BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017 (Filed June 24, 2021)

SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) RESPONSE TO SECTION 2 OF ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON ASSIGNED COMMISSIONER'S PROPOSAL ON FLEXIBLE SERVICE CONNECTIONS

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission's ("CPUC" or "Commission") July 07, 2026 *Administrative Law Judge's Ruling Requesting Comment On Assigned Commissioner's Proposal On Flexible Service Connections* ("Ruling") and the July 10, 2026 *E-Mail Ruling Granting Schedule Modification*, San Diego Gas & Electric Company ("SDG&E") hereby submits this Opening Response to the Assigned Commissioner's Proposal on Flexible Service Connections ("Proposal"). SDG&E addresses each issue using the Ruling's question numbering and those questions' references to the section numbering in the Proposal.

SDG&E shares the Commission's keen interest in ratepayer affordability and preparing the grid for a high DER future. Toward those ends it is important to avoid unnecessary regulatory and administrative churn while investing in technology that will enable SDG&E's cost-effective use of DERs to provide needed grid services. SDG&E has no philosophical objection to flexible service connections in a "bridging context," but observes that, to date, there is no demonstrated need within the SDG&E distribution service area for this load energization approach. Loads are being timely energized in accordance with customer needs.

In the Proposal's "non-bridging" context, however, uncompensated flexible service connections have very limited utility. They may be of value to customers who want to avoid the

cost of upgrading their main electric panel and/or their own electric wiring, but beyond that, there is no logical reason for a customer to avail itself of the non-bridging options envisioned in the Proposal; i.e., options in which the customer would voluntarily agree to limit its electric consumption without compensation so that all other ratepayers could benefit from avoiding distribution infrastructure that would otherwise be built. There may be a few selfless customers who would inconvenience themselves for the greater good – and they are to be applauded – but this possibility is not a good basis for regulatory policy. A better basis for regulatory policy is DER Orchestration. DER Orchestration contemplates the development of programs under which DERs would be used to provide needed distribution services and compensated at levels which are commercially attractive and cost-effective for ratepayers, and is where the Commission's efforts are likely to bear the greatest fruit.

As set forth below and throughout these comments, the Proposal as drafted suffers from three shortcomings. *First*, it has been noticed for comment on a schedule that does not permit meaningful analysis of, or response to, a document of its scope, and that disadvantages SDG&E, because SDG&E is the only large investor-owned utility for which the Proposal's directives are predominantly net new. *Second*, the Proposal does not accurately reflect SDG&E's record submissions. In material respects, the Proposal characterizes SDG&E's filed statements of system limitation as statements of capability and builds mandates on that inversion. *Third*, the Proposal would order SDG&E to stand up flexible service connection offerings on fixed deadlines without record evidence of need in SDG&E's service territory, without feasibility analysis, and without any quantification of the ratepayer costs and benefits. Before the Commission adopts policies and offerings of this consequence, the record must accurately reflect where SDG&E stands – what it can do, what it cannot yet do, and when and at what cost it could do more.

A. Parties Need More Time to Consider and Respond to the Proposal

The time compression embodied in the Proposal[1] is unexplained, and it departs from this proceeding's own recent practice. When the November 3, 2025 Assigned Commissioner's Ruling posed information-gathering questions – questions, not policies – the assigned Administrative Law Judge adjusted the response schedule, ultimately affording parties approximately six and a half weeks for opening comments.[2] The Proposal itself was developed over roughly eight months of workshops, reports, and comment cycles. Parties were initially given two weeks to respond to it – a further ruling provided 4 additional business days.[3]

That burden does not fall evenly. For Pacific Gas and Electric Company ("PG&E"), the Proposal largely ratifies PG&E's needs and formalizes the flexible service connections PG&E already offers as a response to its own needs. For SDG&E, nearly every SDG&E-facing directive is net new. These directives are a Standard Offer that this Commission expressly declined to direct in Decision 26-02-025 five months ago;[4] a Variable Operating Envelope offering "modeled after" another utility's offering; a Grid Edge DERMS "similar to" another utility's pilot, whose "planning, progress, and costs" the Ruling concedes are "not clear";[5] and default enrollment onto a real-time pricing rate that does not yet exist at SDG&E. Twenty days is not a meaningful

[1] Ruling at pp. 1, 4-7.

[2] *See* Administrative Law Judge email rulings of November 14 and November 19, 2025 (advancing certain IOU responses and extending opening comments from December 10 to December 19, 2025, and reply comments from December 22, 2025 to January 2, 2026).

[3] July 10, 2026, *E-Mail Ruling Granting Schedule Modification*.

[4] D.26-02-025 (Feb. 10, 2026) at p. 13 (finding "no record of SDG&E or PacifiCorp customers unable to be energized in a timely fashion" and declining to direct SDG&E to take specific actions, while encouraging preparation for potential future constraints); see also Proposal at p. 44 (acknowledging "there was no record of SDG&E experiencing untimely energization").

[5] The Ruling orders PG&E to file foundational materials the Ruling orders on July 14, 2026 – days before comments are due. Ruling at pp. 4-5: "[T]he level of planning, progress, and costs for Grid-edge DERMS is not clear"; directing PG&E to file the workshop materials, "final workstreams, use cases, costs, and target customer profiles" by July 14, 2026.

opportunity to analyze the feasibility, cost, and ratepayer consequences of the Proposal. Given the complexity of the issues under consideration and their relationship to other ongoing implementation efforts, parties should be afforded a reasonable opportunity to review relevant materials, evaluate operational impacts, and provide meaningful feedback before subsequent milestones occur.

SDG&E raises these timing concerns as a matter of good public policy. Standing up programs that deliver beneficial results for customers requires a thoughtful and deliberative process, should not be rushed, and should be based on an adequate evidentiary record.[6] A Track 3 decision adopted on assertions that parties have not had adequate time to consider invites implementation failure, petitions for modification, wasted effort, and very real costs to the ratepayers the Proposal aims to benefit. The remedy is modest: additional process before, not after, a proposed decision is issued.

B. The Proposal Does Not Accurately Reflect SDG&E's Record Submissions

SDG&E responded fully to the November 2025 Assigned Commissioner's Ruling, describing in detail what its systems can and cannot do today. The Proposal does not engage that record; in material respects, it inverts it.

The clearest example is foundational to the Proposal's strategy for the secondary distribution system. The Proposal asserts: "Notably, SDG&E stated that AMI interval data is aggregated at the distribution transformer level within its ADMS environment, enabling operational visibility into transformer loading," and concludes that these locations "present a

[6] *See, e.g.,* CPUC Rules of Practice and Procedure ("Rules")8.2(m) ("The Commission shall render its decision based on the evidence of record."); Rule 13.12 ("Factual statements must be supported by identified evidence of record."); Rule 13.15 (a)("A proceeding shall stand submitted for decision by the Commission after the taking of evidence, the filing of briefs, and the presentation of oral argument as may have been prescribed.")

significant opportunity for the application of flexible connection solutions."[7] The filing's pages the Proposal cites state the opposite of the proposition they are cited for. As cited in the Proposal, SDG&E's January 2, 2026 Reply Comments state, that "AMI inputs used in operations are aggregated at the transformer level – *insufficient today to develop short-term customer-level import/export limits*."[8] SDG&E's November 25, 2025 Opening Comments likewise state that "[w]hile this level of data has proven acceptable for reliably operating the distribution grid, it is insufficient for providing short-term power flow forecasts for all segments of a distribution circuit and for developing associated short-term maximum import/export limits ('operating envelopes') at the individual customer level at this time."[9] To further clarify, SDG&E utilizes aggregated AMI data at the transformer level (collected at seven day intervals) within its Advanced Distribution Management System ("ADMS") to model transformer loading characteristics and support power flow and state estimation functions. This use case is distinct from the real-time operational visibility described in the Proposal. A filed statement of limitation has been recast as a statement of capability – and then made the predicate for mandates considered in this Proposal.

The pattern repeats. The Proposal deems it "realistic to expect" that SDG&E can implement a Flex Connect-type Variable Operating Envelope offering within one year of a Track 3 decision because "SDG&E has experience with its WDAT pilot."[10] The record describes that

[7] Proposal at pp. 19-20 & nn.31-32 (citing SDG&E's January 2, 2026 filing at p. 3 and November 25, 2025 filing at p. 7).

[8] Reply Comments of San Diego Gas & Electric Company (U 902 E) in Response to Assigned Commissioner's Ruling Seeking Additional Information on DER Enabled Near Term Flexible Connections (Jan. 2, 2026) ("SDG&E Reply Comments") at p. 3.

[9] Opening Comments of San Diego Gas & Electric Company (U 902 E) in Response to Assigned Commissioner's Ruling Seeking Additional Information on DER Enabled Near Term Flexible Connections (Nov. 25, 2025) ("SDG&E Opening Comments") at p. 4; see also id. (SDG&E "does not maintain a complete model of its secondary networks and does not model individual customers"); id. at p. 18 (single-phase customers' service infrastructure representation in power flow software is "0%").

[10] Proposal at p. 47; id. at p. 27.

proof of concept as a development-stage effort "initially targeting development of ADMS capability to calculate dynamic charging limits for storage resources" under SDG&E's wholesale tariff – while establishing that no DERMS head-end server has been selected; that the IEEE 2030.5 communication mechanism for operating envelopes "has not yet been assessed"; that ADMS short-term forecasting has been demonstrated only on a test basis and cannot be scaled to production without materially compromising core distribution operations; and that SDG&E's Enterprise DERMS procurement and integration is planned for 2027-2028.[11] The citation the Proposal offers in support of its one-year feasibility expectation for SDG&E contains no SDG&E filing at all.[12] It should also be noted that DERs taking service under SDG&E's WDAT are larger than 1 MW, which means they are required to have telemetry to SDG&E's control center. There is no similar requirement for the loads that the Proposal targets; i.e., there is no established communication channel between SDG&E's control center and the loads that would, according to the Proposal, elect the flexible service connection Variable Operating Envelope option.

SDG&E's concerns with the Proposal are not disputes of characterization at the margins. SDG&E's concerns are based on facts that do not support the Proposal's most burdensome SDG&E-facing directives. SDG&E respectfully requests that any decision in this track accurately restate SDG&E's filed positions and expressly decline to adopt the Proposal's characterizations of them. Where a mandate is premised on capabilities the record shows do not exist, the mandate fails with the premise.

[11] SDG&E Opening Comments at p. 6 (WDAT pilot "initially targeting development of ADMS capability to calculate dynamic charging limits for storage resources"); id. at p. 12 ("A DERMS head-end server has not yet been selected"); id. at pp. 12-13 (IEEE 2030.5 "communication mechanism … has not yet been assessed"); id. at p. 6 (ADMS forecasting "cannot currently be scaled to the production level without materially comprising processing speeds for core distribution operation functions"); id. at p. 11 (DERMS platform procurement and integration "currently planned for 2027-2028").

[12] Proposal at p. 47 n.69 (citing PG&E, SCE, Clean Coalition, and IREC filings).

