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

Application of San Diego Gas & Electric Company (U902E) for Approval of Demand Flexibility Rates in Compliance with D.25-08-049.	Application 26-02-001 (Filed February 2, 2026)

RESPONSE OF THE UTILITY CONSUMERS' ACTION NETWORK TO APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF DEMAND FLEXIBILITY RATES IN COMPLIANCE WITH D.25-08-049

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, the Utility Consumers' Action Network (UCAN) submits this Response to the Application of San Diego Gas & Electric Company (U 902-E) for Approval of Demand Flexibility Rates in Compliance with D.25-08-049 (Application), filed on February 2, 2026. The Application first appeared on the CPUC Daily Calendar on February 5, 2026. Therefore, according to Rule 2.6(a), this Protest is timely filed.

II. EFFECT OF THE APPLICATION ON RESPONDENT

UCAN is a 501(c)(3) non-profit public benefit corporation dedicated to representing and protecting the interests of residential and small business customers in the SDG&E service territory. Approximately 98% of UCAN's members are residential customers. UCAN has been active in Commission proceedings since 1983 and strives to meet the Commission's goals for rates that are equitable and affordable for all ratepayers. UCAN consistently expresses concerns about ratepayers being able to afford electricity in the SDG&E territory. A successful demand flexibility rate has the potential to drive down system costs, as explained further below.

Therefore, the Application has the potential to directly benefit ratepayers in the SDG&E territory, whom UCAN represents.

III. EXPLANATION FOR UCAN's RESPONSE

A. Load Flexibility Reduces System Costs Protecting Ratepayers from Unreasonable Rate Escalation

SDG&E is filing this Application in compliance with the directives provided in D.25-08-049, a decision in the Rulemaking to Advance Demand Flexibility Through Electric Rates, originally opened on July 14, 2022.[1] UCAN participated in the Demand Flexibility proceeding from the beginning believing that "more demand flexibility should help reduce system and generation capacity costs."[2] Additionally, UCAN highlighted and supported research of SDG&E rates showing that "TOU rates…are ostensibly too blunt of a pricing instrument to maximize voluntary customer engagement in opportunistic (price responsive) load shift."[3] UCAN believes that dynamic rates could have the overall effect of reducing system costs by negating the need for expensive system upgrades. Lower system costs could potentially provide meaningful savings for ratepayers that could materialize in lower rates, or in the least, rates that do not rise as dramatically and unreasonably as they have in the last decade – nearly 100% over the past ten years.[4]

UCAN consistently expresses concerns about ratepayers being able to afford electricity in the SDG&E territory, a topic highlighted in the Cal Advocates Quarterly Rates Report.[5] Because

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[1] *See* R.22-07-005 OIR at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K285/496285639.PDF
[2] *See* R.22-07-005 UCAN Comments on OIR at 2-3, https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M496/K441/496441443.PDF
[3] *Ibid.*
[4] *See* The Public Advocates Office Q4 2025 Electric Rates Report, issued February 2026, slide 8, https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/260210-public-advocates-office-q4-2025-rates-report.pdf
[5] *Id.*, slide 4, "More than 1 in 5 households are behind on their energy bills [in California]" and 35% in SDG&E territory.

of its potential to drive down system costs, UCAN believes that demand flexibility is one of several solutions to the affordability issue. In contrast, SDG&E expresses doubt that "this proposal is the most cost-effective or prudent use of the Commission or SDG&E resources given the current affordability challenges."[6] Respectfully, UCAN disagrees with this statement and believes there is a growing body of evidence showing that load flexibility is the most significant factor in potential system cost savings.

B. Recent Research Supports System Cost Savings from Load Flexibility

As an example of this growing body of research regarding the benefits and cost savings from load flexibility, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) recently published its Distribution Grid Electrification Model 2025 Study and Report (DGEM 2025 Study).[7] In Opening Comments to the DGEM 2025 Study, UCAN submitted the following observation:

> "The most significant finding in the DGEM 2025 Study is the quantification of cost savings achievable through load flexibility. Cal Advocates estimates that mass shifting of peak EV load could save between $5 billion and $18 billion in distribution grid costs by 2040. This finding aligns with UCAN's long standing position that passive Time-of-Use (TOU) rates are insufficient."[8]

As far as cost-effectiveness is concerned, SDG&E is requesting an $11.3 million revenue requirement, yet current research shows the savings could conceivably be quite larger, possibly in the billions. This could be a potential huge benefit for ratepayers in SDG&E's service territory. This is why UCAN supports SDG&E's current Application.

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[6] Application of San Diego Gas & Electric Company (U 902-E) for Approval of Demand Flexibility Rates in Compliance with D.25-08-049 (Application), at 1.

