

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

12/05/23

04:59 PM

A2205002

Application of Pacific Gas and Electric  
Company (U 39 E) for Approval of its  
Demand Response Programs, Pilots and  
Budgets for Program Years 2023-2027

And Related Matters.

Application 22-05-002  
(Filed May 2, 2022)

Application 22-05-003  
Application 22-05-004

REPLY COMMENTS OF GOOGLE LLC ON  
PROPOSED DECISION DIRECTING CERTAIN INVESTOR-OWNED UTILITIES'  
DEMAND RESPONSE PROGRAMS, PILOTS, AND BUDGETS  
FOR THE YEARS 2024-2027

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December 5, 2023

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Google LLC, on behalf of its Google Nest thermostat division (“Google Nest”) and pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, respectfully submits these reply comments as a response to the opening comments filed in this proceeding on November 28, 2023. A November 22, 2023, ruling by Administrative Law Judge, Jason Jungreis, extended the date for reply comments on the proposed decision by one day, from December 4 to December 5.

**I. SUMMARY OF GOOGLE NEST’S REPLY COMMENTS**

As Google Nest demonstrated in its opening comments, the current Proposed Decision unreasonably limits funding for residential demand response (“DR”) programs with thermostats despite the ongoing need for investment in grid reliability for California. Google Nest remains particularly concerned by the proposal to eliminate funding for both SDG&E’s AC Saver and future Smart Energy Program (“SEP”), which would leave SDG&E customers who are already participating in these programs without a utility-supported DR program in which they can participate.

In opening comments, SDG&E and CEDMC, Leapfrog Power, and OhmConnect

(hereinafter referred to as the “Joint Comments”) provided additional information on the importance of maintaining SDG&E’s residential thermostat programs from a grid reliability and customer engagement perspective. For the reasons discussed below, Google Nest concurs with these parties and urges the Commission to modify to PD to preserve these programs:

1. Parties correctly identify that 36,000+ current customers would be disenrolled from existing programs representing a meaningful loss of grid capacity.
2. Parties are correct that the record justifies the formation of the SDG&E SEP in light of the current positive cost-effectiveness trend of the AC Saver program.

## **II. COMMENTS**

### **A. Parties correctly identify that 36,000+ current customers would be disenrolled from SDG&E’s existing program, representing a meaningful loss of grid capacity.**

Google Nest concurs with SDG&E in its defense of the proposed Smart Energy Program (“SEP”). The PD, if approved, would:

“... eliminate SDG&E’s existing smart thermostat program, which is the *largest supply side program in SDG&E’s portfolio in terms of both customer and load reduction*. Eliminating the program would not only prejudice 36,000 customers enrolled in the program, it could pose a serious risk to grid reliability as the state would be losing up to 22 megawatts (“MWs”) of available load shed during peak demand response (“DR”) months.”<sup>1</sup>

These facts further support Google Nest’s opening comments, where we urged the Commission to “reconsider its decision to deny the request to modify the program.”<sup>2</sup> Both SDG&E and the Joint Comments echoed this conclusion in their opening comments.<sup>3</sup>

Google Nest cites SDG&E testimony in Opening Comments stating “SDG&E projects that this program could grow to 51,956 thermostats by 2027 and forecasts 9.27 MW of load reduction

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<sup>1</sup> SDG&E Opening Comments pg. 1-2 (emphasis in original).

<sup>2</sup> Google Nest Opening Comments pg. 3

<sup>3</sup> Joint Comments, at pg. 13-14.

potential.”<sup>4</sup> However, SDG&E provided updated statistics in its Opening Comments which prove the AC Saver Day-Ahead sub-program (the smart thermostat program) which is proposed to roll into the SEP has been even *more successful* than previously considered with 36,185 accounts enrolled. These customers “provided 392 MWh of relief to the grid from July through September of 2023 including an average load reduction of 22 MWs during the September 9th event.”<sup>5</sup>

The current numbers provided by SDG&E compared to the enrollment projections from 2022, represent an increase of more than 20,000<sup>6</sup> customers over one calendar year. These new numbers indicate that by 2027 enrollments could far exceed 51,956. Specifically, if the smart thermostat program continues growing at this same month-to-month<sup>7</sup> enrollment number there would be approximately 93,000 enrollments by 2027; even at half that growth there would still be approximately 64,000 enrollments by 2027.