C. The Proposal Directs SDG&E to Establish Offerings Without Record Evidence of Need, Feasibility, or Cost within its Service Territory

In Decision 26-02-025, the Commission considered whether to direct SDG&E to establish a Standard Offer flexible service connection and declined to do so, finding "no record of SDG&E … customers unable to be energized in a timely fashion" and encouraging SDG&E instead to prepare for potential future constraints. Nothing in the intervening record supplies evidence that was missing when D.26-02-025 was issued. The Proposal nonetheless would direct SDG&E to establish a Standard Offer flexible service connection within 120 days of a decision. The Proposal would add a one-year Variable Operating Envelope mandate, a six-month Grid Edge DERMS mandate, and default real-time-pricing enrollment – substituting a new rationale, "affordability," that is nowhere quantified for SDG&E's service territory. The Ruling's own Question 5 concedes the gap, acknowledging that "quantification of ratepayer costs and benefits will be necessary" to realize the Proposal's goals. As a result, and at significant risk, the measurement framework is being solicited, via the Ruling's Question 5, in the same document that orders the deployment. The Proposal further concedes that "there is no established methodology to quantify additional revenue" from the load additions it counts as a ratepayer benefit, and acknowledges – without answering – party showings that vendor and manufacturer access fees may counterbalance claimed savings.[13]

The feasibility gap is starker still. The Proposal itself describes the Grid Edge DERMS architecture it would direct SDG&E to stand up within six months: "AMI 2.0 meters, which communicate with neighboring meters," building a virtual transformer model through local mesh

[13] Proposal at p. 35 ("no established methodology to quantify additional revenue resulting from new and permanent load"); *id*. at p. 37 (acknowledging party concerns that manufacturer and service-provider fees "may counterbalance ratepayer savings from avoided upgrades or promote vendor lock-in," and stating "this proposal does not explicitly recommend" an incentive or rebate structure) (citing, inter alia, SDG&E's December 19, 2025 Response at pp. 5, 9-10).

communications and computing operating envelopes autonomously at the grid edge.[14] SDG&E's advanced meters are first-generation devices, deployed beginning in 2009, that SDG&E has informed the Commission are "experiencing increasing failures, technological obsolescence, and limited vendor support"; their replacement is the subject of SDG&E's pending – and contested – Smart Meter 2.0 application, A.25-12-012, with initial deployment of next-generation devices targeted for 2027 at the earliest.[15] On the meters SDG&E has today, the mandated architecture is not merely aggressive; it is unavailable. The Track 3 directive keyed to metering for which no Track 3 record exists, functionally prejudges the scope, cost, and timing questions squarely presented in A.25-12-012. And the Proposal's own workshops would take up "[w]hether AMI meters are the appropriate long-term solution for computing the Operating Envelope" – a question that should be answered before, not after, utilities are ordered to build on that platform.[16]

Similar collisions run through the remaining SDG&E directives. The one-year Flex Connect-type mandate would expire at approximately the moment the record says SDG&E's Enterprise DERMS integration begins. The Proposal's Section 4 makes an Enterprise DERMS platform, with completed interoperability testing, an entry requirement for the Variable Operating Envelopes being mandated.[17] The default real-time-pricing enrollment directive would operate

[14] Proposal at pp. 30-31; see also id. at p. 22, Fig. 2 (Grid Edge tier defined by "[a]utonomous sensing from AMI, locally refreshed every 15 minutes or less" with "[v]ery high" communications among contiguous infrastructure and site load/storage).

[15] SDG&E Reply Comments at pp. 13-14; Application of San Diego Gas & Electric Company (U 902 M) for Approval of Smart Meter 2.0 Proposal, A.25-12-012 (filed Dec. 18, 2025) and supporting testimony (initial SM 2.0 device deployment targeted for 2027, with SM 1.0 replacement extending into the 2030s); see protests of the Public Advocates Office and of San Diego Community Power and Clean Energy Alliance (Jan. 2026).

[16] Proposal at p. 49 (workshops to address "[w]hether AMI meters are the appropriate long-term solution for computing the Operating Envelope").

[17] SDG&E Opening Comments at p. 11 (DERMS procurement and integration "currently planned for 2027-2028"); Proposal at p. 27 (Variable Operating Envelopes "require deployment of certified customer-side equipment that has successfully completed interoperability testing with the utility's Enterprise DERMS platform").

through a 120-day compliance advice letter even though SDG&E has no real-time-pricing rate in effect: SDG&E's dynamic rates are pending in Application 26-02-001, with implementation costs on SDG&E's public filing phased in beginning as early as 2028 through 2031, and real-time-pricing customer protections are under active examination in the Commission's Advanced Rate Design proceeding.[18] And the Proposal's central economic thesis – that customer-side controls will defer or avoid distribution upgrades at a ratepayer saving – is asserted without acknowledging the results of the California test of that thesis: the Distribution Investment Deferral Framework ("DIDF").[19] The DIDF produced no deferrals in SDG&E's service area, and very few in the PG&E and SCE service areas. The DIDF demonstrated that distribution deferral is rarely commercially viable at compensation levels that are cost-effective for ratepayers. The DIDF was discontinued by this Commission. The Proposal never mentions the DIDF.[20] Notably, the DIDF offered compensation to the DERs that would be dispatched to defer planned distribution infrastructure. The Proposal downplays the need for compensation, apparently presuming that customers seeking to add load will be willing to limit their electric consumption because of the greater good such self-sacrifice provides to all other customers. Absent commercially viable compensation, non-bridging solutions are destined to sit on a shelf collecting dust; providing no

[18] Application of San Diego Gas & Electric Company (U 902 E) for Approval of Demand Flexibility Rates, A.26-02-001 (filed Feb. 2, 2026) (proposing recovery of approximately $11.3 million in demand-flexibility rate implementation costs "phased in beginning as early as 2028 through 2031"); see D.25-08-049; D.26-01-026. The Proposal itself recognizes that the Commission's Advanced Rate Design proceeding (R.26-04-009) "is examining key issues related to RTP, including key customer protections and education requirements." Proposal at p. 41.

[19] "The Commission finds that based on the record of this proceeding, the DIDF is insufficient at soliciting distributed energy resources to defer grid investments." D.24-10-030, issued on October 17, 2024, p. 117. Also, see Conclusion of Law 31 and Ordering Paragraph 24 of the Decision.

[20] SDG&E's December 19, 2025 Response to the Assigned Commissioner's Ruling ("SDG&E Response") at p. 8 (Distribution Investment Deferral Framework demonstrated that DER-based deferral of planned distribution upgrades "is rarely commercially viable"); SDG&E Reply Comments at pp. 9-11 (no deferrals in SDG&E's service area; framework discontinued); id. at p. 7 (on shared systems, deferral from a single customer's static limit is "contingent, not absolute").

benefits that will offset the administrative and regulatory costs of standing-up the implementing programs.

D. The Proposal's Priorities Are Inverted: Offering Adoption Precedes an Accurate Record

A common thread connects the shortcomings discussed above. The Proposal reflects a determination to establish policies and programs first, and, apparently, to assemble the factual record afterward. The Proposal mandates replication of a pilot whose costs and results the Ruling is only now ordering into the record; it directs construction on a metering platform its own workshops will evaluate; it recasts SDG&E's statements of limitation as capability; and it defers the cost-benefit quantification its affordability rationale requires to a question posed alongside the mandates themselves. SDG&E asks that the Commission modify the Proposal such that it takes the right steps in the right order: evidence, then findings, then direction – with implementation obligations calibrated to each utility's actual systems, actual customers, and actual regulatory dependencies. The Commission should not issue directives that are based on a single clock and structure modeled on the utility whose needs and programs the Proposal would ratify.

II. RESPONSE TO RULING QUESTION 1: COMMENTS ON THE PROPOSAL, FOLLOWING THE STRUCTURE OF THE PROPOSAL

Ruling Question 1: Please provide feedback on the Proposal itself, identifying any concerns with and/or support for the direction and background. Comments on the Proposal shall be provided within the same structure as the Proposal where possible (e.g., discussion of Operating Envelopes should come in Section 4 of party comments).

SDG&E RESPONSE:

Consistent with the Ruling's instruction, SDG&E's comments in Section II are organized so as to align with the Proposal's structure. SDG&E's subsection numbering below corresponds

to the Proposal's section numbering.[21] SDG&E's overarching concerns – the compressed comment schedule, the Proposal's characterizations of SDG&E's record submissions, and the absence of need, feasibility, and cost analysis that are necessary to support the SDG&E-facing mandates – are set out in Section I above and are incorporated throughout the section-level comments that follow.

A. Proposal Sections 1 and 2: Introduction; The Affordability Opportunity

SDG&E's concern with Section 2 of the Proposal is the lack of analytical completeness. The affordability case is asserted at the level of concept – flexible connections "may be cheaper" than upgrades[22] – and is never carried through to a territory-specific analysis for SDG&E. Three record facts define the gap. *First*, in February of this year the Commission found "no record of SDG&E … customers unable to be energized in a timely fashion" and, on that basis, declined to direct SDG&E to establish flexible service connection offerings.[23] The primary demand-side predicate for near-term ratepayer benefit in SDG&E's territory, i.e. customers waiting for capacity, is therefore absent from the record. *Second*, the one California test of the deferral economics on which Section 2 relies, the Distribution Investment Deferral Framework ("DIDF"), produced no deferrals in SDG&E's service area and demonstrated that deferral of planned distribution upgrades through use of DERs is rarely commercially viable; the Commission discontinued the framework.[24] *Third*, the Proposal itself concedes that "there is no established

[21] Ruling at p. 3, Question 1. Because the Proposal's Section 9 recommendations are the subject of the Ruling's Questions 2 through 5 and 7, SDG&E addresses Section 9's recommendations in Section III of these comments and cross-references that discussion here to avoid duplication.

[22] Proposal at p. 3 (Executive Summary); see also id. at pp. 13-14.

[23] D.26-02-025 at p. 13; see Proposal at p. 44 (acknowledging "there was no record of SDG&E experiencing untimely energization").

[24] SDG&E December 19, 2025 Response to the Assigned Commissioner's Ruling ("SDG&E Response") at p. 8; SDG&E Reply Comments at pp. 9-11. The Proposal does not address the Distribution Investment Deferral Framework or its results.

methodology to quantify additional revenue resulting from new and permanent load" – the principal claimed offset to the cost of standing up and administering the mandated offerings – and acknowledges, without resolving, party showings that manufacturer and service-provider fees may counterbalance the claimed ratepayer savings.[25]

These facts do not defeat the affordability objective; they define what must be demonstrated before mandates are issued in a territory where the need predicate has not been established. Platform costs for the technologies in Sections 4 through 8 of the Proposal would be largely fixed; where participation is low or absent, fixed costs-per-participant are high and ratepayer benefits are low. In SDG&E's territory, on this record, the affordability logic of Section 2 of the Proposal runs in reverse: mandating the full portfolio of offerings ahead of demonstrated need is the *least* affordable sequencing. The Ruling's Question 5 acknowledges that "quantification of ratepayer costs and benefits will be necessary";[26] SDG&E's responses to Questions 3 and 5 of the Ruling below proposes that this quantification framework be adopted and applied as a predicate to, not an afterthought of, deployment mandates.

B. Proposal Section 3: Distribution Capacity Determination

Section 3's characterization of SDG&E's existing capabilities do not accurately reflect the filings the Proposal cites. The Proposal states: "Notably, SDG&E stated that AMI interval data is aggregated at the distribution transformer level within its ADMS environment, enabling operational visibility into transformer loading," and concludes that Lateral and secondary locations therefore "present a significant opportunity for the application of flexible connection solutions."[27] The cited pages, however, state the opposite of the proposition for which they are cited.

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[25] Proposal at pp. 35, 37; see SDG&E Response at pp. 5, 9-10.

[26] Ruling at p. 4, Question 5.