[7] *See* R.21-06-017 Motion of the Public Advocates Office to Admit its Distribution Electrification Model 2025 Study and Report into the Record, filed December 22, 2025. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M591/K699/591699340.PDF

[8] *See* R.21-06-017 Comments of UCAN on DGEM 2025 Study, at 2-3, https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M598/K101/598101682.PDF

C. UCAN Supports SDG&E's Application for DF Rates

UCAN believes flexible rates based on demand that support and encourage load flexibility can result in significant savings for ratepayers. Consequently, UCAN is responding in support of SDG&E's Application. With careful analysis and planning, UCAN believes that properly managed demand flexibility is one of the key factors to reduce run-away rate escalation in SDG&E territory. While supporting the Application, UCAN believes that important issues are missing and requests that they be included, as described below.

IV. ADDITIONAL ISSUES TO BE CONSIDERED

A. Compliance with D.25-08-049 Conclusions of Law

UCAN agrees with the four issues raised by SDG&E.[9] However, UCAN believes important issues are missing and believes they should be added to the scope of this proceeding. The first issue to add is whether the Application complies with the directives in D.25-08-049, in particular Conclusions of Law (CofL) #25, #26 and #28.[10] These CofL discuss customer protection options and UCAN believes these should be front and center for such a new and novel rate. The second very important issue is in relation to SDG&E's statements regarding CCAs in SDG&E territory and their efforts to offer demand flexibility rates.

B. Clarifying SDG&E's Statement Regarding CCAs and DF Rates

The Application states that, "CCAs serving our territory have indicated that they will not offer DF commodity rates at this time due to design complexity, cost effectiveness, and lack of customer interest."[11] This is not UCAN's understanding of the CCAs position. On the contrary,

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[9] Application at 5.
[10] D.25-08-049 at 143.
[11] Application at 2.

the barrier for CCAs to provide dynamic pricing has consistently been identified as the failure of SDG&E to provide meaningful and timely interval data.

For example, San Diego Community Power and Clean Energy Alliance are two CCAs operating in SDG&E's distribution service area. In their Motion for Party Status in R.22-07-005, filed on August 25, 2023, these two CCAs wrote the following:

> "SDCP and CEA have a significant interest in this proceeding and the issues set forth in the Scoping Memo and Ruling because they are load serving entities serving unbundled customers who wish to offer demand flexibility rates but cannot effectively implement due to a lack of timely interval data. Currently, SDG&E does not provide SDCP and CEA with interval data derived from smart meters until the close of the billing cycle. SDCP and CEA must receive interval data no later than two days after power flow to offer demand flexibility generation rates independent of SDG&E's demand flexibility rates. Without this data, SDCP and CEA are unable to craft accurate granular load forecasts which they would use to devise demand flexibility rates."[12]

Two months later, in that same proceeding, The Track B Working Group Report was filed by SCE. This was a nearly year-long effort facilitated by Energy Division and stakeholders to address Track B issues including guidance for demand flexibility design and systems and processes for access to prices and responding to price signals.[13] In that report, there is a section describing "Community Choice Aggregator (CCA) Enablement" for dynamic pricing.[14] There is a specific section titled "CCA Dynamic Pricing Barriers in SDG&E Service Territory."[15] The #1 barrier is described as "Lack of Hourly Interval Data for Forecasting/Settlement Needs."[16]

In this same section, SDG&E describes its efforts to build a technical solution for providing near-term interval data. In its response to SDG&E, CalCCA requested regular updates

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[12] *See* R.22-07-005, San Diego Community Power and Clean Energy Alliance's Motion for Party Status, at 2; https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M518/K155/518155188.PDF
[13] *See* R.22-07-005, Track B Working Group Report and Notice of Availability (Track B WG Report), filed October 11, 2023. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K541/520541672.PDF
[14] *Id.* at 222 of the document.
[15] *Id.* at 243 of the document.
[16] *Id.* at 243-244 of the document.

from them regarding this technical solution. UCAN is unaware of a follow-up report on the status of SDG&E's efforts or if CalCCA received regular updates. R.22-07-005 is now closed and UCAN believes the data access issues remain unresolved. This is a problematic issue because D.25-08-049, Conclusion of Law #34, specifically directs the large IOUs to work with CCAs to provide DF Rates.[17]

C. D.25-08-049 Directs IOUs to Work with CCAs on DF Rates

In Conclusion of Law #34, the final decision directs the IOUs to collaborate with CCAs on DF rates stating:

> "It is reasonable to require the Large IOU's DF Rate Proposals to include a detailed description regarding how the Large IOUs will collaborate with CCAs on various features of DF rates and DF rate programs, including but not limited to: a. developing generation and distribution components and customer bill protection and management elements of DF rates, such as subscription design and transactive options;"[18]

While UCAN is still reviewing SDG&E's initial testimony, we have yet to find testimony fulfilling this directive. UCAN requests that the issue of SDG&E collaborating with local CCAs on DF Rates be included in the Scoping Memo of this proceeding in the Issues Section. UCAN proposes the following language for the "issues to be considered" section:

> "Whether SDG&E's DF rate design proposal is consistent with the directives of D.25-08-049 and Conclusion of Law #34, including resolving the data access issues identified in the Working Group B Report."

