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RatesettingTO PARTIES OF RECORD IN APPLICATION 21-12-006, *et. al.*:

This is the proposed decision of Administrative Law Judge Stephanie Wang. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 2, 2023 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf

Attachment

Decision **PROPOSED DECISION OF ALJ WANG**
(Mailed 9/25/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas &
Electric Company (U902E) for
Approval of Real Time Pricing Pilot
Rate.

Application 21-12-006

And Related Matter.

Application 21-12-008

**DECISION ADOPTING DYNAMIC EXPORT RATE
PILOT AND DISMISSING APPLICATION FOR A
REAL TIME PRICING RATE PILOT**

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**DECISION ADOPTING DYNAMIC EXPORT RATE
PILOT AND DISMISSING APPLICATION FOR A
REAL TIME PRICING RATE PILOT**

Summary

This decision authorizes San Diego Gas & Electric Company, pursuant to the settlement discussed herein, to conduct a dynamic export rate pilot program for customers on the following commercial rates: Electric Vehicle High Power rate, Schedule AL-TOU, and Schedule TOU-A. Enrollment for the pilot will begin on January 1, 2025, and the pilot will conclude after two years. This decision authorizes up to \$2,361,259 to implement the pilot program.

This decision dismisses without prejudice the application of San Diego Gas & Electric Company for a real-time pricing import rate pilot and directs the utility to file a new application for a dynamic import rate within 90 days of the issuance of a decision in Rulemaking 22-07-005 that provides guidance for dynamic rate applications.

This proceeding is closed.

1. Background

1.1 Procedural Background

On December 21, 2020, the Commission issued Decision (D.) 20-12-023 to adopt a new San Diego Gas & Electric Company (SDG&E) rate for separately-metered electric vehicle charging loads with an aggregated maximum demand of 20 kilowatts or greater (EV-High Power Rate). In Ordering Paragraph (OP) 9 of D.20-12-023, the Commission directed SDG&E to file an optional dynamic rate application for commercial electric vehicle charging within 12 months of that decision.

On July 16, 2021, the Commission issued D.21-07-010 to address SDG&E's consolidated General Rate Case (GRC) Phase 2 and Application (A.) 10-07-009

concerning SDG&E's dynamic pricing proposals. In OP 6 of D.21-07-010, the Commission directed SDG&E to file an application for a real-time pricing dynamic rate pilot within 60 days of the issuance of that decision, after consulting with stakeholders.

On December 13, 2021, SDG&E filed A.21-12-006 to propose a real-time pricing dynamic rate pilot (Import Rate Pilot) pursuant to D.21-07-010.

On December 17, 2021, SDG&E filed A.21-12-008 to propose an optional dynamic rate for exports of energy to the grid by customers taking distribution service on SDG&E's EV-High Power Rate pursuant to D.20-12-023.

The Commission held prehearing conferences on February 9, 2022 (for A.21-12-008) and March 7, 2022 (for A.21-12-006) to address the issues of law and fact, the need for an evidentiary hearing, and the schedule for resolving each matter.

On April 18, 2022, the assigned Commissioner issued a scoping memo and ruling to consolidate A.21-12-006 with A.21-12-008 and establish the issues in scope, schedule, and other procedural matters for the consolidated proceeding. The scoping ruling directed SDG&E to modify its proposed rates through supplemental testimony based on guidance to be provided by the Commission's Energy Division.

On June 15, 2022, Administrative Law Judge (ALJ) Wang issued a ruling with guidance recommendations from the Commission's Energy Division for SDG&E's supplemental testimony (ED Guidance Memo). The ED Guidance Memo included a recommendation to convert the proposed export rate into a pilot.

On June 24, 2022, the Commission's Energy Division held a workshop to discuss the ED Guidance Memo.

On August 15, 2022, SDG&E served supplemental testimony.

On December 30, 2022, the following parties served intervenor testimony. Electrify America, LLC (Electrify America); the Public Advocates Office at the California Public Utilities Commission (Cal Advocates); The Utility Reform Network (TURN); San Diego Community Power (SDCP); Federal Executive Agencies (FEA); Environmental Defense Fund (EDF); Small Business Utility Advocates (SBUA); Utility Consumers' Action Network (UCAN); Alliance for Retail Energy Markets and The Direct Access Customer Coalition (AReM/DACC); and Vehicle-Grid Integration Council (VGIC).

On January 30, 2023, SDG&E served rebuttal testimony.

On March 17, 2022, SDG&E served a Joint Case Management Statement with a list of stipulated facts. In the Joint Case Management Statement, the following parties recommended that the Commission dismiss SDG&E's Import Rate Pilot application without prejudice and waived evidentiary hearings: SDG&E, Cal Advocates, SBUA, TURN, AReM/DACC, EDF, VGIC, UCAN, and SDCP. Only Electrify America asserted that the Commission should proceed with considering the Import Rate Pilot on its merits.

On March 22, 2023, ALJ Wang issued a ruling that removed evidentiary hearings from the procedural schedule.

On April 12, 2023, parties filed a joint motion to receive exhibits into evidence, and on May 10, 2023, parties filed an updated joint motion to receive exhibits into evidence. On May 12, 2023, ALJ Wang issued a ruling to receive exhibits into evidence.