[27] Proposal at pp. 19-20 & nn.31-32.

SDG&E's Reply Comments state, at the page the Proposal cites, that "AMI inputs used in operations are aggregated at the transformer level – insufficient today to develop short-term customer-level import/export limits."[28] SDG&E's Opening Comments state that "[w]hile this level of data has proven acceptable for reliably operating the distribution grid, it is insufficient for providing short-term power flow forecasts for all segments of a distribution circuit and for developing associated short-term maximum import/export limits ('operating envelopes') at the individual customer level at this time."[29] The same filings establish that SDG&E does not have a complete model of its secondary networks, does not model individual customers in its power flow environment, and represents the service infrastructure of zero percent of its single-phase customers in its power flow software.[30] A filed statement of *limitation* has been recast as a statement of *capability*. Because this characterization is the factual bridge from Section 3's circuit analysis to the secondary-system deployment mandates in Sections 4 and 9 of the Proposal, SDG&E requests that any decision expressly correct the Proposal's inapposite statements.

SDG&E provides a further point of clarification. According to Section 3 of the Proposal, SDG&E's January 2, 2026 response to the November 3, 2025 Assigned Commissioner's Ruling "stated that AMI interval data is aggregated at the distribution transformer level within its ADMS environment, enabling operational visibility into transformer loading."[31] The Proposal appears to reflect a misunderstanding of the "visibility" concept set forth in SDG&E's January 2, 2026 response. The referenced "loading" information is not the real-time monitoring of customer load

[28] SDG&E Reply Comments at p. 3.

[29] SDG&E Opening Comments at p. 4.

[30] SDG&E Opening Comments at pp. 4, 18.

[31] Proposal, p. 19.

or DER behavior. Rather, it is after-the-fact transformer loading information that is developed through a modeling process that utilizes historical transformer-level load data.

Section 3 also contains an unacknowledged tension that SDG&E's response to Ruling Question 2 addresses in detail. The Proposal finds that secondary conductor capacity is "often … not readily known to either the IOU or customer" and that it is "unclear whether" demand load values are retained after service is established,[32] yet Section 9 would obligate the IOUs to deliver those same values to customers within 30 days of request and would tie proposed Rule 2 tariff limits to them.[33] Consequently, SDG&E does not support the requirements contemplated in Section 3 of the Proposal (see Section III.A for SDG&E's response to Ruling Question 2).

C. Proposal Section 4: Operating Envelopes and Dynamic Capacity Management

Section 4's taxonomy – Static, Variable, Dynamic, and Grid Edge Dynamic Operating Envelopes – is analytically sound, and SDG&E supports its adoption as common vocabulary. The tiers, however, are not interchangeable in dependency or maturity. Section 4's own text supplies the entry requirements against which any deployment mandates must be tested. SDG&E addresses each tier in turn.

1. Static Operating Envelopes and Limited Power

SDG&E supports the Static tier, including Limited Power arrangements implemented through certified power control systems, as the appropriate near-term foundation. As the Proposal recognizes, this tier requires no utility-side communications infrastructure, no DERMS platform, and no new metering.[34] SDG&E already applies fixed-export limit arrangements in practice for generation customers through conditional permission-to-operate under Rule 21's Limited

[32] Proposal at pp. 17, 18.

[33] Proposal at pp. 44-46.

[34] Proposal at p. 24.

Generation Profile ("LGP") provisions.[35] SDG&E also already applies fixed-import limits via charging limitation for storage devices interconnected under SDG&E's Wholesale Distribution Access Tariff ("WDAT"). While SDG&E supports Static tier as a relatively simple and straight-forward way to set import limits, the beneficial uses of these limits in the load energization space are quite limited in the SDG&E service area. As discussed in SDG&E's response to Ruling Question 2, other than minimizing panel upgrade and rewiring costs on the customer side of the meter, benefits from limiting imports have not been identified.[36] Bridging solutions are currently not needed in the SDG&E service area and non-compensatory non-bridging solutions[37] will attract little, if any, customer interest. The Static tier flexible connection service option would require certification of the device that the customer uses to implement the static limits, installation safeguards, and rules that set forth the consequences for failing to adhere to the import limits (e.g., customer disconnection).

The Commission should carefully consider the risk of stranded customer investments associated with this recommendation. A customer that accepts a flexible service connection may incur significant costs to install the necessary power control systems needed to maintain operations within a constrained service level. However, distribution planning conditions evolve over time. A distribution upgrade may ultimately proceed due to unrelated load growth, asset replacement needs, reliability requirements, or subsequent customer requests. In such circumstances, the customer may have incurred substantial costs to accommodate a constraint that no longer exists, while future customers receive firm service from the upgraded infrastructure

[35] See Proposal at p. 25 & nn.41-42.

[36] It is possible that a customer electing a Static tier option could avoid the cost of rewiring and panel upgrade, and in so doing avoid or defer the need to construct otherwise required distribution upgrades. This situation could arise if the customer's *unconstrained* energization request required upgrades to both the customer's facilities and the utility's distribution facilities.

[37] The Proposal identifies the compensation question, but declines to answer it. Proposal at p. 37.

without incurring similar obligations. This outcome raises both equity and economic efficiency concerns and may discourage voluntary customer participation in these offerings.

2. Variable Operating Envelopes

Section 4 of the Proposal defines the entry requirements for the Variable tier: certified customer-side equipment that "has successfully completed interoperability testing with the utility's Enterprise DERMS platform," a provisioned secure communications channel, and utility systems that generate and transmit day-ahead schedules of firm and non-firm capacity.[38] Measured against those requirements, the record establishes SDG&E's position: SDG&E's Enterprise DERMS procurement and integration is planned for 2027-2028; no DERMS head-end server has been selected, such that even the customer-count capacity of an IEEE 2030.5 service is unknown; the communication mechanism for variable and dynamic envelopes "has not yet been assessed"; and ADMS-based short-term forecasting has been demonstrated only on a test basis and "cannot currently be scaled to the production level without materially comprising processing speeds for core distribution operation functions."[39] SDG&E has recently achieved power flow enablement within its production ADMS, representing a significant advancement toward enhanced forecasting and system visibility. However, substantial development, validation, and scaling efforts remain, and this progress does not change the fundamental conclusion that the capabilities necessary to support the proposed Variable Tier are not yet available at production scale.

The record also establishes the customer-side economics of this tier today: direct IEEE 2030.5 communications integration has cost participating customers $20,000 to $50,000 in PG&E's experience, with integration costs of approximately $4,000 excluding hardware – figures

[38] Proposal at pp. 27-28.

[39] SDG&E Opening Comments at pp. 6, 11, 12-13.

the Proposal acknowledges price out all but large, sophisticated customers.[40] SDG&E's response to Question 2 addresses the one-year Flex Connect-type mandate built on this tier; the tier itself is a long-term objective whose deployment at SDG&E must be indexed to the Enterprise DERMS program of record.

3. Dynamic Operating Envelopes

SDG&E agrees with Section 4's judgment declining to recommend scaling Enterprise-DERMS-computed Dynamic Operating Envelopes at this time,[41] which is consistent with SDG&E's record position that abnormal-condition and short-interval envelope signaling should proceed through targeted, cost-justified exploration.[42]

4. Grid Edge Dynamic Operating Envelopes

Section 4's description of the Grid Edge tier is precise, and its precision matters: the tier is defined by "[a]utonomous sensing from AMI, locally refreshed every 15 minutes or less," with very high communication among electrically contiguous infrastructure, and by envelope computation performed locally at the meter rather than centrally.[43] That architecture – distributed edge computation on advanced meter hardware with local device control – is categorically different from the centralized architecture SDG&E described in its record submissions, in which interval data is aggregated at the transformer level within the ADMS environment for situational awareness, and which SDG&E expressly described as insufficient for envelope computation.[44] As noted in Section II.B, transformer loading information in ADMS is developed after the fact

[40] SDG&E Opening Comments at p. 13 n.6, n.7 (citing PG&E's OpFlex Report and Customer Owned Telemetry work); Proposal at 28.

[41] Proposal at p. 30.

[42] SDG&E Reply Comments at pp. 4-6; SDG&E Response at pp. 5-7.

[43] Proposal at p. 22, Fig. 2; id. at pp. 30-31 ("ChargeBoost relies on AMI 2.0 meters, which communicate with neighboring meters, aggregating that information up to the transformer level").

[44] SDG&E Opening Comments at p. 4; SDG&E Reply Comments at p. 3.

through a modeling process based on historical transformer-level load data. The data represents the combined load of multiple customers served from a common transformer rather than individual customer consumption. Accordingly, it cannot be used to establish, apply, or monitor limits at the individual meter level at the Grid Edge.

The Proposal treats these as points on a single continuum of "transformer-level capability;" they are different systems with different hardware, communications, cybersecurity, and vendor dependencies. This conflation is the most consequential technical error in the Proposal, because it converts SDG&E's description of a centralized limitation into evidence of readiness for a distributed architecture SDG&E's current meter fleet cannot execute.

Further, SDG&E's deployed meters are first-generation devices that SDG&E has informed the Commission are "experiencing increasing failures, technological obsolescence, and limited vendor support;" the successor platform is the subject of the pending Application 25-12-012, with initial deployment targeted for 2027 at the earliest and fleet transition extending beyond it.[45] SDG&E addresses the six-month deployment mandate built on this tier in response to Question 2. At the level of Section 4's framework, SDG&E asks the Commission to recognize the architectural distinction Section 4 itself draws – and to recognize that a Track 3 directive premised on edge-computing meter hardware could functionally prejudge issues regarding scope, timing, and/or cost pending in A.25-12-012.

D. Proposal Section 5: Cybersecurity Considerations

SDG&E supports Section 5's use of the Smart Inverter Operationalization Cybersecurity ("SIO-CS") subgroup report's phased requirements as the baseline cybersecurity framework for

[45] SDG&E Reply Comments at pp. 13-14; A.25-12-012 (filed Dec. 18, 2025); protests of the Public Advocates Office and San Diego Community Power/Clean Energy Alliance (Jan. 2026).

communications-enabled non-firm offerings, and specifically supports the deviation-justification mechanism, which preserves utility-specific implementation within a common baseline.[46]

As these programs increasingly rely on communications and control capabilities among utility systems, customer-owned equipment, and third-party service providers, cybersecurity considerations must be incorporated into program design from the outset to help maintain electric system reliability, operational integrity, and customer confidence. The SIO-CS effort represents a valuable starting point for identifying cybersecurity capabilities that may be appropriate for flexible connection solutions. However, cybersecurity requirements should be implemented through a phased, risk-based approach that recognizes differences in customer size, use case, operational impact, communications architecture, and technology maturity.

As the Commission considers cybersecurity requirements for flexible connection programs, SDG&E recommends focusing on security outcomes rather than prescribing specific technologies, vendors, or implementation approaches. Utility cybersecurity programs must remain adaptable to evolving threats, changing industry standards, and advancements in distributed energy resource technologies.

In SDG&E's view, any cybersecurity framework adopted for flexible connection programs should prioritize:

- Strong identity and access management controls;
- Authentication and authorization of connected devices and users;
- Encryption and protection of communications between utility and non-utility systems;
- Audit logging and event monitoring capabilities;

[46] Proposal at pp. 32-33.

- Vulnerability management and patching processes;
- Incident response and recovery procedures; and
- Supply chain and third-party risk management practices.

