



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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April 23, 2024

Agenda ID #22538
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 22-02-005, *et al.*:

This is the proposed decision of Administrative Law Judge Julie A. Fitch. 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 May 30, 2024 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 to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules).

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

Chief Administrative Law Judge

MLC:nd3

Attachment

Decision **PROPOSED DECISION OF ALJ FITCH** (Mailed 4/23/2024)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan (U39M).

Application 22-02-005

And Related Matters.

Application 22-03-003

Application 22-03-004

Application 22-03-005

Application 22-03-007

Application 22-03-008

Application 22-03-011

Application 22-03-012

**DECISION GRANTING SAN DIEGO GAS & ELECTRIC COMPANY'S
PETITION FOR MODIFICATION OF DECISION 23-06-055
RELATED TO INTEGRATED DEMAND-SIDE MANAGEMENT**

Summary

This decision grants the petition for modification (PFM) of Decision (D.) 23-06-055 filed by San Diego Gas & Electric Company (SDG&E). In approving the energy efficiency portfolios for portfolio administrators for the years 2024-2027, D.23-06-055 failed to make clear whether SDG&E's proposed funding for integrated energy efficiency and demand response programs,

required by D.18-05-041, was explicitly authorized. This decision clarifies that the funding is authorized.

This proceeding remains open to consider several other PFM's of D.23-06-055.

1. Background

Decision (D.) 23-06-055 approved the energy efficiency portfolios for all portfolio administrators, including San Diego Gas & Electric Company (SDG&E), for program years 2024-2027. In its application that was approved in D.23-06-055, SDG&E had proposed \$4.75 million annually from 2024-2027 (for a total of \$19 million over the portfolio period) for energy efficiency and demand response activities originally approved in D.18-05-041 and proposed to be continued. Additionally, new integrated demand-side management (IDSM) activities were also discussed in D.23-06-055, for distributed energy resource (DER) expenditures of multiple types, including demand response and beyond.

At the proposed decision stage, prior to D.23-06-055 being finalized and adopted by the California Public Utilities Commission (Commission), the decision was silent on SDG&E's \$4.75 million annual proposal for IDSM funds focused on energy efficiency and demand response. In response to SDG&E's comments on the proposed decision, D.23-06-055 added language that states the following:

SDG&E's comments request that we explicitly approve its IDSM budget of \$4.75 million for the 2024-2027 portfolio cycle. While this amount is reasonable and within the IDSM budgets otherwise authorized in this decision, SDG&E is still required to provide the advice letters for IDSM programs specified in Section 8.2 of this decision.¹

¹ D.23-06-055 at 103.

On January 29, 2024, SDG&E filed a petition for modification (PFM) seeking to modify this outcome and receive explicit funding authorization for its IDSM-demand response programs.

On February 28, 2024, Pacific Gas and Electric Company (PG&E) filed a response to SDG&E's PFM, explaining its IDSM funding situation and seeking clarity.

2. San Diego Gas & Electric Company's Petition for Modification

In its PFM of D.23-06-055, SDG&E states that the language added in response to its comments on the proposed decision appears to be in error. SDG&E explains that the filing of its Tier 3 advice letter relates to the authorization for new multi-DER IDSM programs in D.23-06-055. SDG&E states that the \$4.75 million per year it proposed for IDSM-demand response budget is not included within the overall budgets otherwise authorized in D.23-06-055. Therefore, SDG&E filed the PFM in order to gain explicit authority to collect and spend the funding on its existing and ongoing demand response IDSM programs, as originally required in D.18-05-041. SDG&E states that it has suspended those existing programs currently due to the absence of funding authorization, and will be forced to close them if the funding is not explicitly authorized by the Commission.

SDG&E requests that the Commission modify D.23-06-055 to remove reference to SDG&E filing a Tier 3 advice letter for IDSM-demand response integration budget approval and explicitly approve the requested IDSM-demand response 2024-2027 annual budget of \$4.75 million to continue its 2024-2027 energy efficiency and demand response integration activities.

3. Pacific Gas and Electric Company's Response

On February 28, 2024, PG&E filed a response to SDG&E's PFM explaining the circumstances surrounding its IDSM-demand response funding, which are slightly different from SDG&E's. PG&E seeks clarification regarding its spending authority for its IDSM-demand response efforts, also authorized in D.18-05-041 and continuing through the 2024-2027 portfolio. Like SDG&E, PG&E's response indicates that it has existing contracts with IDSM-demand activities and has suspended them due to uncertainty regarding spending authority. PG&E supports an expeditious resolution of SDG&E's PFM and also seeks clarity for its own situation. In particular, PG&E has unspent and uncommitted funds available in its Demand Response Expenditure Balancing Account (DREBA), and needs authority to spend those funds on its ongoing IDSM-demand response programs. In the past, such authority was granted through the filing of the annual budget advice letters originally created by D.18-05-041, but those mechanisms no longer exist with the adoption of D.23-06-055.

Ultimately, PG&E requests that the Commission: (1) enable PG&E to spend its existing unspent, uncommitted IDSM-demand response funds currently held in the DREBA account on IDSM-demand response activities through 2027; (2) consider decoupling compliance with D.18-05-041, Ordering Paragraph 10 activities with incremental cost recovery requests to support IDSM-demand response activities such that a continuous accumulation of funds no longer occurs if the actual spend of these IDSM-demand response programs is significantly lower than budgeted; and (3) provide guidance on IDSM-demand response spending authorization.