On June 9, 2023, SDG&E, Cal Advocates, UCAN, SBUA, TURN, AReM/DACC, Electrify America, and FEA filed a joint motion (Settlement

Motion) for adoption of a settlement agreement (Settlement Agreement) with a proposed export rate pilot program (Export Rate or Export Rate Pilot).

On June 9, 2023, SDG&E filed a motion for proposed Exhibit SDGE-14, the declaration of Leslie Willoughby, to be received into evidence. ALJ Wang issued a ruling on June 19, 2023 to receive Exhibit SDGE-14 into evidence.

On June 9, 2023, the following parties filed opening briefs: SDG&E, Cal Advocates, UCAN, SBUA, TURN, AReM/DACC, Electrify America, FEA, EDF, VGIC, and SDCP and Clean Energy Alliance (CEA).

On July 7, 2023, the following parties filed reply briefs: AReM/DACC, SDCP/CEA, EDF, VGIC, SDG&E, Cal Advocates, FEA, and Joint Reply Parties (SDG&E, UCAN, SBUA, TURN, and Electrify America).

On July 7, 2023, SDG&E filed a motion to receive proposed Exhibit SDGE-15 into evidence. On July 17, 2023, ALJ Wang issued a ruling to deny the motion to receive proposed Exhibit SDGE-15 into evidence.

On July 26, 2023, the following parties filed responses to reply briefs: EDF, SDG&E, and VGIC.

1.2 Demand Flexibility Rulemaking Background

On July 14, 2022, the Commission opened Rulemaking (R.) 22-07-005 to advance demand flexibility through electric rates. The Order Instituting Rulemaking for R.22-07-005 anticipated that the proceeding would eventually address how the Commission should modify existing tariffs for consistency with rate design principles and demand flexibility guidance that would be adopted in R.22-07-005.

The assigned Commissioner for R.22-07-005 issued a Phase 1 scoping memo and ruling on November 2, 2022 that included the following issues, among others: (a) how should the Commission update its rate design principles,

(b) what guidance should the Commission adopt for demand flexibility rates, and (c) what systems and processes should the Commission authorize to enable load serving entities to offer unbundled customers the option to take service on dynamic electricity prices. The Phase 1 scoping memo adopted a procedural schedule that included a proposed decision on principles in March 2023 and a proposed decision on issues (c) and (d) above in March 2024.

On April 27, 2023, the Commission adopted updated rate design principles in D.23-04-040.

1.3 Submission Date

This matter was submitted on July 26, 2023, upon filing of the responses to reply briefs.

2. Issues Before the Commission

The issues before the Commission are as follows:

- a. Should the Commission dismiss the application of SDG&E for an Import Rate Pilot without prejudice?
- b. Should the Commission adopt the Export Rate Pilot as proposed by the Settlement Agreement?
 - i. Does the Export Rate Pilot comply with D.20-12-023?
 - ii. Is the design of the Export Rate Pilot reasonable?
 - iii. Are the eligibility criteria for participating in the Export Rate Pilot reasonable?
 - iv. Are the proposed size and duration of the Export Rate Pilot reasonable?
 - v. Are the proposed costs of the Export Rate Pilot reasonable?
 - vi. Are the proposals for cost tracking, cost allocation, and cost recovery for the Export Rate Pilot reasonable?
 - vii. Is the marketing, education, and outreach (ME&O) proposal for the Export Rate Pilot reasonable?

- viii. Is the proposed measurement and evaluation plan for the Export Rate Pilot reasonable?

SDCP and CEA raised the issue of improving data access to enable community choice aggregators (CCAs) to offer dynamic rates to their customers. This CCA data access issue is not in the scope of this proceeding and will not be addressed in this decision. The Commission may address this CCA data access issue in R.22-07-005 or another proceeding.

Nine parties in this proceeding joined the Settlement Agreement (Settling Parties) regarding the Export Rate issues: SDG&E, Cal Advocates, UCAN, SBUA, TURN, AReM/DACC, Electrify America, and FEA. Two parties, EDF and VGIC, opposed the Settlement Agreement in briefs.

Rule 12.1(d) of the Commission's Rules of Practice and Procedure provides that the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

Where a settlement is contested, it will be subject to more scrutiny than an uncontested settlement. While our policy is to favor the settlement of disputes, we will not approve unreasonable settlements. We will consider whether the Settlement Motion fails to address any contested issue in the proceeding, significantly deviates from Commission policies and practices, or fails to fully and fairly consider the interests of all affected entities and customers. We will also consider whether the proponents of the Settlement Motion have adequately explained and justified each element of the settlement.

The Settlement Motion addresses all contested issues in this proceeding. The Settling Parties represent a broad range of stakeholder interests, including the interests of ratepayers, energy service providers, and potential participants.

We will approve the Settlement Agreement if it is reasonable in light of the whole record, consistent with law, and in the public interest.

3. Whether to Dismiss the Import Rate Pilot Application

On March 17, 2022, SDG&E served a Joint Case Management Statement with a recommendation by the following parties to dismiss SDG&E's Import Rate Pilot application without prejudice and direct SDG&E to file one or more dynamic rate applications after the Commission issues a final decision in R.22-07-005 that provides guidelines for dynamic rate applications¹: SDG&E, Cal Advocates, SBUA, TURN, AReM/DACC, EDF, VGIC, UCAN, and SDCP. Electrify America was the only party that supported continued consideration of the Import Rate Pilot on its merits.