To the extent flexible connection offerings involve utility systems in monitoring or controlling customer-connected resources, cybersecurity protections should seek to prevent unauthorized access, manipulation of operating limits, disruption of service, or degradation of grid reliability. The Commission should also recognize that certain flexible connection use cases may involve customer-owned equipment, third-party service providers, aggregators, and cloud-hosted platforms, each of which introduces distinct cybersecurity considerations and responsibilities.

E. Proposal Section 6: Bridging and Non-Bridging Approaches

SDG&E's concerns with Section 6 go to the durability and value assumptions underlying the non-bridging construct, and to a threshold internal contradiction. As to the contradiction: Section 2 asserts that the enabling technologies are "mature and already deployed within each utility territory at a limited scale," while Section 9 correctly notes that "SDG&E does not have any current bridging offerings to base a non-bridging option upon."[47] Non-bridging approaches do not require bridging arrangements as a necessary prerequisite. As stated elsewhere in this Response, compensated non-bridging approaches offer the most significant potential for ratepayer benefits. Compensated non-bridging solutions are what the Commission's DER Orchestration initiative is exploring and this should be the focus of future Commission action.

Uncompensated non-bridging approaches will not be of interest to customers. The only situation where an uncompensated non-bridging solution may arise is where a customer opts into a

[47] *Compare* Proposal at p. 13 *with id*. at p. 51.

bridging solution in order to avoid the costs on the customer side of the meter, and in doing so, defers or avoids an otherwise dependent distribution upgrade.

As to durability and value: the Proposal defines persistent non-bridging solutions as lasting until, among other things, equipment is replaced due to "organic load growth from other customers"[48] – but never carries that caveat into its benefits analysis. SDG&E's record submissions establish the point directly: where distribution equipment is shared among customers, deferral attributable to a single customer's limit is "contingent, not absolute," because organic growth or the next customer's request can trigger the same upgrade and erase the claimed savings.[49] The DIDF experience – no SDG&E-territory deferrals; rare commercial viability; DIDF discontinuation – is the empirical record on this exact value proposition, and the Proposal does not engage it.[50] SDG&E also notes an apparent drafting error material to Section 6's cost-recovery rule: the reference to costs incurred "due to a customer requesting transition to a bridging solution" appears, in context, to mean transition to a *non-bridging* solution, and should be corrected.[51] SDG&E's responses to Question 2 address the specific Section 6 recommendations.

As discussed in the introduction, customers have no incentive to enter into non-bridging arrangements which require the customer to limit their electrical consumption without compensation. Generally, if the customer's actual electrical consumption matches the amount used to determine what upgrade is needed to accommodate the customer's added load, the customer will ultimately have little to no cost responsibility for the upgrade; the customer will receive allowances that offset the electric distribution upgrade cost and all ratepayers end up

[48] Proposal at p. 35.

[49] SDG&E Reply Comments at p. 7.

[50] SDG&E Response at p. 8; SDG&E Reply Comments at pp. 9-11.

[51] Proposal at p. 38.

paying for that upgrade. Few customers would be willing to endure the inconvenience of limiting their consumption when there is no compensation to offset that inconvenience. The Proposal to allow a customer to transition from a bridging solution (the need for which does not currently exist in the SDG&E service area) to a non-compensatory non-bridging solution offers no benefit to the transitioning customer, does not support the best customer experience, and adds administrative burden on the utility.

If, instead, a compensatory non-bridging solution was available, there could be customers willing to undertake the inconvenience of limiting their consumption. Such compensatory non-bridging solutions are being discussed in the DER Orchestration initiative. The Commission should drop the concept of non-compensatory non-bridging solutions, eliminate from the Proposal the requirement for SDG&E to submit a Flex Connect Advice Letter implementing such solutions,[52] and focus on efforts to identify the DER Orchestration programs under which DERs could be cost-effectively compensated to provide needed distribution services.

F. Proposal Section 7: Competition and Market Access Considerations

SDG&E supports Section 7 and the proposed interoperability and customer-choice workshop. The Commission should anticipate that holding a workshop is not likely to solve the interoperability issues, but it will be able to add to the record facts surrounding the numerous hurdles that exist today, including state policies that may need to change to support true interoperability. The concerns Section 7 credits – vendor lock-in and ongoing access fees imposed by manufacturers and service providers as a condition of device response to grid signals – are concerns SDG&E placed on the record, and they bear directly on the affordability case: fees of that character are capable of consuming the ratepayer savings the Proposal projects.[53] SDG&E's

[52] Proposal, pp. 47-48.

[53] SDG&E Response at pp. 5, 9-10; Proposal at pp. 37, 39.

responses to Questions 3 and 8 propose that the Section 7 workshop precede, and its principles govern, any deployment mandate – and observe that a directive to replicate a specific named offering built on a specific vendor's meter and/or other proprietary communications architecture sits uneasily beside Section 7's own anti-lock-in principles. Architecture-neutral performance requirements, not named-offering replication, are the procurement posture consistent with Section 7. Realistically, it may take further state action, including legislative changes or state agency collaboration resulting in changes to statewide codes and standards to achieve full interoperability as has been envisioned.[54]

G. Proposal Section 8: Real-Time Pricing and Economic Signals

SDG&E's disagreement with Section 8 is institutional and procedural, not conceptual. There is no real-time pricing rate at SDG&E on which customers could be defaulted. SDG&E agrees that flexible connection service and time-differentiated price signals are conceptually complementary, a point SDG&E itself made in the record submission the Proposal cites.[55] As the Proposal recognizes, "RTP [Real-Time Pricing] communicates information regarding the economic value of electricity at a given time,"[56] and economic efficiency dictates that the prices customers pay should reflect the economic value of the electricity during the periods in which it is consumed, regardless of a customer's willingness or ability to modify consumption. For that reason, SDG&E sees no principled basis for treating customers taking service on a Variable or Dynamic Operating Envelope differently than other customers with respect to the underlying rate design.

[54] SDG&E notes that the CPUC does not have jurisdiction over device manufacturers who charge fees to access proprietary signaling platforms, thereby controlling access, etc.

[55] Proposal at p. 41 n.64 (citing SDG&E).

[56] Proposal at p. 41.

SDG&E's Demand Flexible ("DF")/RTP rates are pending in Application 26-02-001, filed February 2, 2026 pursuant to D.25-08-049, with implementation costs of approximately $11.3 million phased in as early as 2028 through 2031 in SDG&E's public filing. D.25-08-049 in the Demand Flexibility OIR frames DF rates as *optional*, and SDG&E's Application was structured accordingly; defaulting customers to DF rates would run counter to both the guidance and the spirit of that Decision. Because Section 8 was issued after SDG&E filed A.26-02-001, the new default requirement was not contemplated in the Application's implementation budget or timeline, and SDG&E cannot offer DF rates – much less default customers to them – until the Application is approved and implemented. In addition, defaulting customers to such a rate may not provide customers with the best customer experience. This plan also needs to be more fully considered since customers often "opt out" of such default rates, thereby reducing the impacts desired.[57] In parallel, the Commission's Advanced Rate Design proceeding, R.26-04-009, is, as the Proposal itself acknowledges, examining the customer protections and education requirements for real-time pricing. [58]

Compounding these procedural concerns, the sole empirical support Section 8 offers for customer benefit is an "Energy Division analysis of A.24-06-014 workpapers" – an unpublished staff analysis of another utility's application workpapers that is not part of this record and that parties cannot examine or test. [59] Section 8 also does not address the commodity-rate interaction for the substantial share of SDG&E delivery customers served by community choice aggregators, for whom an SDG&E default could reach only the delivery component.

[57] SDG&E asserts that there may be a better customer experience and the ability to retain customers on such rates, when they are eventually available, if customers are able to choose to be on the rates voluntarily, following robust marketing, education and outreach.

[58] A.26-02-001; D.25-08-049; D.26-01-026; Proposal at p. 41.

[59] Proposal at p. 41 n.65.

For these reasons, and consistent with SDG&E's response to Question 2, the appropriate disposition is to refer enrollment policy for flexible connection customers to A.26-02-001 and R.26-04-009, where the rate design, customer protection, education, and implementation questions are already being adjudicated on a full record.

H. Proposal Section 9: Recommendation for Commission Action

SDG&E's recommendation-by-recommendation feedback – including pros, cons, and implementation feasibility as Question 2 of the Ruling directs – is provided in Section III.A below.

III. RESPONSE TO RULING'S QUESTIONS 2 THROUGH 9

A. Ruling Question 2: Recommendation-by-Recommendation Feedback (Pros Cons, and Feasibility)

Ruling Question 2: Section 9 of the Proposal includes a summary of the recommendations for Commission action. Please provide feedback on the recommendations, being as specific as possible regarding the pros and cons of the proposed recommendations, and on the feasibility of implementation.

SDG&E addresses each of the Proposal's Section 9 recommendations in the order presented, grouped as Section 9 groups them. For each, SDG&E states its position, discusses the overall merit or weakness of the recommendation, and comments on feasibility as applied to SDG&E. Feasibility is assessed against the record and against the Proposal's own stated technical requirements.

1. Proposal's Section 9 Recommendations Referencing Section 3 of the Proposal (Capacity Determination and Data)

Section 3, Recommendation 1 – Extend the Standard Offer to SDG&E (Tier 2 FSC Implementation AL, 120 days).

SDG&E RESPONSE:

SDG&E opposes as proposed.

A Standard Offer has merit when a need exists – a standardized static flexible connection can offer capacity-constrained customers a faster path to some level of service. However, the Proposal does not provide evidence demonstrating that such a need currently exists within SDG&E's service territory, nor evidence supporting the benefits to SDG&E customers. Five months ago the Commission agreed with SDG&E that there is no immediate need: there is "no record of SDG&E … customers unable to be energized in a timely fashion." Accordingly, the Commission declined to *require* SDG&E to provide a flexible service connection option. The Proposal supplies no new SDG&E-territory evidence. Instead the Proposal posits an unquantified affordability rationale.[60] Absent evidence that customers seeking to energize load in the SDG&E service area are being hampered by SDG&E's inability to construct necessary upgrades, and evidence that the customer benefits outweigh the cost and resources needed to stand up such an offering, there is no basis for revisiting the determination the Commission made just five months ago.

Requiring a 120-day compliance clock presents a significant feasibility concern, as it would compress tariff development, engineering-screen definition, verification and inspection workflow design, customer application and dispute processes, and tracking systems into four months, for a product with no demonstrated need – and without the benefit of the full R.24-01-018 implementation record and joint development process from which the PG&E/SCE Standard Offer emerged.[61] The Proposal understates the significance of the development process afforded to PG&E and SCE. The Standard Offer currently under consideration was developed pursuant to D.26-02-025 and informed by utility-specific stakeholder engagement, utility operational

[60] D.26-02-025 at p. 13; Proposal at p. 44.

[61] See PG&E and SCE Joint Advice Letter Implementing the Standard Offer (noticed, Ruling at p. 6); D.26-02-025, Ordering Paragraphs 1-5.

experience (pilot projects), and implementation efforts specific to those utilities. By contrast, SDG&E would be required to develop and implement a comparable framework within 120 days despite the absence of demonstrated customer need, approved funding and resources to stand up a framework (including customer education efforts), and without the benefit of a comparable implementation process.

SDG&E's constructive alternative is set out in response to Ruling Question 7.

Section 3, Recommendation 2 — Record and provide demand load and service conductor values within 30 days of customer request.