Resolving the data access issue and collaborating with CCAs will ensure that all customers in SDG&E service territory have access to rates that could drive down system costs and eventually prevent the unreasonable rate escalation of previous years.

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[17] D.25-08-049, Conclusion of Law #34 at 145-146.
[18] *Ibid.*

D. Importance of Settling the Issue of Data Access for CCAs to Participate in Dynamic Pricing

As noted in SDG&E's Application, approximately 80% of SDG&E's customers receive electricity from CCAs.[19] SDG&E cites this fact as a consideration that "warrants caution at this time" regarding its proposal for demand flexibility rates because "less than 20% of SDG&E's customers…will have access to the full savings potential of a DF rate and its load shifting incentives."[20] However, the Load Management Standards (LMS) enacted by the California Energy Commission (CEC) apply to both the Investor-Owned IOUs and the Large CCAs.[21] And, as just described above, D.25-08-049 specifically directs the IOUs to collaborate with CCAs to provide DF rates. This is very important in the SDG&E service territory.

As noted above, UCAN represents the interests of residential and small business customers in SDG&E's territory and has consistently expressed concerns that the lack of data access is harming the customers it represents. In Comments on the Track B Working Group Report, UCAN provided the following recommendation regarding data access:

> "Each of the Joint IOUs collects interval data from (virtually) every smart meter and completes VEE processes to validate the data loaded into their respective Meter Data Management Systems at least two hours before CAISO's 10 AM demand-bid window each day. The proposal would be strengthened if each IOU were to disclose this fact, and then provide a credible, detailed explanation as to why it continues to be challenging to provide the same data in accurate and reliable fashion to CCAs – and why, according to the Joint Utilities individual proposals, provision of this data to CCAs will <u>*at best*</u> lag the utilities' receipt of the same data by 24 to 48 hours (e.g., two to three days after power flow)."[22]

UCAN continues to have concerns that customers in the SDG&E territory will not receive the demand flexibility rate options that are lawfully required by the CEC LMS regulations. As noted

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[19] Application at 2.
[20] *Ibid.*
[21] *See* Cal. Code of Regs. Title 20, §1623.1, Large CCA Requirements for Load Management Standards
[22] Track B WG Report at 252.

above, UCAN requests this issue be scoped into this proceeding to ensure SDG&E is on track to provide meaningful and timely data to CCAs so they can fulfill their lawful requirement to provide DF rates to all of their customers in the SDG&E service territory.

V. CATEGORIZATION AND NEED FOR EVIDENTIARY HEARINGS

A. UCAN Agrees with the Ratesetting Categorization

UCAN agrees with SDG&E's request that the Application be categorized as ratesetting[23] in accordance with the definition of ratesetting proceedings in Rule 1.3(g).

B. UCAN Believes Hearings are Necessary

UCAN disagrees with SDG&E that hearings are not required because it "has provided ample supporting testimony, analysis and documentation that provide the Commission with sufficient record upon which to grant the relief requested."[24] While SDG&E did provide ample testimony (nine chapters), each will need to be reviewed and analyzed, including the workpapers supporting SDG&E's resulting assertions. There may be facts and issues that parties are not willing to stipulate , such as how benefits are quantified against costs, whether the Application adheres to the directives laid out in D.25-08-049, what methodologies were used to determine budgets, and whether customer protections are sufficiently included. Parties may wish to present material evidence regarding these disputed issues and participate in cross-examination of witnesses. In UCAN's experience, it is prudent to include time for hearings in the proposed schedule because it is easier to remove dates if parties do settle rather than try to add dates later when the CPUC calendar is already full.

[23] Application at 5.
[24] *Ibid.*

VI. PROPOSED SCEHDULE – UCAN Agrees with SDG&E's Proposed Schedule

UCAN finds SDG&E's proposed schedule reasonable.

VII. CONCLUSION

UCAN appreciates the opportunity to comment on this Application and looks forward to participating in this proceeding.

Respectfully submitted,
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