In opening briefs filed on June 9, 2023, the following parties argued that the Commission should dismiss SDG&E's Import Rate Pilot application without prejudice and direct SDG&E to file a dynamic rate application after the Commission issues a final decision in R.22-07-005 on guidance for dynamic rate applications: SDG&E, SBUA, TURN, Cal Advocates, AReM/DACC, UCAN, and SDCP/CEA.

AReM/DACC asserted in its opening brief that the Commission should defer consideration of the Import Rate Pilot to ensure that the pilot will be consistent with the broader framework being developed in R.22-07-005.

¹ In R.22-07-005, the assigned Commissioner issued a Phase 1 scoping memo and ruling that anticipated a proposed decision on the issue of guidance for large utilities' dynamic rate applications in the first quarter of 2024.

SDG&E asserted that the guidance decision expected in Track B of R.22-07-005 will help all parties design a more cost-effective real-time pricing import rate.²

SDG&E and SDCP/CEA each argued that the Commission should defer the consideration of a dynamic import rate until after the Commission issues guidance on demand flexibility rates in R.22-07-005. SDG&E and SDCP/CEA anticipated that the Commission would address CCA data access for implementing dynamic rates for CCA customers in an upcoming guidance decision in R.22-07-005. SDCP/CEA and SDG&E agreed that SDG&E did not provide a solution for CCAs to access data needed to implement a dynamic import rate for their customers in this proceeding. SDCP/CEA and SDG&E each asserted that parties are actively working on the CCA data access issue for purposes of implementing a dynamic rate for CCA customers in R.22-07-005.³

The Phase 1 scoping memo and ruling issued in R.22-07-005 states that the issue of systems and processes needed for CCAs to offer dynamic rates to their customers is within the scope of Track B of R.22-07-005. The Phase 1 scoping memo and ruling in R.22-07-005 anticipated a proposed decision on systems and processes for CCAs to offer dynamic rates, as well as guidance for demand flexibility rates, in the first quarter of 2024.

SDG&E, SDCP, UCAN, TURN, FEA, EA, SBUA, VGIC, Cal Advocates, EDF stipulated that CCA participation will be critical to obtaining participation sufficient for a robust evaluation of the Import Rate Pilot's objectives.⁴

² SDG&E's opening brief. SDG&E noted that the proposed Import Rate would cost SDG&E ratepayers approximately \$11 million to implement.

³ SDCP/CEA's opening brief and SDG&E's reply brief.

⁴ Exhibit JOINT-01.

SDG&E and UCAN asserted that the Commission should defer consideration of the Import Rate Pilot because the lack of CCA participation would greatly reduce the number of eligible participants. SDG&E asserted that CCAs will serve approximately 80% of customer commodity needs in its service territory by the time the Import Rate Pilot was proposed to be implemented.⁵ UCAN argued that without CCA participation, the pool of potential participants would shrink substantially along with the opportunity to gather meaningful amounts of customer data.⁶

Only Electrify America urged the Commission to consider the Import Rate Pilot application immediately in briefs. Electrify America argued that R.22-07-005 should not preclude or delay efforts in other proceedings to develop dynamic rate pilots. Electrify America expressed concerns that deferring consideration of the Import Rate Pilot will cause significant delays for implementing a dynamic import rate in SDG&E territory.

We agree that the status of R.22-07-005 does not preclude the consideration of dynamic rate pilot proposals in this proceeding or other proceedings. However, we also agree with the broad range of parties that support dismissal of the Import Rate Pilot application without prejudice for the reasons above.

It is reasonable to dismiss SDG&E's Import Rate Pilot application without prejudice and direct SDG&E to file a new dynamic import rate application within 90 days after the Commission issues a final decision in R.22-07-005 that provides guidance for dynamic rate applications.

⁵ SDG&E's opening brief.

⁶ UCAN's opening brief.

4. Whether to Adopt the Settlement Agreement on the Export Rate

4.1. Whether the Settlement Agreement Complies With D.20-12-023

Ordering Paragraph 9 of D.20-12-023 provided, “SDG&E shall file an optional dynamic rate application within 12 months of this decision. SDG&E may file a Tier 2 Advice Letter requesting an exemption from this requirement if the Commission has adopted or is considering a dynamic rate designed to encourage commercial EV charging in SDG&E’s territory in another proceeding.”

The Commission did not provide any other directions for the Export Rate application in D.20-12-023.

Only one party, EDF, argued that the Settlement Agreement did not comply with D.20-12-023. EDF argued in its opening brief that D.20-12-023 required SDG&E to file an optimal dynamic rate application designed to encourage commercial EV charging, and that the proposed rate in the Settlement Agreement does not comply with this requirement because it does not include a distribution component. EDF argued that SDG&E had an obligation to design a dynamic rate that would “induce” commercial vehicles to electrify, and that the Settlement Agreement did not provide sufficient incentives to overcome the “significant” upfront costs of electrifying commercial vehicles.⁷

SDG&E replied that EDF did not provide facts or analysis to support its argument that the Settlement Agreement would not comply with D.20-12-023. SDG&E also argued that the Export Rate should be considered as one incentive among many for electrifying commercial transportation, and the Commission

⁷ EDF’s opening brief.

should not require the Export Rate to carry the full burden of encouraging commercial customers to make the transition to electric vehicles.⁸

We agree that D.20-12-023 did not require SDG&E to file a dynamic rate application that would, on its own, incentivize commercial customers to transition to electric vehicles. EDF did not provide sufficient facts or analysis to support a finding that the Settlement Agreement will not “encourage” commercial EV charging.