SDG&E RESPONSE:

SDG&E supports the objective of providing customers with information that may assist in evaluating electrification opportunities and operating limit arrangements. However, the Commission should avoid imposing duplicative requirements in this proceeding where substantially similar obligations have already been adopted in the Building Decarbonization proceeding.[62]

Specifically, the Commission previously directed the IOUs to collect service line information whenever new electric service lines are installed or existing electric service lines are replaced in connection with a customer's electrification efforts and to report that information as part of the annual Building Decarbonization E-5105 report. As a result, the Commission has already established a framework for collecting and reporting service capacity data on a prospective basis. Rather than creating overlapping requirements through this proceeding, the Commission

[62] *Phase 4 Track A Decision Establishing New Electric Service Line Upsizing Rules, Modifying Electric Line Extension Rules and Reporting Requirements and Implementing Assembly Bill 157,* Ordering Paragraph 11.

should rely on the requirements already adopted in the Building Decarbonization proceeding. This will avoid duplicative compliance obligations and promote efficient implementation.

While the Proposal identifies a legitimate customer interest in obtaining information regarding service conductor capacity and load values, the Proposal also acknowledges that such information may not currently exist or be readily accessible for many locations. The Proposal notes that secondary conductor capacity is often not readily known to either the utility or the customer, and that load values used during the original design process may not be retained after service is provided. Consequently, a requirement to provide such information upon customer request may obligate utilities to furnish data that was never calculated, is not systematically retained, or cannot be reliably reconstructed.

For SDG&E, implementation would require significant systems development and process modifications to capture, retain, and retrieve data across multiple platforms, including engineering design, service order, and GIS systems. These challenges are particularly acute given that SDG&E does not maintain a complete model of its secondary distribution network. Accordingly, should the Commission determine that it is necessary to augment the requirements already adopted by the Commission in the Building Decarbonization proceeding, such augmentations should be prospective in application and limited to values developed through future engineering and design activities.

To ensure the requirement remains feasible and cost-effective, SDG&E recommends that the Commission: (1) align any data collection obligations with the service capacity reporting requirements already adopted in the Building Decarbonization proceeding; (2) permit utilities to provide a standardized "value not available" response when the requested information does not exist in utility records; (3) establish response timelines based on data availability and implementation feasibility; (4) adopt definitions consistent with existing utility engineering and

design standards, including SDG&E's Distribution Design Manual; and (5) authorize recovery of reasonable implementation costs associated with required systems enhancements and standup processes.

By leveraging existing Commission directives rather than creating parallel reporting obligations, the Commission can advance customer transparency while minimizing unnecessary administrative burden and ensuring that requirements remain technically feasible and cost-effective.

Section 3, Recommendation 3 – Rule 2 modifications (controlled-load limit formula; IEEE 519 alignment; language updates).

SDG&E RESPONSE:

SDG&E supports harmonizing the following elements of Rule 2:

- Include language that indicates the PCS shall limit Controlled Load[63] to the lesser of:
    - Connected load (electric load assuming all of the customer's electric devices consume power at their maximum level at the same time)
    - Demand load (customer's expected maximum consumption of power recognizing that not all of the customer's electric devices will simultaneously be consuming power at their maximum level)
    - Secondary conductor rating
- Align language on Harmful Wave and Harmonics using section F.2 of PG&E's Rule 2 as the template.

[63] Controlled Load is currently addressed in section H.7 of PG&E's Rule 2.

Section 3, Recommendation 4 – Mandatory flexible-connection evaluation before any ratepayer-funded upgrade.

SDG&E RESPONSE:

The Proposal recommends that "before initiating a ratepayer-funded distribution upgrade, each IOU must evaluate whether a Limited Power arrangement, Operating Envelope, or other flexible connection solution enabled by PCS can be used as a mitigation to safely satisfy the customer's requested capacity."[64] At the outset, it should be understood that a bridging solution flexible service connection cannot, by definition, "satisfy the customer's requested capacity." Flexible connections in the bridging solution context are useful only when the customer's energization request cannot be fully satisfied because the utility is unable to construct the necessary distribution upgrades in time. Such flexible connections are interim solutions that allow customers to energize some of their requested load, pending completion of the necessary distribution upgrades.

The Proposal's requirement that the IOU "must evaluate" the possibility that a flexible connection could be offered to the customer as an alternative to an otherwise required ratepayer-funded distribution upgrade, is wasteful and burdensome. If SDG&E determines that it will be able to construct the needed distribution upgrades in time to fully satisfy the customer's energization request, it would make no sense to ask the customer if it would be willing to limit its electrical consumption below its requested level. Instead, SDG&E recommends that the Proposal be modified to require such an evaluation only if (1) SDG&E determines that it will be unable to construct the needed distribution upgrades in time to fully satisfy the customer's energization request, and (2) the customer has checked the box in its load energization application which

[64] Proposal at p. 46.

indicates the customer's willingness to consider the possibility of a flexible connection bridging solution.[65] SDG&E's recommended change will greatly reduce the administrative effort necessary to process load energization requests.

The Proposal's requirement to evaluate the possibility of a flexible service connection prior to initiating a distribution upgrade sits in unacknowledged tension with the energization-timeline obligations of Senate Bill 410, Assembly Bill 50, and R.24-01-018, which press in the opposite direction. The Proposal also presumes secondary-system analytical visibility the record shows SDG&E lacks at scale.[66]

2. Proposal's Section 9 Recommendations Referencing Section 4 of the Proposal (Operating Envelopes)

Section 4, Recommendation 1 – Limited Power as the default mitigation for distribution transformer and secondary conductor upgrades.

SDG&E RESPONSE:

SDG&E opposes as proposed.

While the record in this proceeding does not demonstrate that SDG&E needs a default mitigation option at this time, SDG&E recognizes that the Static/Limited Power tier can be implemented under appropriate circumstances and may be the most readily implementable concept identified in the Proposal. This approach does not require communications infrastructure, DERMS integration, or new metering capabilities. However, its ability to be implemented as an *option* does not support treating Limited Power as the *default* mitigation option for distribution transformer or secondary conductor upgrades. Rather, Limited Power should remain an available, customer-

[65] SDG&E is agreeable to adding this check box feature upon Commission direction.

[66] SDG&E Opening Comments at pp. 4-8.

elected option where it is technically feasible, supported by appropriate safeguards, and responsive to an identified customer need.

The Proposal does not clearly define the circumstances under which the Static/Limited Power tier would operate as the "default" option. Customers must retain the ability to pursue a conventional service upgrade under existing tariff provisions and cost-allocation methodologies; any participation in a Static/Limited Power arrangement must occur through an informed customer election process. Further, SDG&E notes that D.26-02-025 retained discretion for PG&E and SCE to decline to offer the Flexible Service Connection to its customers, "according to transparent criteria, where grid conditions or customer characteristics pose heightened risk."[67] PG&E and SCE subsequently submitted joint AL 5790-E with their proposal to establish as an interim "bridging solution," a tariffed standard offering flexible service connection agreement and outlined the ideal candidate characteristics. As the Commission explores flexible service connections, the utilities should continue to have the discretion to offer, or not offer, as an interim bridging solution, a flexible service arrangement. There may be reasons, outside of safety, which would make an interim bridging solution flexible service connection infeasible for particular customers seeking to add load. Examples include other customers already on flexible service connections on the same distribution limiting device, grid components incapable of real-time monitoring, and conditions where the circuit or secondary service facilities are already at or near full capacity.

The Proposal also contemplates a framework in which customer-owned control devices may, in certain circumstances, serve as an alternative to traditional utility infrastructure investments. As a result, the Commission should consider the potential customer cost implications associated with such an approach, particularly for residential and small commercial customers, in

[67] D.26-02-025 at p. 17.

addition to customer interest level prior to requiring limited power as the default mitigation for distribution transformer or secondary conductor upgrades. While the Proposal identifies compensation and rebate mechanisms as potential means of addressing these concerns, it ultimately does not recommend such measures. Further consideration of customer affordability and cost-allocation impacts may therefore be warranted. Feasibility will depend on factors including the availability of certified devices, installer capacity, and the development of appropriate operational processes and safeguards.

In addition, the suggestion of the customer-owned devices as the default mitigation to distribution transformer or secondary conductor upgrades does not address long-term capacity issues, which will continue for the next customer requesting additional capacity. In addition, a customer that chooses to opt-in for the customer-owned PCS would no longer benefit from flexible service once the capacity issues are addressed, whether that capacity issue was dependent on another customer's request, operations and maintenance needs, or other upstream capacity requirements.

Section 4, Recommendation 2 – SCE and SDG&E to implement a Flex Connect-modeled Variable Operating Envelope offering within one year.

SDG&E RESPONSE:

SDG&E opposes.

The Proposal states that "PG&E has shown, through its Flex Connect offering, that it is possible to implement a IEEE 2030.5 based solution, at a low-cost,[68] that provides bridging capacity to load customers and non-bridging capacity to generation customers at a higher service

[68] Smart Inverter Working Group PG&E OpFlex Pilot Report, February 2025 at p. 4: https://www.cpuc.ca.gov/ /media/cpuc-website/divisions/energy-division/documents/rule21/smart-inverter-working group/pge_opflex_report_2025.pdf.

level than the existing Limited Generation Profiles offering."[69] A variable envelope bridging offering may have demonstrated value in PG&E's territory given the relatively large number of capacity-constrained customers. As applied to SDG&E, however, there are three problems.

First, feasibility. The Proposal's own Section 4 requires, for this tier, customer equipment interoperability-tested against "the utility's Enterprise DERMS platform" and day-ahead scheduling systems; the record establishes SDG&E's Enterprise DERMS procurement and integration is planned for 2027-2028, no head-end has been selected, the IEEE 2030.5 mechanism is unassessed, and ADMS forecasting cannot scale to production.[70] A one-year clock beginning with a late-2026 decision expires at approximately the moment the record says the enabling platform work begins.

Second, the feasibility finding's support: the Proposal deems the one-year schedule "realistic" because "SDG&E has experience with its WDAT pilot" – a development-stage wholesale storage effort – and cites, for that proposition, filings of PG&E, SCE, Clean Coalition, and IREC; no SDG&E filing appears.[71]

Third, need and cost: Flex Connect is a bridging product but the record contains no SDG&E customers in a bridging posture. The Flex Connect product would need to be built with technology SDG&E has not yet procured, and without demonstrated need – the least affordable configuration available.

SDG&E also notes a procedural quandary – the advice letter is designated Tier 2 in the Proposal's Executive Summary and Tier 3 in the Proposal's Section 9.[72]

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[69] Proposal at p. 47.

[70] Proposal at pp. 27-28; SDG&E Opening Comments at pp. 6, 11, 12-13.

[71] Proposal at p. 47 & n.69; SDG&E Opening Comments at p. 6.

[72] Compare Proposal at 7 with id. at 47.

As explained in SDG&E's comments on Section 6 of the Proposal, the Commission should modify the Proposal to eliminate the requirement for SDG&E to submit an Advice Letter implementing the Flex Connect-modeled Variable Operating Envelope.

Section 4, Recommendation 3 – IOU-hosted workshop on Dynamic Operating Envelopes for abnormal conditions.

SDG&E RESPONSE:

SDG&E supports.