Nest agrees with the Joint Comments in concluding that “at a minimum, the Commission should maintain a program for direct-enrolled residential customers in the SDG&E service area, and maintain the existing customers enrolled in programs.”<sup>8</sup>

**B. Parties are correct that the record justifies the launch of the SDG&E SEP in light of the current positive cost-effectiveness trend of the AC Saver program.**

Multiple parties identify that the PD contradicts itself in stating “we decline to enforce the TRC 1.0 ratio requirement, either onto SDG&E or the IOUs”<sup>9</sup> and then denying the SEP “*solely based on cost-effectiveness metrics.*”<sup>10</sup> The Joint Comments of CEDMC, LeapFrog, and

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<sup>4</sup> Google Nest Opening Comments, pg. 3

<sup>5</sup> SDG&E Opening Comments pg. 3

<sup>6</sup> SDG&E Opening Comments pg. 12

<sup>7</sup> Calculated based on SDG&E’s Opening Comments Table 1, pg 12. This table indicated a 21-month growth estimate of 20k customers, which equates to roughly estimating a 1k increase in customers per month

<sup>8</sup> California Efficiency + Demand Management Council, LeapFrog Power, Inc. and OhmConnect, Inc. Opening Comments, pg. 14

<sup>9</sup> SDG&E Opening Comments pg. 11.

<sup>10</sup> Ibid.

OhmConnect echo this sentiment stating, “the PD made clear that a TRC at or above 1.0 is not required for a program to be continued.”<sup>11</sup> The Joint Comments go further to say that “this exception is particularly appropriate to apply in the case of SDG&E’s SEP, as there is currently no alternative program in place that would allow direct-enrolled residential customers to continue contributing towards grid reliability.”<sup>12</sup> Google Nest agrees with those comments and directs the Commission to our Opening Comments where we reinforced the detrimental effects of displacing thousands of customers with no program alternative in place for the customers to roll into.<sup>13</sup>

SDG&E further expands on the PD’s lack of consistency, quoting the PD “DR Programs and Portfolios can be approved without a TRC of 1.0 or higher but should be scrutinized for potential improvements.”<sup>14</sup> Nest further agrees with SDG&E’s conclusion that with the “continuing need to mitigate grid reliability issues during the summer, it would be unreasonable to remove DR options that may provide significant benefits to the CAISO.”<sup>15</sup> Further, as SDG&E demonstrates, the analysis of SEP’s cost-effectiveness is flawed. The TRC utilized in the PD as a justification to deny the SEP does not take into account that “SDG&E believes that the existing thermostat and HPWH program enrollments, AC Saver-Day-Of customers with switches moving to smart thermostats, plus additional resources as they become available, [i.e. the full scope of the proposed SEP] will continue to provide new and increased MWs, which increases grid reliability.”<sup>16</sup>

Further, the 2022 Avoided Cost Calculator numbers already doubled the cost-effectiveness, indicating a positive trend upwards and suggesting that the program can be tailored to continue

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<sup>11</sup> California Efficiency + Demand Management Council, Leapfrog Power, Inc. and OhmConnect, Inc. Opening Comments, pg. 13.

<sup>12</sup> California Efficiency + Demand Management Council, Leapfrog Power, Inc. and OhmConnect, Inc. Opening Comments, pg. 13 & 14

<sup>13</sup> Google Nest Opening Comments pg. 5.

<sup>14</sup> SDG&E Opening Comments pg. 10.

<sup>15</sup> Ibid.

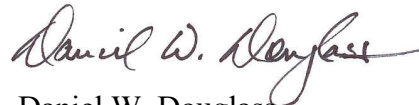
<sup>16</sup> SDG&E Opening Comments pg. 12

improving on its cost effectiveness. Maintaining the program, and its capacity, while continuing to improve and iterate to increase cost effectiveness should be a much-preferred outcome over sunseting the program entirely.

### **III. CONCLUSION**

Google Nest thanks the Commission for reviewing the aforementioned strong suggestions regarding the Proposed Decision. Google Nest reiterates that cutting residential programs that contribute to increased load flexibility would be detrimental to the grid and leave stranded MWs ahead of summer 2024.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Daniel W. Douglass", written in a cursive style.

Daniel W. Douglass

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