We find that the Settlement Agreement complies with D.20-12-023.

4.2. Whether the Design of the Export Rate is Reasonable

The Settlement Agreement proposed a one-stage pilot to offer an optional, opt-in Export Rate to eligible participants.

The Settlement Agreement proposed that the Export Rate should use the California Independent System Operator (CAISO) day-ahead hourly commodity market price that is based on the hourly Location Marginal Prices at SDG&E’s Default Load Aggregation Point, derived from the CAISO Open Access Same-time Information System website.

The Settlement Agreement proposed that the Generation Capacity Component (GCC), which is based on marginal generation capacity costs only, should use the same Critical Peak Pricing (CPP) Commodity Capacity Adder approach used in SDG&E’s Schedules Vehicle Grid Integration (VGI) and Public Grid Integration Rate (Public GIR). This approach uses the one-year average of SDG&E’s transmission load, adjusted for weather conditions, to determine the top 150 system peak hours. Should the generation CPP adder approach for Schedules VGI and Public GIR be modified in a decision on SDG&E’s GRC Phase

⁸ SDG&E’s reply brief.

2 Test Year 2024 application, the Settling Parties proposed that the modification should also apply to the generation CPP adder in the Export Rate.

The Settlement Agreement proposed that the Export Rate Pilot should not include any rate components other than generation at this time. The Settling Parties agreed that SDG&E will assess whether a distribution rate component is reasonable and appropriate in its GRC Phase 2 Test Year 2028 application.

The Joint Reply Parties clarified in a reply brief that, to the extent the Commission issues a decision that directs utilities to include a distribution component in dynamic rate applications in R.22-07-005, any party may seek a change to the Export Rate Pilot in SDG&E's GRC Phase 2 Test Year 2028. However, the Joint Reply Parties assert that the Settling Parties agreed that the Export Rate should not include a distribution rate component for the entire proposed two-year pilot period.

The Settlement Agreement also proposed for SDG&E to develop a page on the SDG&E website, similar to the current site for posting Schedule VGI pricing, to post hourly pricing by 6:00 p.m. the day before they go into effect. SDG&E will rely on the California Energy Commission's Market Informed Demand Automation Server (MIDAS) database to communicate price signals to third-parties, to the extent possible.

The Scoping Memo included the following questions to inform the issue of whether the design of the Export Rate Pilot is reasonable.

- Does the pilot design comply with the Commission's Rate Design Principles?
- Will the pilot result in system reliability benefits and greenhouse gas reductions?

- Does the pilot design address the potential for technical advances in load metering, sub-metering, and load management technologies over time?
- Does the pilot align with the goals of the Commission's Environmental and Social Justice (ESJ) Action Plan and Distributed Energy Resource (DER) Action Plan?

Joint Reply Parties commented that they believe that the proposed Export Rate Pilot is generally in material compliance with the Rate Design Principles.⁹ The Joint Reply Parties also asserted that they expect the pilot to result in valuable data as to whether the pilot will result in grid reliability benefits and greenhouse reductions.¹⁰

Cal Advocates and the Joint Reply Parties asserted that, if successful, the Export Rate Pilot will advance the Commission's ESJ Action Plan and DER Action Plan.¹¹

Two parties, VGIC and EDF, strongly opposed the Settlement Agreement's proposal to not include a distribution rate component during the pilot period.

VGIC argued that the Settlement Agreement failed to comply with Rate Design Principle (f) in D.23-04-040, which provides that rates should encourage customer behaviors that optimize the use of existing grid infrastructure to reduce long-term electric system costs. VGIC argued that an Export Rate without a distribution component will not incentivize exports that avoid or defer distribution system upgrades and, in turn, will fail to optimize the use of the existing distribution grid and reduce long-term distribution system costs.¹²

⁹ Joint Reply Parties' reply brief.

¹⁰ Joint Reply Parties' reply brief.

¹¹ Cal Advocates' reply brief and the Joint Reply Parties' reply brief.

¹² VGIC's reply brief.

EDF argued that it is unlikely that the proposed Export Rate Pilot would provide system reliability benefits and greenhouse gas reductions because it would not provide sufficient incentives for vehicles, particularly medium- and heavy-duty trucks, to electrify.¹³

VGIC asserted that the Export Rate has the potential to offer system reliability benefits and greenhouse gas reductions, but limiting the Export Rate to marginal energy and generation capacity values will pose significant headwinds for realizing these benefits. VGIC acknowledged that marginal generation capacity price signals will incentivize customer exports during tight system reliability conditions. To the extent exports are incentivized during the system peaks, VGIC asserted that these customer contributions can help offset peaking fossil fuel plants, thereby reducing greenhouse gases.¹⁴

VGIC, in its opening brief, urged the Commission to adopt one of the three following methods for including a distribution component: (a) apply SDG&E's D-CPP component from Schedules GIR or VGI, (b) apply a method that the Commission adopted for a dynamic rate of Pacific Gas and Electric Company (PG&E), or (c) adopt EDF's proposed method.