This recommendation is correctly sequenced (a workshop and report before any mandate), and is consistent with SDG&E's position on the record. SDG&E proposes two scope additions for the workshop and report: (1) a cost-benefit threshold governing any scaling of DER dispatch for abnormal grid conditions, and (2) recognition that existing interconnection-agreement curtailment authority already addresses the emergency use case, such that no new mandate is required to accomplish it.[73]

SDG&E supports a workshop to explore whether, and under what conditions, dispatching DERs to assist in managing abnormal grid conditions is both technically feasible and cost-effective relative to conventional utility mitigation. These threshold questions of feasibility, operational readiness, and cost-effectiveness are precisely what the workshop and report should examine before the Commission considers any implementation direction. SDG&E looks forward to developing this record collaboratively and does not, at this stage, take a position on specific methodologies, platforms, or use cases, all of which should be informed by the workshop process rather than presupposed by it.

[73] SDG&E Reply Comments at pp. 4-6; SDG&E Response at p. 7.

Section 4, Recommendation 4 – SCE and SDG&E to implement a ChargeBoost-modeled Grid Edge DERMS within six months.

SDG&E RESPONSE:

SDG&E opposes Recommendation 4 as proposed.

A Grid Edge DERMS offering modeled on PG&E's ChargeBoost program cannot be implemented on SDG&E's system within the mandated six-month timeframe, is premature in light of the current record, and improperly elevates a single utility-specific technology into a Commission mandate. SDG&E shares the Commission's underlying objective – enabling customers to electrify at lower cost by deferring or avoiding panel and service upgrades – but that objective can and should be pursued through technology-neutral, outcome-based requirements rather than by directing SDG&E to replicate ChargeBoost.

As a threshold matter, SDG&E acknowledges the potential value of the concept. PG&E's ChargeBoost program (which is generally considered a "Grid Edge DERMS") allows customers to avoid upgrades, and associated costs, on the customer side of the meter. Depending on whether the customer's planned load addition would also require upgrades on the utility side of the meter, there may be ancillary ratepayer benefits in terms of deferred or avoided distribution upgrades.

The ChargeBoost architecture cannot be built on SDG&E's existing or currently proposed metering infrastructure. As discussed in Section C of SDG&E's introductory comments, the AMI technology on which ChargeBoost depends does not exist at SDG&E and is not included in SDG&E's AMI application now pending before the Commission. The architecture the Proposal describes – envelope computation at "AMI 2.0 meters, which communicate with neighboring

meters" over local mesh – requires edge-computing meter hardware at participating sites and their electrical neighbors.[74]

SDG&E's existing meters are first-generation devices that SDG&E has advised the Commission face increasing failures, obsolescence, and limited vendor support.[75] Commission approval of the successor meters is pending in A.25-12-012, with initial deployment targeted for 2027 at the earliest – and even then without the specific functionality the Proposal envisions. On both current and proposed hardware, a six-month launch is not merely aggressive; it is unavailable.

Recommendation 4 is premature and would prejudge both the record in A.25-12-012 and the Proposal's own workshops. The Ruling itself concedes that "the level of planning, progress, and costs for Grid-edge DERMS is not clear." Indeed, the July 7, 2026 Ruling ordered PG&E's Grid Edge DERMS materials to be filed on July 14, 2026, a single week after the Ruling and Proposal were issued.[76] The 1,000-customer figure the Proposal cites is the PG&E pilot's initial scope, not a demonstrated result.[77] At the same time, the workshops contemplated by the Proposal's Section 4, Recommendation 5, are intended to examine whether AMI meters are even the appropriate long-term platform for envelope computation. Recommendation 4 would therefore order SDG&E to implement, in six months, the very architecture that Recommendation 5's

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[74] Proposal at pp. 30-31; id. at p. 22, Fig. 2.

[75] SDG&E Reply Comments at pp. 13-14; A.25-12-012.

[76] The Ruling directs the IOUs to "to file and serve their responses to the questions in Section 3 [of the Ruling] by July 14, 2026." (Ruling, p. 1.)

> Section 3 observes that "Grid Edge DERMS have the potential to address many scenarios for which Enterprise DERMS does not scale effectively…" While Section 3's "questions" are titled "Questions for PG&E on Technology Provider Workshops and Collaboration," Section 3 includes the *directive* that "PG&E shall file the existing materials associated with and any work products that resulted from this series of workshops and associated technology partner collaboration(s)." (Ruling, p. 4-5.)

[77] Ruling at pp. 4-5; Proposal at p. 49.

workshops have not yet validated. For SDG&E, the only path to that architecture runs through Smart Meter 2.0 and relies on functionality SDG&E has not proposed. Directing this outcome now would functionally decide the scope, timing, and cost of SDG&E's pending Smart meter 2.0 application (A.25-12-012) on a Track 3 record that does not address metering at all.

The Proposal conflates a desired policy outcome with a particular technological implementation. The Commission's stated objective is to help customers electrify at lower cost by avoiding or deferring panel upgrades and other customer-side infrastructure expenses, and SDG&E fully shares that objective. But there is no basis to conclude that a Grid Edge DERMS program modeled on ChargeBoost is the only – or even the most cost-effective – means of achieving it for SDG&E's customers. ChargeBoost was developed to address a utility-specific need (PG&E's backlog of load energization requests) under utility-specific technical circumstances (the availability of an AMI 2.0 localized aggregation and signaling capability). Neither condition is present at SDG&E. Utilities should retain the flexibility to pursue solutions that fit their own infrastructure, customer programs, and deployment timelines, rather than be required to replicate another utility's implementation.

SDG&E is already achieving the same objective through Commission-approved mechanisms. SDG&E is actively developing and implementing programs that address the identical customer need. SDG&E recently received approval for a Residential EV Charging program, funded through non-ratepayer means, under which customers will receive incentives to install EV charging equipment as well as technologies specifically designed to defer or avoid panel upgrades, including meter socket adapters and similar load management solutions. In Phase 4A of the Building Decarbonization proceeding, the Commission ordered SDG&E to submit an Advice Letter establishing a new tariff (Rule 46) supporting the installation of customer-owned meter socket adapters ("MSAs"), both isolating and non-isolating, and to educate customers on

alternatives to service-line upsizing; SDG&E has an established isolating MSA program and is standing up its non-isolating MSA program. SDG&E is also implementing complementary electrification-enabling initiatives, including the Customer Home Electrification Readiness Program ("CHERP"), which provides electrification planning support, education, incentive navigation, and resources to help customers identify cost-effective pathways for adopting electric technologies such as EV charging and heat pumps, and which is specifically designed to help customers manage electrical-capacity constraints and minimize panel and service-upgrade costs as they electrify. These programs accomplish the same fundamental objective as the proposed ChargeBoost requirement: enabling electrification without costly customer-side electrical upgrades, thereby reducing adoption barriers and lowering overall electrification costs. Because SDG&E already has Commission-approved mechanisms directed at panel-upgrade avoidance, imposing a separate requirement to develop and deploy a PG&E-specific Grid Edge DERMS program would create duplicative customer programs that pursue the same objective through a different, and potentially more costly, technology.

A technology-neutral, outcome-based approach avoids premature lock-in and better serves ratepayers. Recommendation 4 would effectively commit SDG&E to a specific architecture – Grid Edge DERMS, advanced metering capabilities, communications infrastructure, and operational processes – that remains under development. The market for panel-upgrade-avoidance technologies is evolving rapidly and already includes a range of viable solutions, such as smart panels (e.g., Span, Schneider, Eaton), EVSE and managed-charging load management, home energy management systems, power control systems, customer-owned energy management systems, integrated EVSE controls, and OEM telematics-based controls. Several of these "grid edge" applications may limit a customer's consumption where the customer finds such limits acceptable, and may do so at lower cost and with greater value than the ChargeBoost architecture.

The Commission should not prematurely select a single implementation model when multiple pathways may deliver the same customer benefits at lower cost and risk. Accordingly, rather than requiring SDG&E to implement a ChargeBoost-like Grid Edge DERMS program, the Commission should (1) adopt technology-neutral requirements focused on outcomes, and (2) direct that any Grid Edge DERMS platform question be developed through the Section 4, Recommendation 5 workshops – where the appropriate platform, costs, and customer benefits can be examined on a proper record – before any implementation directive is issued.

Section 4, Recommendation 5 – Energy Division-led Grid Edge DERMS workshops.

SDG&E RESPONSE:

SDG&E supports, with sequencing.

The workshop agenda is, in substance, the Proposal's own inventory of what remains undesigned: the long-term computation platform; capacity sharing among neighbors on a shared transformer; program access and application authoring, including for community choice aggregators; extension beyond electric-vehicle charging; and generation interactions.[78] Each is a predicate to responsible deployment, not a follow-on. The capacity-sharing topic in particular validates SDG&E's record observation that envelopes on shared assets "would introduce the complicated design around how to 'allocate' capacity among the customers served by common assets."[79] SDG&E supports the workshops and requests the order be corrected: workshops and reports first, deployment directives should only follow after clear identification of value to ratepayers.

[78] Proposal at pp. 49-50.

[79] SDG&E Opening Comments at pp. 4-5. Different customers place different values on electric service. The brute force approach of allocating capacity based on relative *levels* of customer consumption, rather than on the *value* each customer places on that consumption, will lead to inevitable inefficiencies and conflicts.

3. Proposal's Section 9 Recommendations Referencing Section 5 of the Proposal (Cybersecurity)

Section 5, Recommendation 1 – SIO-CS phased requirements as baseline; workshops; implementation advice letter.

SDG&E RESPONSE:

SDG&E supports with modifications.

The SIO-CS baseline, coupled with a deviation-justification mechanism, provides an appropriate framework. However, the Proposal should be clarified in two respects. First, the conflicting Tier 2 and Tier 3 advice letter designations should be reconciled; Tier 3 is the appropriate designation for a filing that would define cybersecurity architecture of this scope. Second, the proposed schedule should be revised into a coherent sequence. As drafted, the timing for the initial workshop, report and implementation plan, second workshop, informal comments, and subsequent advice letter does not align cleanly and overlaps with both the 120-day FSC Implementation Advice Letter deadline and the Flex Connect preview workshop. These requirements also would be imposed alongside multiple other advice letters and implementation obligations contemplated by the Proposal. The Commission should therefore sequence these deliverables in a manner that recognizes utility resource constraints and supports orderly, effective implementation.

4. Proposal's Section 9 Recommendations Referencing Section 6 of the Proposal (Bridging and Non-Bridging)

Section 6, Recommendation 1 – PG&E and SCE joint Non-Bridging Solutions Advice Letter (90 days).

SDG&E RESPONSE:

SDG&E is Properly Excluded.

The Proposal appropriately excludes SDG&E from the "PG&E and SCE joint Non-Bridging Solutions Advice Letter" arguing that SDG&E "does not have any current bridging offerings to base a non-bridging option upon."[80] A stronger basis for this exclusion would be Commission recognition that DER Orchestration is where non-bridging solutions offer the greatest potential for ratepayer benefit.

Section 6, Recommendation 2 – Bridging-to-non-bridging transition elections for existing customers.

SDG&E RESPONSE:

SDG&E Opposes.

Non-compensatory non-bridging solutions will not be of interest to customers and should be removed from the Proposal. Instead, the Commission should focus its efforts on compensatory non-bridging solutions in the proceeding's Track 2 DER Orchestration Framework initiative, where participating customers are provided financial incentives to provide grid services via load control mechanisms.

