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

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| Order Instituting Rulemaking to Consider Distributed Energy Resource Program Cost-Effectiveness Issues, Data Access and Use, and Equipment Performance Standards | Rulemaking 22-11-013 |

# SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 E) REPLY COMMENTS ON ORDER INSTITUTING RULEMAKING TO CONSIDER DISTRIBUTED ENERGY RESOURCE PROGRAM COST-EFFECTIVENESS ISSUES, DATA USE AND ACCESS, AND EQUIPMENT PERFORMANCE STANDARDS

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## I. INTRODUCTION

San Diego Gas & Electric Company (SDG&E) submits the following reply comments (Reply) in the California Public Utilities Commission's (Commission or CPUC) *Order Instituting Rulemaking to Consider Distributed Energy Resource Program Cost-Effectiveness Issues, Data Use and Access, and Equipment Performance Standards*, issued on November 23, 2022 (OIR).[1]

## II. RESPONSE TO COMMENTS REGARDING COST-EFFECTIVENESS

### 1. The Establishment of Cost-Effectiveness Thresholds for New and Emerging Technologies Should Be Discussed in This Proceeding.

Silicon Valley Clean Energy Authority, Peninsula Clean Energy Authority, Marin Clean Energy, East Bay Community Energy Authority, and San Diego Community Power (Joint CCAs),[2] Southern California Edison Company (SCE),[3] and California Efficiency + Demand Management Council (the Council)[4] advocate that cost effectiveness standards for new and emerging

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1 The *Official E-mail Service of Final OIR Rulemaking 22-11-013* served by Shane M. Gutto, Legal Secretary, CPUC on November 23, 2022 states, "Reply comments may be filed within 15 days after filing and service of comments."

2 Citations to party opening comments are cited as follows: [party short form name] Opening Comments at [page number(s)]. Joint CCAs Opening Comments at 6.

3 SCE Opening Comments at 4.

4 Council Opening Comments at 4.

technologies should be avoided. On the other hand, Pacific Gas & Electric Company (PG&E) believes thresholds are nevertheless appropriate to protect ratepayers against speculative investments in technologies with limited or highly uncertain commercial prospects.[5] SDG&E believes further discussion is warranted on this topic. The Commission has cost effectiveness standards for several of the Distributed Energy Resource (DER) programs to support the due diligence required to ensure ratepayers receive adequate benefit for these investments. For example, Energy Efficiency (EE) requires a Total Resource Cost (TRC) of greater than 1.0 for resource acquisition programs,[6] Demand Response programs require a TRC of greater than 1.0,[7] and the Energy Savings Assistance (ESA) program aims for a portfolio level 0.7 ESA Cost Effectiveness Test (ESACET) with all individual measures with an ESACET score of less than 0.30 be re-evaluated to determine whether the measure should be removed from the portfolio.[8] Therefore, SDG&E recommends that this OIR continue discussions on whether cost effectiveness requirements should be required and, if appropriate, the standards for new and emerging technologies.

### 2. It Is Premature to Include Resiliency in the Societal Cost Test (SCT) or the Avoided Cost Calculator (ACC).

Clean Coalition argues that the SCT should be modified to capture the value of resiliency, which it appears to define in terms of "backup power."[9] The Protect Our Communities Foundation

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5 PG&E Opening Comments at 11, shares SDG&E's view that the cost-effectiveness of emerging technologies needs to be considered: "If ratepayer funds do subsidize emerging technologies, they should at least have a pathway to demonstrating cost-effectiveness absent ratepayer funds in the future, based on reasonable assumptions of future cost and load impacts when fully developed."

6 D.21-05-031, Conclusion of Law 8 at 75.

7 D.17-12-003 at 121.

8 D.21-06-015, Ordering Paragraph 83 at 491.

9 Clean Coalition Opening Comments at 2-3.

(PCF) advocates that the ACC should be modified to reflect resiliency.[10] At this time, however, there is no clear definition of "resiliency" for cost-effectiveness evaluations and no agreement on whether, as a matter of policy, a value for resiliency should be included in these models. With the understanding that SCE's use of the term "customers" is intended to mean all ratepayers, SDG&E agrees with SCE that "any additional updates to the cost-effectiveness framework should continue to only consider avoided costs that customers would otherwise have to pay through electric and natural gas rates on their utility bills," *i.e.*, "the ACC should be limited to costs customers would otherwise be responsible for on their monthly energy bills in the absence of the DERs."[11] Individual customers add back-up power when they determine that the personal or commercial benefits of doing so exceed the costs of the DER and the necessary control equipment. Ratepayers, as a whole, do not contribute towards the costs of these Behind-The-Meter (BTM) microgrids since the benefits accrue to the participant. Therefore, it is premature to include a value of resiliency in the ACC or SCT. SDG&E recommends that the Microgrid OIR (R.19-09-009) is the appropriate venue to determine whether a reasonable value for resiliency can be established. Until that determination is made in the Microgrid OIR, it is premature to include a value of resiliency in the ACC or SCT.

**3. The SCT Should Not Be the Primary Determinant of Cost-Effectiveness.**

Several commenters support the use of the SCT in making funding decisions for DER programs. For example, Clean Coalition urges the Commission to "include non-energy benefits in the Societal Cost Test as an environmental justice issue."[12] PCF argues the Commission should "revise the Avoided Cost Calculator to ensure that the Commission properly account for the full

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[10] PCF Opening Comments at 5.