The Joint Reply Parties commented that the record of this proceeding shows that SDG&E did not include the D-CPP component from Schedules GIR or VGI in its initial proposal because it would require tracking each customer's circuit for CPP events and confirming when each customer was on a particular circuit (since certain customers may switch between circuits through the day).¹⁵ Schedules GIR and VGI only apply to eight circuits. The Joint Reply Parties

¹³ EDF's reply brief.

¹⁴ VGIC's reply brief.

¹⁵ Exhibit Cal Advocates-01 at Appendix 1-A, p.9-10.

asserted that applying a similar D-CPP rate component to the Export Rate would increase implementation costs significantly and may delay the implementation of the pilot because it could require tracking and evaluating all 820 circuits in SDG&E territory.¹⁶ VGIC responded that the Export Rate could have less participation than Schedule VGI due to the eligibility criteria for this pilot.¹⁷

EDF agreed that the Commission should not apply D-CPP from Schedules GIR and VGI to the Export Rate Pilot.¹⁸

With respect to VGIC's second recommended method for incorporating a distribution component, SDG&E argued that the record of this proceeding does not include evidence of PG&E's method for including a distribution component in a dynamic rate.¹⁹ In response, VGIC asserted that the Commission approved PG&E's Day-Ahead Hourly Real-Time Pricing export pilot with additional customer incentives instead of including a distribution component.²⁰

EDF urged the Commission to order SDG&E to "refile" an export rate that effectively induces electrification by reflecting locational elements²¹ and "develop a bespoke dynamic distribution rate based on location-specific marginal costs."²²

The Commission must consider three factors when deciding whether to add a distribution component to the design of the Export Rate Pilot: (a) impact

¹⁶ Joint Reply Parties' reply brief.

¹⁷ VGIC's response to reply briefs.

¹⁸ EDF's reply brief.

¹⁹ SDG&E's reply brief.

²⁰ VGIC's response to reply briefs.

²¹ EDF's opening brief.

²² EDF's reply brief.

on pilot participation, (b) speed of implementation, and (c) costs of implementation.

The underlying argument that VGIC and EDF presented for opposing the Settlement Agreement's proposal for an Export Rate Pilot without a distribution component was that these parties expect the pilot to fail to incentivize a meaningful number of customers enroll in the pilot. Electrify America's participation in the Settlement Agreement indicates that the Settlement Agreement's pilot design will provide sufficient benefits for some customers to participate in the Export Rate Pilot.

Each of VGIC's and EDF's recommended approaches for adding a distribution component has the potential to increase implementation costs and/or delay implementation. No party, other than VGIC, supported application of SDG&E's existing D-CPP approach, which the Joint Reply Parties argued would significantly increase implementation costs. Only VGIC supported consideration of PG&E's alternative to including a distribution component, which would require us to reopen the record, delay implementation of the pilot, and potentially increase implementation costs. Only VGIC supported EDF's proposal to order SDG&E to refile the Export Rate application with a bespoke distribution component, which would delay implementation of the pilot.

The Joint Case Management Statement reflected the tension between designing the ideal Export Rate Pilot and implementing an Export Rate Pilot as soon as feasible. Several parties recommended dismissing the Export Rate Pilot application and directing SDG&E to file a new application based on guidance from a decision in R.22-07-005. Parties have expressed an expectation that the dynamic rate guidance decision in R.22-07-005 will include guidance on a

distribution component.²³ On the other hand, EDF and VGIC joined a few other parties to urge the Commission to consider the Export Rate Pilot immediately.²⁴

For the reasons above, it is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for the design of the Export Rate Pilot. The Commission may consider a distribution component for the pilot or any other adjustments to the pilot to increase participation in the future.

4.3. Whether the Eligibility Criteria for the Export Rate Pilot are Reasonable

The Settlement Agreement proposed that SDG&E bundled customers on Schedules EV-HP, AL-TOU, and TOU-A will be eligible to participate in the Export Rate Pilot, unless such customers participate in Net Energy Metering, any demand response programs (including the CPP program and the Emergency Load Reduction Program), legacy time-of-use rates, or conjunctive billing. Pilot participants would be subject to Electric Rule 12.

SDG&E previously proposed that only customers on Schedule EV-HP would be eligible for the Export Rate Pilot.²⁵

The Settling Parties agreed that only customers on a few import rates should be eligible to participate in the Export Rate Pilot. These are the rates used

²³ For example, SDG&E commented in its response to reply briefs that VGIC's reply brief cautioned against waiting for guidance on a dynamic distribution export component from a decision in R.22-07-005, which would impose undue delay on the Export Rate Pilot.

²⁴ In the Joint Case Management Statement served on March 17, 2023, SDG&E, EDF, UCAN, Electrify America, and VGIC urged the Commission to expeditiously consider the Export Rate pilot proposal. On the other hand, Cal Advocates, SBUA, TURN, AReM, and DACC supported dismissing the Export Rate Pilot application and directing SDG&E to file a new application after a guidance decision in R.22-07-005.

²⁵ Exhibit SDGE-04 at 5.

by customers that the Settling Parties believe are more likely to participate in the pilot based on the available technology.

No party opposed the list of eligible rates in the Settlement Agreement or disagreed with the Settling Parties' assertion that the customers on the proposed rates are more likely to participate in the pilot.