Additionally, permitting customers the unbounded ability to transition from a bridging arrangement to a non-bridging arrangement presents a significant risk of inefficient utility investment and cost allocation outcomes. Under a bridging framework, the utility will initiate or

[80] Proposal at p. 51.

complete distribution system upgrades necessary to ultimately serve the customer's full requested load once the bridging period concludes. If a customer subsequently elects to transition from its bridging arrangement to a non-bridging solution that permanently reduces or modifies its load requirements, some or all of the distribution infrastructure planned or constructed to accommodate the customer's full requested load may no longer be necessary. In such circumstances, ratepayers incur costs for facilities that are underutilized or provide limited incremental benefit, resulting in inefficient investment decisions. It is also possible that unrestricted transitions from a bridging solution to a non-bridging solution could create the potential for stranded costs.

The Commission should avoid creating a framework that gives customers the incentive to, in effect, reserve future capacity through a bridging arrangement, while retaining the option to later transition to a non-bridging solution once system upgrades have been planned or constructed. Such an approach could undermine efficient distribution planning, distort load forecasting assumptions, and increase the risk that infrastructure investments are made based on load expectations that do not ultimately materialize. Accordingly, SDG&E recommends that the Commission not adopt provisions allowing customers to transition from a bridging arrangement to a non-bridging arrangement absent clear safeguards to ensure that utility planning and infrastructure investment decisions remain aligned with actual customer load commitments and that the customer's up-front funding of utility upgrade costs are appropriately assigned to the customers driving those costs.

Section 6, Recommendations 3 and 4 – PG&E Flex Connect formalization; non-bridging Standard Offer for all large IOUs (10-year duration).

SDG&E RESPONSE:

SDG&E opposes Recommendation 4.

Recommendation 4 stacks a second-order mandate on the first: a non-bridging variant of a Standard Offer SDG&E does not yet have, on infrastructure "scheduled to be in place" only by virtue of Recommendation 1's own 120-day order.[81] The 10-year duration and 3-year bridging assumption are design choices without supporting analysis of customer willingness or exit consequences, and a decade-long capacity forbearance with no compensation mechanism is a product the record gives no reason to believe customers will accept – a point SDG&E, the Environmental Defense Fund, and the Utility Consumers' Action Network each made.[82]

5. Proposal's Section 9 Recommendation Referencing Section 7 of the Proposal (Competition and Market Access)

Section 7, Recommendation 1 – Interoperability and customer choice workshop.

SDG&E RESPONSE:

SDG&E Supports.

This is the appropriate venue for the vendor lock-in and access-fee concerns SDG&E raised and the Proposal credits.[83] SDG&E proposes two additions: the workshop should precede and inform any Grid Edge DERMS deployment mandate; and its scope should expressly include the general fee structures original equipment manufacturers (OEM) and service providers charge for device response to grid signals; the cost element capable, by itself, of erasing the projected

[81] Proposal at pp. 53-54.

[82] Proposal at pp. 37, 54 (citing D.26-02-025 at 10); SDG&E Reply Comments at pp. 8-9.

[83] SDG&E Response at pp. 5, 9-10; Proposal at pp. 37, 39, 54-55.

ratepayer benefit. SDG&E notes that it is precluded from discussing exact contract amounts publicly, per non-disclosure sections in its vendor contracts and competitive market restrictions placed on SDG&E by the device manufacturers. However, the IOUs can discuss aggregated, anonymized amounts for services. The other aspect of this fee structure is to discuss the scope of work that these original equipment manufacturers provide; today, they market, recruit, and enroll customers, as well as signal their devices. The OEMs will need to also attend and be ready to discuss new business models that may not necessarily include the marketing and enrollment aspects. A large question will be whether or not the OEMs have a desire to participate in this market, and perhaps provide something more tailored for DERMs, but also at an attractive price point to make it worthwhile. This is crucial since the IOUs do not control the devices, nor the OEMs.

6. Proposal's Section 9 Recommendations Referencing Section 8 of the Proposal (Real-Time Pricing)

Section 8, Recommendation 1 – Default enrollment of Variable/Dynamic envelope customers onto real-time pricing (opt-out preserved).

SDG&E RESPONSE:

SDG&E opposes.

Recommendation 1 would have the Commission "direct the large IOUs to default any customer taking service on a Variable or Dynamic Operating Envelope to an RTP rate" with the caveat that "the customer can opt out at the time of taking service under a Variable or Dynamic Operating Envelope."[84] The Proposal recommends that the default action be "implemented through the Tier 2 FSC Implementation AL"[85] and recommends that the Commission require the

[84] Proposal at p. 55.

[85] Proposal at p. 8.

Tier 2 FSC Implementation AL to be filed "within 120 days of the Track 3 decision."[86] No SDG&E real-time-pricing rate exists; the rates are pending in A.26-02-001 (implementation phased as early as 2028 on SDG&E's public filing); further refinements to Demand Flexible or RTP rates are being examined in R.26-04-009; the Commission's decision (D.25-08-049) confirmed rate design would be resolved in the application; and the commodity-rate interaction for community-choice-aggregation customers – a large share of SDG&E's delivery customers – is unaddressed.[87] The supporting analysis (Energy Division review of A.24-06-014 workpapers) is not of record and cannot be tested.[88] The feasibility of submitting a compliance advice letter 120 days after the Track 3 decision, depends on when applicable decisions in A.26-02-001 are issued. There is no certainty as to those decision dates. SDG&E proposes the Commission refer default enrollment policy to A.26-02-001 and R.26-04-009 and only adopt here, at most, a policy statement of intent.

Section 8, Recommendation 2 – Enrollment and opt-out data tracking.

SDG&E RESPONSE:

SDG&E opposes.

It is premature to require tracking enrollment, opt-out, and outcome data for flexible-connection customers on time-differentiated rates for the reasons SDG&E provided in response to Recommendation 1. Any data tracking model must follow availability of rates, not the reverse.

B. Ruling Question 3: Additional Recommendations

Ruling Question 3: Section 9 of the proposal summarizes recommendations for Commission action based on the stated goal of the proposal. Do parties find that any additional recommendations are warranted in support of this goal? [sic]

[86] Proposal at p. 6.

[87] A.26-02-001; D.25-08-049; D.26-01-026; Proposal at p. 41.

[88] Proposal at p. 41 n.65.

SDG&E RESPONSE:

There are several additional recommendations which would help to facilitate the load energization process[89] and that would support the use of DERs for ratepayer benefit.

- **Adopt a sequencing principle.** The decision should adopt, as an express principle, that evidence and cost-benefit analysis precede deployment mandates: workshop findings, the July 14, 2026 Grid Edge filings, and the Ruling's Question 5 quantification framework should be absorbed into the record before, not after, utility-specific program directives issue. The Proposal's current order (mandates in Section 9; foundational workshops in the same Section 9; evidence solicited by the same Ruling) is inverted.
- **Adopt the cost-benefit framework as a threshold requirement.** The measurement framework the Ruling's Question 5 requests should be **adopted** in the Track 3 decision and applied as a gating condition: no scaling directive (e.g., Grid Edge DERMS expansion beyond pilot scope, non-bridging Standard Offer scaling, default-mitigation status) should issue until the framework has produced positive territory-specific results. This converts the Proposal's aspiration into administrable policy.
- **Adopt utility-specific implementation plans indexed to enabling predicates.** For each utility, implementation obligations should key to that utility's actual dependencies – for SDG&E: Enterprise DERMS production milestones (2027-**2028** procurement and integration of record), Smart Meter 2.0 approval and deployment (A.25-12-012) provided Commission approval encompasses the technology

[89] Ruling at p. 3 n.2.

required for any ordered Grid Edge DERMS applications, and real-time-pricing rate availability (A.26-02-001) – with each utility's implementation based on how they are actually situated.[90]

- **Non-bridging solutions should be considered in the proceeding's Track 2 DER Orchestration Framework initiative.** The Proposal identifies, and declines to resolve, the compensation question at the center of customer adoption: whether customers will accept envelopes or long-duration non-bridging limits without compensation. Multiple parties, SDG&E among them, showed that adoption without compensation is unlikely.[91] To achieve ratepayer savings, the Commission should focus its efforts on establishing a DER Orchestration Framework.

C. Ruling Question 4: Advice Letter Design Elements and Consolidation

Question 4: For the proposed Advice Letters what, if any, additional implementation or program design elements should be addressed each Advice Letter. Do parties have recommendations on how to consolidate advice letters or make the process more efficient? [sic]

SDG&E RESPONSE:

While SDG&E opposes the specific 120-day advice letter filing requirements set forth in the Proposal, SDG&E recognizes the value in establishing a measured, evidence-based pathway toward FSC offerings that scales with actual customer demand. SDG&E therefore proposes that the Commission replace the Proposal's prescriptive filing mandates with a single, demand-tracking Advice Letter, as described below.

The Proposal's specific filing mandates should be eliminated for SDG&E. As explained above in SDG&E's comments on Section 6 of the Proposal, the Commission should modify the

[90] SDG&E Opening Comments at p. 11; SDG&E Reply Comments at pp. 5-6.

[91] Proposal at p. 37; SDG&E Reply Comments at pp. 8-9.

Proposal to eliminate the requirement for SDG&E to submit an Advice Letter implementing the Flex Connect-modeled Variable Operating Envelope. As discussed above in Section II and in response to Ruling Question 2, the record does not support directing SDG&E to implement a Standard Offer, and the Commission should correspondingly eliminate the requirement for SDG&E to submit a 120-day Tier 2 compliance advice letter. Finally, SDG&E recommends removing the Proposal's requirement to submit an advice letter for a ChargeBoost-type Grid Edge DERMS offering within 120 days of the Track 3 decision. As proposed, the offering relies on AMI 2.0 functionality that SDG&E does not currently have and does not anticipate implementing under its current plans, rendering the prescribed filing timeline impracticable. In each case, the common defect is the same: the Proposal directs SDG&E to invest time and resources building out standardized offerings before there is any record evidence that SDG&E customers actually want or would use them.

A demand-tracking Advice Letter is the appropriate alternative. Rather than compelling SDG&E to develop and file standardized FSC offerings on a fixed schedule and in the absence of demonstrated need, the Commission should direct SDG&E to submit a Tier 2 Advice Letter establishing a mechanism to track customer interest in Flexible Service Connections through SDG&E's existing energization process. Under this approach, SDG&E would incorporate a simple indicator, such as a checkbox or comparable field into its service-application intake, allowing prospective load customers to signal interest in a flexible service connection as an alternative to a conventional, upgrade-dependent connection. SDG&E would track and periodically report this interest data to the Commission, providing the record evidence that is presently absent regarding demand for FSC offerings in SDG&E's territory.

Only after customer interest is demonstrated at a sufficient and sustained level would SDG&E proceed to develop and make available a standardized FSC offering. This staged

approach directly serves the Commission's affordability objective: it ensures that ratepayer resources are committed to program development only where genuine customer demand exists, avoiding the cost and risk of building out standardized offerings and the supporting operational, metering, and communications infrastructure that may ultimately attract little or no customer uptake. It also produces exactly the kind of territory-specific evidentiary record the Commission found lacking in D.26-02-025, allowing any future FSC mandate for SDG&E to rest on demonstrated need rather than assumption. SDG&E accordingly recommends that the Commission adopt this demand-tracking Advice Letter in lieu of the Proposal's prescriptive 120-day filing requirements.

D. Ruling Question 5: Measuring, Tracking, and Reporting Costs and Benefits

Ruling Question 5: Many of the Proposal's recommendations are premised on the goal of affordability and ratepayer savings from greater capacity utilization, speed to power, and deferral or avoidance of upgrade capital expenditure. To realize these goals, quantification of ratepayer costs and benefits will be necessary. For each recommendation how should the IOUs measure, track and report key costs and benefit metrics?

