

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



Order Instituting Rulemaking to Establish
Energization Timelines

R.24-01-018
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**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) ON
PROPOSED DECISION ESTABLISHING A STANDARD OFFER FOR FLEXIBLE
SERVICE CONNECTIONS**

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January 23, 2026

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, San Diego Gas & Electric Company (“SDG&E”) hereby submits these reply comments on the Proposed Decision Establishing a Standard Offer for Flexible Service Connections (“PD”).

II. DISCUSSION

A. Expansion of the “Upstream Capacity” Definition is Overly Broad and Inconsistent with the Commission’s Intent

Enphase Energy and Advanced Energy United propose revising the definition of “upstream capacity” to include secondary distribution facilities.¹ Appendix A of the PD defines “Upstream Capacity” as “capacity provided by an IOU's substations and polyphase primary distribution network.” The proposed revisions would expand the applicability of the standard offer Flexible Service Connection (“FSC”) beyond its intended scope, extending it to service drops, service transformers, or related secondary facilities governed by Electric Rule 16.²

¹ Enphase Energy, p. 4: “The definition of ‘Upstream Capacity’ in Appendix A must be revised, either to include the single-phase secondary distribution network, or to cite the applicable Electric Rules under which energization projects are eligible for FSCs;”

Advanced Energy United, p. 1: “Revise the definition of ‘Upstream Capacity’ found in Appendix A, page A-2 of the Proposed Decision to include capacity provided by the single-phase secondary distribution system.”

² Note that some Electric Rule 16 facilities are considered “primary” and some “secondary”. For example, a single-phase line or three-phase (poly-phase) line extension from an existing distribution circuit to new customer’s service transformer is part of the “primary” distribution system. A Standard Offer FSC would typically not be of use for these facilities since the extension is necessary in order to energize the customer’s load. The service transformer, service drop and meter is part of the “secondary” distribution system.

The Commission’s use of the term “upstream capacity” has historically referred to constraints located on the primary distribution system and above, such as feeder, substation, or bank limitations that may affect multiple customers or projects. In contrast, secondary facilities, including service drops and service transformers, are inherently customer-specific and are routinely addressed through existing Rule 16 processes. These facilities are designed to serve individual customers, and their adequacy is largely determined by customer load characteristics rather than conditions on upstream distribution facilities. Expanding the definition of upstream capacity to include secondary infrastructure would effectively collapse the distinction between constraints identified through the Distribution Planning Process (“DPP”) and routine service-related upgrades that are identified outside of the DPP.³

Broadening the definition of upstream capacity in the manner proposed by Enphase Energy and Advanced Energy United would significantly increase the number of interconnecting loads qualifying for the Standard Offer FSC, creating cost exposure unrelated to upstream distribution capacity constraints and undermining the targeted nature of the Commission’s directive.

Accordingly, SDG&E recommends retaining the PD’s existing interpretation of “upstream capacity” as limited to primary distribution facilities.

B. Parties’ Opening Comments Provide No Evidence That It Is “Likely” There Will Be Delays In Constructing Upstream Distribution Capacity Upgrades In The SDG&E Distribution Service Area

CALSTART, Clean Coalition, IREC, EDF and TURN variously argue that SDG&E should be required to develop the FSC Standard Offer either immediately, or upon the first instance in which an upstream distribution capacity constraint delays customer energization.⁴ However, none of these parties’ opening comments provide any evidence to demonstrate that upstream distribution capacity constraints that limit a customer’s ability to energize load are “likely” within the SDG&E distribution service area. As SDG&E pointed out in its opening comments, the PD’s assertion that such constraints are “likely” is speculative and unsupported by

³ While a utility and a customer could mutually agree that the Standard Form Agreement (recommended by PG&E and SDG&E in opening comments) may be of value in circumstances where there are timing constraints in building the secondary distribution facilities necessary to energize customer loads, SDG&E does not anticipate that such circumstances will arise with sufficient frequency in the SDG&E distribution service area to warrant reliance on such an agreement.

⁴ CALSTART Opening Comments, p. 11; Clean Coalition Opening Comments, p. 2; IREC Opening Comments, p. 11; EDF Opening Comments, Section II.A; TURN Opening Comments, p. 5.

the record.⁵ Accordingly, the word “likely” should be changed to “may” in the final decision to better reflect the evidentiary record.

Clean Coalition’s comment that the “PD fails to justify differences across the IOU service territories” is not consistent with the record developed to date. The record is clear that SDG&E is not experiencing delays in energizing customer loads because SDG&E is unable to timely construct upstream distribution capacity upgrades; *i.e.*, SDG&E *is* timely constructing needed upstream distribution capacity upgrades. SDG&E is not similarly situated to PG&E and SCE and it is reasonable for the Commission to treat SDG&E differently.

EDF’s contention that requiring SDG&E to develop a FSC Standard Offer would “ensure consistency for customer experience and implementation” is moot since SDG&E’s construction of upstream distribution capacity upgrades is not negatively affecting “customer experience” and is not impeding “implementation” of customer loads.