SDG&E, SDCP, UCAN, TURN, FEA, EA, SBUA, VGIC, Cal Advocates, and EDF stipulated that Net Energy Metering would add complexity to the Export Rate Pilot.²⁶

VGIC argued in its reply brief that the Settlement Agreement's proposal to exclude customers on "conjunctive billing" from the Export Rate is a failure to address the potential for technical advances in sub-metering if "conjunctive billing" includes the use of sub-metering technologies per the Plug-in Electric Vehicle (PEV) Submetering Protocol. No other party raised concerns about this issue.

SDG&E responded that the PEV Submetering Protocol adopted in D.22-08-024 allows a separate non-utility submeter to measure and bill PEV charging separately from a customer's primary utility meter. Under the PEV Submetering Protocol, SDG&E does not own the PEV submeter and is not responsible for collecting and transmitting the submeter usage. Thus, in the event submeter usage is late, incomplete, or inaccurate, export compensation data pursuant to the Export Rate Pilot would not be properly recorded by or compensated by SDG&E.

²⁶ Exhibit JOINT-01.

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for Export Rate pilot eligibility criteria.

4.4. Whether Export Rate Pilot Size and Duration Proposals are Reasonable

The Settlement Agreement proposed that the Export Rate Pilot have no cap on the number of participants. No party opposed the Settlement Agreement's proposal to not cap the number of pilot participants. The Joint Reply Parties asserted that, because the Settlement Agreement limits the number of eligible rate schedules, there is an effective cap on participation based on customer eligibility for those rate schedules.²⁷

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provision to not limit the number of participants for the Export Rate Pilot.

The Settlement Agreement proposed that SDG&E will commence implementation of the pilot around January 1, 2025 and the pilot will continue for 24 months. The Settlement Agreement proposed that pre-enrollment for the pilot will begin six months prior to the start of the pilot. Customers that opt-into the pilot after the pilot commences would be enrolled at the beginning of their next billing period. Customers enrolled in the pilot during the "pre-enrollment" period would be placed on the Export Rate in the first billing period after the pilot commences.

SDG&E previously proposed to begin implementation of an Export Rate Pilot for one rate schedule on October 1, 2024.²⁸ The Settlement Motion asserted

²⁷ Joint Reply Parties' reply brief.

²⁸ Exhibit SDGE-04 at 3.

that SDG&E needed the additional time to make billing changes due to the inclusion of additional rate schedules.

No party opposed the Settlement Agreement's proposal for a two-year pilot period or the proposed date for commencing enrollment in the pilot. Cal Advocates asserted that two years would allow SDG&E and stakeholders adequate time to consider the effectiveness of the Export Rate.²⁹

The Settlement Agreement also proposed that the Export Rate Pilot will continue after the two-year pilot period for an unspecified duration. The Settlement Agreement provided that "SDG&E reserves the right to seek Commission authority to terminate the Pilot after the [measurement and evaluation] Report is filed, if the circumstances are such that maintaining the rate is impractical."

It is reasonable to authorize a 24-month pilot period for the Export Rate Pilot. However, the pilot should not continue after 24 months. The Commission generally does not authorize pilot periods that continue indefinitely. Parties did not propose a different pilot duration or provide sufficient justification to continue the pilot beyond the 24-month period. Further, the duration of a pilot should not depend on whether a utility determines that continuing the pilot is "impractical."

It is reasonable for pre-enrollment for the pilot to begin on June 1, 2024 and for enrollment in the pilot to begin on January 1, 2025. The Export Rate Pilot shall conclude 24 months after pilot enrollment begins. If SDG&E seeks an extension

²⁹ Cal Advocates' reply brief.

for commencing enrollment in the pilot, SDG&E should formally submit the request no later than December 16, 2024.³⁰

Because this holding of the decision modifies a portion of the Settlement Agreement, the Settling Parties are invited to comment on this modification to the Settlement Agreement in their comments to the proposed decision that is served for comment. In the event that the Settling Parties do not accept the proposed modifications to the Settlement Agreement, the assigned ALJ may reopen the record of the proceeding, if necessary pursuant to Rule 12.4, to develop sufficient record to order a two-year time limit on the pilot.

4.5. Whether the Export Rate Pilot ME&O Proposal is Reasonable

The Settlement Agreement proposed to adopt the ME&O plan in Exhibit SDGE-05, the Prepared Supplemental Direct Testimony of April Bernhardt served on August 15, 2022.

In Exhibit SDGE-05, SDG&E proposed to conduct outreach about the Export Rate Pilot to customers taking service on Schedule EV-HP. SDG&E planned to provide pilot ME&O materials to third-party vendors, including storage, demand response, and electric vehicle charging vendors. SDG&E planned to create a dedicated web landing page with downloadable resources for third-party vendors. SDG&E also noted that it may host training webinars prior to the start of the Export Rate Pilot to help educate interested third-party vendors about the rate design. SDG&E proposed to leverage its existing relationships with customers and third-party vendors through its Clean Transportation

³⁰ A substantial portion of the Commission's staff will not be available to review and consider an extension request between December 17, 2024 and January 1, 2025 due to the winter holiday season.

Account Executive team to enroll bundled customers. SDG&E anticipated that ME&O activities for the pilot would begin in the third quarter of 2023.