4. Discussion

SDG&E is correct that there was confusion, at the time that D.23-06-055 was finalized, about whether its IDSM funding for energy efficiency and demand response activities required by D.18-05-041 was included in the total budget amount authorized by D.23-06-055. The distinction between SDG&E's requested \$4.75 million annually for IDSM-demand response activities and its new multi-DER IDSM funding was not clear.

The Tier 3 advice letter required for IDSM funding in D.23-06-055 was for the purpose of specifying the multi-DER IDSM activities. The IDSM-demand response activities specified in D.18-05-041, Ordering Paragraph 10 are separate, pre-existing activities that were proposed to use separate funding that was not specifically authorized in D.23-06-055.

Therefore, in response to SDG&E's PFM, we clarify that SDG&E is authorized to collect and spend the \$4.75 million annually for its IDSM-demand response activities emanating from D.18-05-041 and during program years 2024-2027.

Specifically, we modify D.23-06-055 to delete the following sentence from page 103:

While this amount is reasonable and within the IDSM budgets otherwise authorized in this decision, SDG&E is still required to provide the advice letters for IDSM programs specified in Section 8.2 of this decision.

In its place, we will add the following sentence:

The Commission approves SDG&E's IDSM-demand response annual budget of \$4.75 million, for program years 2024-2027, which is collected separately from, and in addition to, the energy efficiency budgets.

We also add a sentence to Conclusion of Law 50 to state:

SDG&E's annual IDSM-demand response budget of \$4.75 million is also approved for the 2024-2027 program years.

We will also add a sentence to Ordering Paragraph 38 of D.23-06-055 that states the following:

SDG&E's requested annual integrated demand-side management demand response budget of \$4.75 million is also approved for the 2024-2027 program years.

In addition, in response to PG&E's response, we clarify that PG&E is authorized to expend its funding already collected and held in its DREBA, for purposes of continuing its IDSM-demand response programs during 2024-2027. PG&E should file a Tier 1 advice letter that includes the DREBA balances that PG&E intends to use for purposes of the IDSM-demand response programs specified in D.18-05-041, Ordering Paragraph 10.

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. No public comments were received related to SDG&E's PFM addressed in this decision.

6. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Julie A. Fitch in this matter was mailed to the parties in accordance with Public Utilities Code Section 311 and comments were allowed under Rule 14.3. Comments were filed

on _____, and reply comments were filed on _____ by _____.

7. Assignment of Proceeding

Alice Reynolds is the assigned Commissioner and Julie A. Fitch and Valerie U. Kao are the assigned ALJs in this proceeding.

Findings of Fact

1. In its energy efficiency portfolio application for the period 2024-2027, SDG&E proposed \$4.75 million annually to fund pre-existing IDSM activities integrated energy efficiency and demand response, originally authorized in D.18-05-041.

2. D.23-06-055, in approving SDG&E's application, failed to make clear whether the \$4.75 million in IDSM funding for demand response activities was authorized or not.

3. PG&E has unspent, uncommitted funding available in its DREBA to fund its IDSM-demand response activities required in D.18-05-041.

Conclusions of Law

1. D.23-06-055 should be corrected to clarify that SDG&E is authorized to collect and spend \$4.75 million annually for program years 2024-2027 on its IDSM-demand response programs required by D.18-05-041.

2. PG&E should be authorized to file a Tier 1 advice letter to use unspent and uncommitted funds to continue its IDSM-demand response programs required by D.18-05-041.

3. This proceeding should remain open to consider several other PFMs of D.23-06-055.

O R D E R**IT IS ORDERED** that:

1. The January 29, 2024 Petition for Modification of Decision 23-06-055 filed by San Diego Gas & Electric Company is granted.

2. Decision 23-06-055 is modified as follows:

(a) The following sentence on page 103 is deleted:

While this amount is reasonable and within the IDSM [Integrated Demand-Side Management] budgets otherwise authorized in this decision, SDG&E [San Diego Gas & Electric Company] is still required to provide the advice letters for IDSM programs specified in Section 8.2 of this decision.

(b) The deleted sentence on page 103 is replaced with the following sentence:

The Commission approves SDG&E's IDSM-demand response annual budget of \$4.75 million, for program years 2024-2027, which is collected separately from, and in addition to, the energy efficiency budgets.

(c) A second sentence is added to Conclusion of Law 50 that states:

SDG&E's annual IDSM-demand response budget of \$4.75 million is also approved for the 2024-2027 program years.

(d) A sentence is added to Ordering Paragraph 38 that states the following:

SDG&E's requested annual integrated demand-side management demand response budget of \$4.75 million is also approved for the 2024-2027 program years.

3. Pacific Gas and Electric Company is authorized to file a Tier 1 advice letter to receive authorization to spend unspent and uncommitted funding in its Demand Response Expenditure Balancing Account on its integrated

demand-side management demand response programs authorized in Decision 18-05-041 for program years 2024-2027.

4. This proceeding should remain open.

This order is effective today.

Dated _____, at Sacramento, California.