SDG&E objects to CALSTART’s recommendation that SDG&E be required to implement the FSC Standard Offer “the first time” an upstream distribution capacity constraint is encountered. SDG&E also objects to IREC’s recommendation that SDG&E be required to file a FSC Standard Offer “within 30 days of the first time” an upstream distribution capacity constraint is encountered. A single delay attributable to upstream capacity constraints does not establish the existence of a systemic or recurring issue, which is the appropriate threshold for consideration of a permanent standard offer FSC mechanism.

These recommendations are overly rigid and inconsistent with the practical realities of infrastructure construction and SDG&E’s collaborative relationship with customers seeking to energize load. There is no reason for the Commission to impose these requirements now. A much better approach is to use learnings from PG&E’s and SCE’s FSC Standard Offers to inform SDG&E’s efforts to address customer energization plans should upstream distribution capacity constraints arise in the future. The PD accommodates this approach and, in this regard, should not be changed.⁶

⁵ SDG&E Opening Comments, p. 2.

⁶ The PD “encourage[s] [SDG&E and PacifiCorp] to consider steps needed to prepare to provide their customers with a Standard Offer.” PD, pp. 11-12.

C. Opening Comments Advocating that Flexible Service Connections be Used for Non-Bridging Solutions are Out of Scope for the Instant Decision

SDG&E agrees with EDF that the High DER Proceeding is the “appropriate venue to continue work on the evaluation of static FSCs as a non-bridging, long-term solution.”⁷ Clean Coalition’s and TURN’s opening comments suggest that the PD should be revised to address the use of FSCs as non-bridging solutions.⁸ In this regard, Clean Coalition’s and TURN’s opening comments are out of scope for the final decision and should be disregarded. The PD correctly “decline[s]...to address these use cases within this decision.”⁹

D. Eligibility for Flexible Service Connections Is Not Conditioned on Net Benefits to All Ratepayers

The PD specifies that “PG&E and SCE shall clarify in the Implementation Advice Letter that they will provide a customer with a Standard Offer upon their determination that there exists a LLP whose operation will result in a benefit to both the customer and to ratepayers.”¹⁰ Cal Advocates’ and TURN’s opening comments support this requirement.¹¹ CALSTART’s and IREC’s opening comments express a concern that this requirement will result in FSCs not being offered to energization customers if the utility determines that the requested load addition will not provide net benefits to ratepayers.¹²

⁷ EDF Opening Comments, Section G.

⁸ Clean Coalition Opening Comments, p. 3: “...FSCs offer a way to shape customer consumption patterns on a longer-term basis and support the deployment of other complementary solutions such as energy efficiency, load management, demand response, etc...”

TURN Opening Comments, p. 3: “the PD errs in its segmentation of near- and long-term FSCs. The PD...does not address other FSC use cases which can save ratepayer funds in the long-term “by avoiding upgrades, to promote electrification on unconstrained circuits, to support community resiliency and microgrids, and to support capacity marketplaces.”

⁹ PD, p. 15.

¹⁰ PD, p. 18.

¹¹ Cal Advocates Opening Comments, p. 5: PG&E’s and SCE’s “Implementation Advice Letter should apply a ratepayer benefit standard under which ratepayer value exceeds incremental implementation costs (net benefit).”

TURN Opening Comments, p. 1: “TURN has emphasized that it only supports FSC agreements so long as the agreement terms and execution do not impose adverse impacts on other customers.”

¹² CalStart Opening Comments, p. 9: “The Commission should focus the Standard Offer on benefits to customers rather than all ratepayers. While temporary bridging solutions for fleet electrification hold vast potential to create downward rate pressure by enabling new loads to come online, we are not aware

The PD’s requirement to make a FSC Standard Offer available to customers whose load additions provide net ratepayer benefits does not preclude the utility from making FSC Standard Offer available to customers whose load additions may not provide net benefits to ratepayers. Utilities have an obligation to serve. Utilities do not decide which customer loads will be energized based on an assessment of ratepayer benefits. For clarity, SDG&E recommends that Conclusion of Law 11 be augmented as follows (in bold font):

It is reasonable to require PG&E and SCE to clarify in the Implementation Advice Letter that they will provide a customer with a Standard Offer upon their determination that there exists a LLP whose operation will result in a significant benefit to both the customer and to ratepayers. **It is reasonable that the Implementation Advice Letter not preclude PG&E and SCE from providing a customer with a Standard Offer in the absence of a determination of significant benefits to ratepayers.**

III. CONCLUSION

The PD’s definition of “upstream capacity” should not be revised. The PD should not be revised to require SDG&E to implement the FSC Standard Offer at this time. Opening comments addressing the use of a FSC Standard Offer for non-bridging solutions are out of scope and should be disregarded. The final decision should clarify that eligibility for the FSC Standard Offer is not conditioned on a determination of net ratepayer benefits. The changes to the PD recommended by SDG&E in its opening comments should be included in the final decision.

Respectfully submitted,

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of an existing methodology for quantifying how the bridging solution itself impacts rates or over what time period.”

IREC Opening Comments, p. 11: “The Commission should not give the utilities discretion to not offer LLPs to customers based on individual determinations of ratepayer benefit.”