In its opening brief, EDF argued that SDG&E should create a formal feedback loop to incorporate participation data into its ME&O efforts. No other party supported this proposal in reply briefs.

The Settling Parties proposed a modest \$10,000 budget for targeted ME&O efforts for the Export Rate Pilot. EDF's proposal to create a "formal feedback loop" to incorporate participation data into its ME&O efforts may be appropriate for a more elaborate ME&O plan, but it is unnecessary to add a formal feedback process to the modest ME&O plan proposed by the Settling Parties.

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for ME&O.

4.6. Whether the Export Rate Evaluation and Measurement Proposal is Reasonable

The Settlement Agreement provided that SDG&E will conduct the following measurement and evaluation (M&E) activities by the following dates:

- SDG&E will begin data collection approximately 11 months after pilot implementation commences;
- SDG&E will serve an interim report with data from the first year of the Pilot and any survey results that were conducted during the first year;
- SDG&E will administer a survey 24 months after pilot implementation commences;
- SDG&E will complete M&E activities and reporting for the final report six months following data collection; and
- SDG&E will file a final M&E report on a date 30 months after pilot implementation commences.

The Settlement Agreement also proposed that SDG&E will address the following in the Export Rate Pilot evaluation report:

- a. Verify that load is successfully exported during GCC hours, and charging occurs during SDG&E's off-peak and super off-peak periods. Do customers change how they normally discharge in response to GCC hours?
 - Approach: Using utility or third-party smart meter and submeter data, compare pre- and post-loads, during SDG&E GCC hours, by analyzing imported and exported energy leading up to and during GCC hours.
- b. Measure and quantify the amount of exported load for the pilot participants.
 - Approach: Use utility or third-party smart meter and submeter export and import data during GCC hours and non-GCC hours. Customers participating will have exported load on a separate channel of their smart meter.
- c. Assess whether customers are aware of GCC hours, and customer experience. Assess why eligible customers declined to participate in the pilot program.
 - Approach: Use surveys to assess if customers can react to GCC hours. Document customer experiences with respect to having the technologies to enable exporting loads. Survey participants about ease of notifications, ability to change schedules to meet export goals, and ease of participation. Non-participant surveys will seek insight into why customers declined to participate despite being eligible for the pilot. Post-GCC event surveys will be conducted within a few days after a number of GCC events to assess if participants were aware of the event, if they were able to take action, if action was easy or difficult, and customers' expectations of results. Two years after pilot implementation, assess overall satisfaction and solicit comments about lessons learned from the pilot. SDG&E will provide survey incentives of up to \$150 per survey, with a total budget of up to \$40,000 for all surveys over the course of the pilot.

No party opposed the Settlement Agreement's proposal for M&E.

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for M&E.

In its opening brief, VGIC also proposed the following minimum set of metrics for the Export Rate Pilot:

- Number of customers enrolled;
- Number of participating customers utilizing a separate utility meter;
- Date and duration of customer participation;
- Number of customers participating within disadvantaged communities;
- Tons of carbon dioxide avoided through reduced marginal energy consumption;
- Electricity exported during daily, monthly, and annual system peaks;
- Total marginal energy component, generation CPP credit, and distribution component paid to participants.

No party addressed VGIC's proposed metrics in reply briefs or response briefs. We will adopt the proposed metrics that are relevant to the Settlement Agreement as modified by this decision.

The Export Rate Pilot evaluation interim report and final report shall include the following metrics:

- Number of customers enrolled at the end of each month;
- Duration of each customer's participation at the time of each report;
- Number of enrolled customers located within a disadvantaged community, defined as the census tracts that score in the top 25% of the latest version of CalEnviroScreen, at the end of each month;

- Amount of electricity exported during daily, monthly, and annual system peaks; and
- Total marginal energy component and generation CPP credit paid to participants.

4.7. Whether the Proposed Export Rate Costs are Reasonable

Table 1 below shows the difference between the proposed implementation costs in the Settlement Agreement and in SDG&E's supplemental testimony served on August 15, 2023.³¹

Table 1: Proposed Implementation Costs

Activity / Item	Settlement Proposed Cost	SDG&E August 2022 Proposed Cost
Billing System	\$1,600,000	\$1,200,000
Price Webpage	\$200,000	\$75,000
ME&O	\$10,000	\$10,000
M&E	\$551,259	\$511,259
Total	\$2,361,259	\$1,796,259

In August 2022, SDG&E provided estimated implementation costs for an Export Rate Pilot that would only be available to customers on Schedule EV-HP. The Settlement Agreement proposed implementation costs for an Export Rate Pilot that would be available to customers on three rate schedules. In the Settlement Motion, the Settling Parties asserted that each additional rate schedule would increase billing system costs by an estimated \$200,000. The Settlement Agreement also included a new proposal to provide survey incentives to Export Rate participants and non-participants. The Settlement Agreement proposed an additional \$40,000 for these survey incentives, which resulted in a

³¹ Exhibit SDGE-04.

\$40,000 increase in the proposed budget for M&E. Settling Parties also agreed to increase the budget for the price webpage from \$75,000 to \$200,000.

The Settlement Agreement proposed a total of \$2,361,259 in implementation costs for the Export Rate Pilot. The Settlement Agreement did not propose recovery for any other category of costs.