SDG&E RESPONSE:

SDG&E agrees the "quantification of ratepayer costs and benefits will be necessary" for any directives included in the Track 3 decision. The question concedes what SDG&E's overarching comments establish: the quantification necessary to support the Proposal's affordability rationale does not yet exist.

Bridging solutions, if needed and acceptable to the customer, can improve affordability and increase capacity utilization by increasing electricity sales on the existing system prior to when the capital expenditures for the upgrades (necessary to accommodate the customer's full energization needs) would be made. Bridging solutions also support speed to power in those instances where

the utility is unable to build needed infrastructure on a schedule that meets the customer's timing needs.

As to metrics, the utilities are already required to submit voluminous amounts of data regarding the load energization process as well as the information supporting the Distribution Planning Process ("DPP"). Additional metrics are not needed to gauge the usefulness of bridging solutions. Non-bridging solutions should be considered in the Commissions' investigation into DER Orchestration in Track 2 of this proceeding. Those non-bridging solutions will be implemented via programs under which DERs are used to provide needed grid services. SDG&E anticipates that Commission approval of DER Orchestration programs will provide an opportunity to share pertinent results. It is not necessary, nor possible, for the Proposal to make useful decisions on those metrics since the metrics will depend on design of specific programs.

E. Ruling Question 6: Communication with the California Energy Commission

Ruling Question 6: How should IOUs ensure the existence of bridging solutions, non-bridging solutions, or the change from a bridging solution to a non-bridging solution are timely communicated with the California Energy Commission for forecasting purposes?

SDG&E RESPONSE:

SDG&E does not believe that bridging solutions, non-bridging solutions, or transitions between those categories will materially affect demand forecasts and therefore does not require dedicated reporting to the California Energy Commission ("CEC"). Bridging solutions are interim and the full amount of the customer's requested load will appear once the required upgrades are constructed. Furthermore, it is unlikely that the number of bridging solutions will be large in proportion to overall system-level load growth.

As noted in the responses above, uncompensated non-bridging solutions are unlikely to attract customer interest and will therefore have no impact on long-term load forecasts.

Compensated non-bridging solutions may have material impacts on forecast load levels. To the extent programs that use DERs to provide compensated distribution services are designed and funded, the forecast impacts on load will be incorporated in the CEC's IEPR load forecast. This will occur as a normal part of the CEC's annual forecast development process. Dedicated reporting by the IOUs to the CEC does not appear necessary for the CEC to collect the necessary information.

F. Ruling Question 7: Modifications to the D.26-02-025 Requirements for Any SDG&E Standard Offer

Ruling Question 7: The proposal recommends the Commission direct SDG&E to stand up a static FSC offering that is aligned with the requirements directed in D.26-02-025 for PG&E and SCE. (a) For SDG&E to implement this proposal, what, if any, modifications to the requirements directed in D.26-02-025 should the Commission consider?

SDG&E RESPONSE:

As discussed in Section II and in response to Ruling Question 2 and Question 4, the record does not support the need to direct SDG&E to implement a Standard Offer. As explained in SDG&E's response to Ruling Question 4, rather than compel SDG&E to build out a standardized offering at this time, the Commission should adopt SDG&E's proposed demand-tracking Advice Letter under which SDG&E would track customer interest in Flexible Service Connections through its existing energization process and scale investment only after sufficient, sustained interest is demonstrated. That approach remains SDG&E's primary recommendation and the appropriate, affordability-conscious path forward for SDG&E's territory.

This position is consistent with the Commission's own findings. In D.26-02-025, the Commission determined that implementation of a Standard Offer was appropriate for SCE and PG&E, while expressly recognizing that SDG&E's circumstances differed with respect to

constraints and program needs. [92] The demand-tracking Advice Letter described in response to Question 4 is the mechanism best suited to those different circumstances, generating the territory-specific record the Commission found lacking before any standardized offering is developed.

SDG&E therefore answers Question 7(a) only in the alternative: if the Commission nonetheless declines to adopt the demand-tracking approach and proceeds to require an SDG&E Standard Offer, the following modifications to the D.26-02-025 requirements are necessary to make such an SDG&E offering implementable and consistent with the decision's own logic. Notably, D.26-02-025 itself encouraged SDG&E to prepare for potential future constraints, and the modifications set forth below are, in substance, that preparation pathway.

- **Process and vehicle.** Rather than requiring implementation through a 120-day Tier 2 compliance advice letter, the Commission should permit SDG&E to submit an implementation plan through a Tier 3 advice letter, on a schedule SDG&E proposes with Energy Division consultation. Unlike PG&E and SCE, which implemented their Standard Offer through a joint advice letter developed on a comprehensive record in R.24-01-018 with an established implementation process; SDG&E would be designing from a standing start and should be permitted to leverage the PG&E/SCE joint advice letter as a template.[93]
- **Scope.** The Commission should consider limiting the initial offering to the Static Operating Envelope/Limited Power construct implemented through UL 3141-certified power control systems or a power control system that has been mutually agreed upon by both the IOU and customer. This approach represents the least

[92] D.26-02-025 at pp. 11-12.

[93] PG&E and SCE Joint Advice Letter Implementing the Standard Offer (noticed, Ruling at p. 6); D.26-02-025, Ordering Paragraphs 1-5.

operationally complex implementation pathway because it does not require DERMS integration, communication infrastructure, or advance metering dependencies.[94]

- **Engineering screens and data conditions.** Any adopted framework should provide flexibility for SDG&E to develop territory-specific eligibility criteria and engineering review screens that reflect SDG&E's secondary-system data. Applying eligibility requirements designed around **system** models or data availability of other utilities may not appropriately reflect conditions within SDG&E's service territory.[95]
- **Cost recovery.** The Commission should establish an appropriate mechanism for recovery of implementation, data collection and **reporting** as well as administration costs associated with program development, systems changes, and ongoing program management, subject to subsequent future reasonableness review.
- **Demand-indexed scaling and reporting.** Consistent with the absence of demonstrated need, size the initial program conservatively; require the Ruling Question 5 metrics from launch; and condition any scaling directive on reported **need** and realized-value results – converting the program itself into the evidence-gathering vehicle the record currently lacks.
- **Energization-framework coordination.** Provide expressly that Standard Offer evaluation and processing steps are administered consistently **with** SDG&E's energization timeline obligations under Senate Bill 410, Assembly Bill 50 and the R.24-01-018 framework.

[94] Proposal at p. 24.

[95] SDG&E Opening Comments at pp. 4, 18; Proposal at pp. 17-18.

G. Ruling Question 8: Safeguards Against Proprietary Restriction

Ruling Question 8: What hardware, software, or data sharing safeguards may be needed to ensure that customers can obtain a flexible connection without being restricted by proprietary arrangements?

SDG&E RESPONSE:

New Codes and Standards may be needed to address hardware issues that prevent the IOUs from direct signaling devices per the proprietary control of such devices by the OEM. There may be legislative changes needed that deal with OEMs in California, to make their devices "grid ready" with open source software or other aspects that include secure software if they are to sell devices within the state. The workshop discussed above could be the appropriate venue for such discussions of the current limitations, and possible solutions that are needed for such safeguards.

H. Ruling Question 9: Safety Concerns

Ruling Question 9: Are there any safety concerns that should be highlighted?

SDG&E RESPONSE:

Yes. Flexible connections are, by design, arrangements in which customer demand may exceed the capability of shared infrastructure unless controls perform. Safety analysis should therefore be organized around control-performance failure modes:

- **Device integrity and fail-safe behavior.** Power control systems must fail to a safe state – the most binding facility limit – on loss of communications, loss of power, tampering, or fault. Certification (UL 3141), commissioning verification, and periodic revalidation should be program requirements, with defined consequences for devices found nonconforming.[96]

[96] Proposal at pp. 4 n.5, 24.

- **Shared-infrastructure overload.** On shared transformers and secondaries, one customer's envelope violation can overload infrastructure serving neighbors. Programs must define detection, enforcement, and – for the Grid Edge tier – the capacity-sharing rules among customers on common assets. Proposal Recommendation 5's workshops have yet to design efficient and equitable capacity-sharing rules; deployment ahead of those rules places the safety architecture after the hardware.[97]
- **Abnormal-configuration operation.** Envelopes computed for normal configurations may be invalid during switching, outage restoration, and other abnormal operating conditions. Programs must allow envelope modification for abnormal configurations.
- **Installation quality at scale.** Residential-scale deployment (the Grid Edge DERMS and default-mitigation pathways) implies thousands of customer-premise device installations and, on the Proposal's architecture, meter data exchanges. Installer qualification, inspection protocols, and field-workforce safety standards should be considered.

IV. CONCLUSION

SDG&E appreciates the opportunity to comment on the Assigned Commissioner's Proposal. SDG&E's comments highlight concerns, not with the Commission's goals, but with a Proposal that directs SDG&E to implement specific, utility-specific offerings on compressed timelines and on technical platforms SDG&E does not yet possess, without first establishing an evidentiary record demonstrating customer demand or operational need.

[97] Proposal at pp. 49-50; SDG&E Opening Comments at pp. 4-5.

Across each recommendation, a single sequencing principle should guide the Commission's action: evidence, then findings, then direction. Mandates modeled on programs developed by other utilities to address their distinct needs and built on functionality unique to their systems should not be imposed on SDG&E before the workshops, reports, and demand data the Proposal itself contemplates have been developed. Directing implementation now would prejudge questions properly reserved to other proceedings, including SDG&E's pending Smart Meter 2.0 application (A.25-12-012), and would commit ratepayer resources to offerings of unproven demand in SDG&E's territory, contrary to the Commission's recognition in D. 26-02-025 that the record lacks utility-specific evidence regarding customer demand and system needs.

SDG&E's recommendations offer the Commission a measured and affordability-conscious path forward. SDG&E supports the Section 4 operating-envelope taxonomy as common vocabulary; the Static Operating Envelope/Limited Power tier as a customer-elected near-term foundation, though not as a default mitigation; the targeted harmonization of Rule 2; and the phased SIO-CS cybersecurity baseline together with its deviation-justification mechanism. SDG&E likewise supports the workshop processes the Proposal contemplates – the abnormal-conditions Dynamic Operating Envelope workshop, the Energy Division-led Grid Edge DERMS workshops, and the Section 7 interoperability and customer-choice workshop – provided in each case that record development precedes, rather than follows, any deployment directive. In place of the Proposal's prescriptive 120-day filing mandates, SDG&E proposes a demand-tracking Advice Letter that would measure genuine customer interest through the existing energization process and scale investment only as that interest is demonstrated. And SDG&E urges the Commission to direct its efforts toward compensated, non-bridging solutions through the Track 2 DER Orchestration initiative, where distributed energy resources can be dispatched to provide needed

distribution services and compensated at levels that are commercially viable and cost-effective for ratepayers.

For the foregoing reasons, SDG&E respectfully requests that the Commission adopt the modifications set forth in these comments. Doing so will advance the affordability and grid-utilization objectives at the heart of the Proposal while ensuring that any obligations imposed on SDG&E rest on a sound evidentiary record, appropriate sequencing, and demonstrated customer need. Such an approach will enable the Commission to advance its policy objectives while preserving flexibility for utility-specific implementation pathways and avoiding premature investments in unproven offerings. SDG&E looks forward to continued collaboration with the Commission, Energy Division, and stakeholders as this important work proceeds.

Respectfully submitted,

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