[11] SCE Opening Comments at 2-3.

[12] Clean Coalition Opening Comments at 4.

benefits of customer-sited renewable generation and should utilize the societal cost test."[13] SDG&E does not agree that the SCT should be used as the primary measure of cost-effectiveness because the quantification of societal benefits are highly uncertain and it is not always the case that ratepayers should be the parties that pay for benefits that accrue to society at large.

SDG&E agrees with SCE that for DER technologies that reduce metered consumption, the Commission should maintain the policy it "adopted in D.19-05-019 of relying on the Total Resource Cost Test (TRC) as the primary measure of cost-effectiveness while using the Societal Cost Test (SCT) to provide additional information and context to qualitatively evaluate the potential benefits of resource options."[14] SDG&E also agrees with SCE, that for DER technologies that increase metered consumption (*e.g.*, Electric Vehicles, building electrification), the TRC and SCT need to be examined to account for the unique ability of these technologies to reduce emissions and customer natural gas and liquid fuel bills.[15]

## III. RESPONSE TO COMMENTS REGARDING EXPANSION OF DATA USE AND ACCESS

SDG&E is concerned that many stakeholders may not recognize the difficulty and cost of developing the systems necessary for the utilities to timely acquire, process, and safely deliver vast amounts of data that complies with state customer privacy statute and Commission guidelines – especially without a clear understanding of the specific data considered within scope of this proceeding. In general, SDG&E's existing Information Technology (IT) systems are not designed for large-scale third-party data access, and would require substantial investments in IT upgrades. In addition to addressing the various policy issues involving data access, there needs to be a very

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[13] PCF Opening Comments at 2 (citation omitted).

[14] SCE Opening Comments at 3.

[15] *Id.*

deliberate assessment of what it will cost to implement whatever data access policies emerge, and establishment of the rules governing who will be responsible for the costs utilities incur to acquire, process, and deliver data for third-party use.

**1. The Specific Data Elements Within Scope of This Proceeding Must Be Identified.**

PG&E proposes the "Commission clarify that, for the purposes of this proceeding, 'data' refers to data about customer energy usage and quantitative customer characteristics and DER program participation necessary for the design, execution, and impact assessment of customer DER programs."[16] SDG&E concurs. In the course of business, the utilities collect vast amounts of data and much of this data is likely not useful for assessing DER cost-effectiveness. The proceeding will move forward more efficiently if the specific data elements supporting DER-cost effectiveness assessments are defined up-front.

**2. SDG&E Agrees That Customer Privacy Must be Protected.**

SDG&E aligns with parties who emphasize the need to protect customer privacy by ensuring the sharing of data is limited to the essential information necessary for customers to participate in the DER program, and that the use of any shared data is limited to the purpose specified by the DER program.

**3. SDG&E Cautions Against Exploiting the Personal Information of Low-Income Customers for Marketing, Education, and Outreach.**

SDG&E supports and appreciates the importance of considering equity in the development and management of DER programs. However, SDG&E is concerned that because low-income customers have historically been targets for financial exploitation, the utilities may be put in a position of being required to share private customer data that may lead to potentially exploitive

[16] PG&E Opening Comments at 7.

activities improperly characterized as marketing, education, and outreach (ME&O). For the protection of customers, SDG&E agrees with the Public Advocates Office (Cal Advocates) that customer data should not be shared for ME&O purposes.[17] Any customer data collected and shared should be essential to the operations of the program and the intended purpose for each data element should be clear to program administrators and participants.

**4. SDG&E Disagrees That a Large Central Data Repository is Necessary or Safe.**

The California Independent System Operator Corporation (CAISO) and Cohen Ventures, Inc. dba Energy Solutions (Energy Solutions) both propose a centralized data platform for the public to access various data, with CAISO requesting consumption patterns down to the zip code level.[18] However, the Natural Resources Defense Council (NRDC) acknowledges that it is not clear on how a central repository could be developed and with a great level of resources needed.[19] SDG&E agrees with NRDC and believes that, while a central repository seems like a good idea, its actual implementation is wrought with issues and risks that most likely outweigh the benefits. SDG&E notes first and foremost that if such a repository is created, it would be a veritable "gold mine" of data in a known location; *i.e.*, a location that would be a prime target for, and therefore at risk of, cyber-security attacks. Then there would be the question of who would be responsible for any resulting data breaches and the associated legal claims. The risk of having so much valuable data in one location is extremely high and, on that point alone, SDG&E objects to the proposal for such a repository. SDG&E notes that the California Energy Commission's repository, discussed in

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[17] Cal Advocates Opening Comments at 10-11.

[18] CAISO Opening Comments at 4-7; and Energy Solutions Opening Comments at 14.

[19] NRDC Opening Comments at 10.

Energy Solutions' comments, is an example of a central repository and data sharing platform.[20] That repository is relatively new and there is no way to know whether its data will remain safe.

## IV. CONCLUSION

SDG&E appreciates the opportunity to submit these reply comments and respectfully requests the Commission to consider these comments in this proceeding.

Respectfully submitted,

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[20] Energy Solutions Opening Comments at 14.