No party opposed the Export Rate Pilot costs proposed in the Settlement Agreement or SDG&E's supplemental testimony in briefs or testimony.

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement estimates of implementation costs of the Export Rate Pilot.

4.8. Whether the Proposal for Export Rate Cost Tracking, Cost Allocation, and Cost Recovery is Reasonable

The Settlement Agreement proposed to record implementation costs in a newly-created Real Time Pricing Memorandum Account (RTPMA). The Settlement Agreement proposed that the RTPMA would be subject to the Commission's review of the reasonableness of costs, with no cap on implementation costs.

The Settlement Agreement also proposed that implementation costs approved by the Commission would be included in the Public Purpose Programs (PPP) rate component, allocated via equal cents per kilowatt-hour (kWh), for all customer classes. The Settlement Agreement asserted that the negotiated agreement of parties to use PPP rate recovery for the Export Rate Pilot cannot be used as precedent in any future rate proceedings.

No party opposed the Settlement Agreement's provisions on cost tracking and recovery through a new RTPMA with no cap on recovery.

No party opposed the Settlement Agreement's provisions on cost recovery for the pilot through the PPP component, allocated via equal cents per kWh, for all customer classes. Cal Advocates argued that this approach is reasonable because the Export Rate Pilot will bring public benefits to all customers, including unbundled customers.³² AReM/DACC and FEA clarified in reply briefs that they would oppose this provision absent their participation in the Settlement Agreement.

It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for cost tracking, cost allocation, and cost recovery.

5. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure (Rules) allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no relevant public comments on the Docket Card.

6. Comments on Proposed Decision

The proposed decision of ALJ Stephanie Wang in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3. Comments were filed on _____ by _____, and reply comments were filed on _____ by _____.

³² Cal Advocates' opening brief.

7. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Stephanie Wang is the assigned ALJ and Presiding Officer in this proceeding.

Findings of Fact

1. On July 14, 2022, the Commission opened R.22-07-005 to advance demand flexibility through electric rates.
2. The assigned Commissioner for R.22-07-005 issued a Phase 1 scoping memo and ruling on November 2, 2022 that adopted a procedural schedule that included a proposed decision in March 2024 on guidance for the design of demand flexibility rates and authorization of systems and processes to enable load serving entities to offer unbundled customers the option to take service on dynamic electricity prices.
3. SDG&E expects that CCAs will serve approximately 80% of customer commodity needs in its service territory by the time the Import Rate Pilot was proposed to be implemented.
4. SDCP and CEA will not offer a dynamic rate to its customers until the Commission addresses the issue of data access for offering dynamic rates to CCA customers in a decision.
5. Improving CCAs data access for purposes of offering a dynamic rate to its customers is not within the scope of this proceeding.
6. The Settlement Agreement addressed each of the contested Export Rate Pilot issues in this proceeding.
7. Nine of the parties to this proceeding offered the Settlement Motion.
8. The Settling Parties represent a broad range of stakeholder interests, including ratepayer advocates, potential pilot participants, and CCAs.

Conclusions of Law

1. It is reasonable to dismiss SDG&E's Import Rate Pilot application without prejudice.
2. It is reasonable to direct SDG&E to file a new dynamic import rate application within 90 days after the Commission issues a final decision in R.22-07-005 that provides guidance for dynamic rate applications.
3. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for the Export Rate design.
4. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provision to not cap participation in the Export Rate Pilot.
5. It is reasonable for pre-enrollment for the Export Rate Pilot to begin on June 1, 2024 and for enrollment in the pilot to begin on January 1, 2025.
6. It is reasonable for the Export Rate Pilot to conclude 24 months after pilot enrollment begins.
7. If SDG&E seeks an extension for commencing enrollment in the Export Rate Pilot, it is reasonable to require SDG&E to formally submit the request no later than December 16, 2024.
8. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for ME&O for the Export Rate Pilot.
9. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for M&E for the Export Rate Pilot.

10. It is reasonable to require SDG&E's interim and final evaluation reports for the Export Rate Pilot to include the following metrics:

- a. Number of customers enrolled at the end of each month;
- b. Duration of each customer's participation at the time of each report;
- c. Number of enrolled customers located within a disadvantaged community, defined as the census tracts that score in the top 25% of the latest version of CalEnviroScreen, at the end of each month;
- d. Amount of electricity exported during daily, monthly, and annual system peaks; and
- e. Total marginal energy component and generation CPP credit paid to participants.

9. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement estimates of implementation costs of the Export Rate Pilot.

10. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the Settlement Agreement provisions for cost tracking, cost allocation, and cost recovery for the Export Rate Pilot.

11. It is reasonable to close these proceedings.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company shall file a new application to offer a dynamic pricing import rate within 90 days after the issuance date of a Commission decision in Rulemaking 22-07-005 to provide guidance for the design of dynamic rates.

2. San Diego Gas & Electric Company shall file a Tier 2 advice letter within 120 days of the issuance date of this decision to implement a dynamic export rate pilot in accordance with this decision.

3. San Diego Gas & Electric Company shall file a Tier 1 advice letter to create a new Real Time Pricing Memorandum Account within 120 days of the issuance date of this decision.

4. All motions not previously granted are hereby denied.

5. Applications 21-12-006 and 21-12-008 are closed.

This order is effective today.

Dated _____, at Sacramento, California.