Moreover, the Commission has *already* directed that proposed refinements to the ELRP be included in the IOUs' next five-year DR application, which is to be filed in November of this year ("November Application").^{7/} D.21-03-056 also establishes an advice letter process for seeking modifications to the ELRP design.^{8/} Given these two avenues for making changes to the ELRP, it is not necessary (or desirable) to include this issue within the scope of this proceeding.

As a practical matter, SDG&E believes that the soonest that it can suggest refinements to the ELRP is in its November Application, since at that point it will have had at least one DR season of experience with the pilot. Requiring parties to *also* suggest refinements to the ELRP in the instant proceeding will duplicate work and create confusion – *e.g.*, the proposed procedural schedule in this proceeding contemplates a final decision in mid-November 2021, which is after the filing date for the November Application. Adopting a more aggressive timeline in this proceeding will not result in more or better refinements; since this is the first summer of the ELRP pilot, it is not yet clear what refinements might be proposed to improve the pilot.

Similarly, it would create confusion and interfere with the regulatory process for the Commission to consider in this proceeding additional changes to SDG&E's other existing DR programs, such as BIP and the other programs identified in sections (ii) and (iii) above. SDG&E is already required to include in its November Application any program changes or proposals for the 2023-2027 DR cycle.^{9/} If SDG&E is required to propose DR program changes in this

^{7/} D.21-03-056, p. 19.

^{8/} D.21-03-056, Attachment 1, p. 15.

^{9/} D.17-12-003 granted SDG&E's request in Application ("A.") 17-01-019 for approval and funding for 2018-2022 and established November 1, 2021, as the deadline for filing of applications requesting approval and funding for 2023-2027.

proceeding, those proposals would almost certainly still be pending before the Commission at the time SDG&E files its November Application. In other words, there would be two open proceedings with DR program changes, possibly for the same programs, simultaneously before the Commission. That approach clearly makes little sense.

Moreover, SDG&E questions the implicit assumption that it is in the public interest to consider additional DR measures for 2023 before having a clear picture of the results of the demand-side actions previously ordered in this proceeding, SDG&E's DR Auction Mechanism ("DRAM") contracts for 2021 and 2022, and SDG&E's own IOU portfolio of DR in place for those same years. Given that SDG&E is not yet through the summers of 2021 and 2022 and that no needs analysis has been performed, it is premature to conclude that all DR previously approved and ordered is not sufficient to ensure reliability in 2023.

Considering change to DR programs for 2023 is also problematic inasmuch as it overlaps with SDG&E's next DR funding cycle for 2023-2027. Unlike the DR activities ordered in D.21-03-056, DR activity added to the IOUs' portfolios for 2023 would not be eligible to be funded through unspent current DR portfolio funds since those funds expire at the end of 2022 when the current DR cycle ends. The DR proposals adopted in D.21-03-056 used unspent funds from existing (pre-2023) approved budgets (and, indeed, increased overall cost-effectiveness by providing more MWs of load for the budgets approved), whereas adding DR activity into 2023 would not involve use of approved, unspent funds in existing budgets. Instead, it would be necessary to request new budgets and to address cost recovery.

Rather than seeking to develop DR proposals and budgets for 2023 DR activities in piecemeal fashion in the instant proceeding, the Commission should consider proposals for 2023 DR programs in the larger context of the 2023-2027 timeframe covered in the IOUs' respective

November Applications. This will enable holistic consideration of cost-effectiveness and ratepayer protection in addition to reliability concerns.

Lastly, EE should be excluded from the scope of the instant proceeding for the same reasons as discussed above in connection with DR issues. The Commission has an open proceeding to address EE issues, R.13-11-005; it would be duplicative and would undermine the integrity of the administrative process to address EE issues here as well. As mandated by the Commission, SDG&E will submit its Budget Advice Letter (“BAL”) detailing its 2022-2023 EE program and portfolio budget no earlier than November 1, 2021.^{10/} In the BAL filing, SDG&E will use the updated biennial Potential and Goals Study for the Years 2022-2032, which identifies potentially achievable cost-effective EE savings and establishes goals for EE Program Administrators; adoption of the goals is currently pending before the Commission in R.13-11-005.^{11/} If the Commission were to address EE issues in this proceeding, there would be two open proceedings considering EE proposals for the *same* years of implementation. This plainly does not serve the public interest and could result in conflicting direction to the IOUs in the administration of their EE portfolio. Accordingly, EE issues should be omitted from the scope of the instant proceeding.

^{10/} See D.21-05-031, p. 61, Table 4 (modifying the rolling portfolio process established in D.15-10-028) and *E-Mail Ruling Providing Notice and Opportunity Re: Additional Results of Draft Potential and Goals Study* issued in R.13-11-001 on July 22, 2021, which extended the filing date to November 1, 2021 at the earliest.

^{11/} See, e.g., D. 21-05-031 and *E-Mail Ruling Providing Notice and Opportunity Re: Additional Results of Draft Potential and Goals Study* issued in R.13-11-005 on July 22, 2021 (noting that approval of 2022-2032 goals is currently pending before the Commission and is not expected before the Commission’s meeting on September 23, 2021).

III. CONCLUSION

For the reasons set forth above, SDG&E respectfully requests that the Commission revise the proposed amended scope of the proceeding in accordance with the comments provided herein.

Respectfully submitted this 6th day of August, 2021.

/s/ Aimee M. Smith
AIMEE M. SMITH

8330 Century Park Court, CP32D
San Diego, California 92123
Telephone: (858) 654-1644
Facsimile: (858) 654-1586
E-mail: amsmith@sdge.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY