

ALJ/SW9/jnf

**PROPOSED DECISION** Agenda ID #18931 (Rev. 1)

**Ratesetting**  
**12/17/2020 Item #8**

Decision **PROPOSED DECISION OF ALJ WANG** (Mailed 10/30/2020)

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

Application of SAN DIEGO GAS &  
ELECTRIC COMPANY (U902E) for  
Approval of Electric Vehicle High  
Power Charging Rate.

Application 19-07-006

**DECISION AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY  
RATE FOR ELECTRIC VEHICLE HIGH POWER CHARGING**

## TABLE OF CONTENTS

Title	Page
DECISION AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY RATE FOR ELECTRIC VEHICLE HIGH POWER CHARGING.....	1
Summary .....	2
1. Procedural Background.....	2
2. Issues Before the Commission.....	4
3. Relevant Law, State Goals and Rate Design Principles .....	6
4. Customer Eligibility .....	9
5. Rate Components .....	10
5.1. Distribution Costs.....	11
5.2. Commodity Costs .....	15
5.3. Non-bypassable Charges.....	19
6. Subscription Charge .....	19
7. Time-of-Use.....	21
8. Marketing, Education, and Outreach.....	22
9. Program Evaluation .....	24
10. Optional Dynamic Rate .....	27
11. Cost Recovery .....	28
11.1. Cost Recovery for Proposed Rate.....	28
11.2. Cost Recovery for Interim Rate Waiver .....	29
12. Comments on Proposed Decision.....	31
13. Assignment of Proceeding .....	31
Findings of Fact.....	31
Conclusions of Law .....	33
ORDER .....	37

## **DECISION AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY RATE FOR ELECTRIC VEHICLE HIGH POWER CHARGING**

### **Summary**

This decision approves with modifications a proposal by San Diego Gas & Electric Company for a new rate for separately-metered electric vehicle charging loads with an aggregated maximum demand of 20 kilowatts or greater, excluding single-family residential customers. This proceeding is closed.

### **1. Procedural Background**

On August 15, 2019, the Commission approved in Decision (D.) 19-08-026 the Settlement Agreement Regarding San Diego Gas & Electric Company's (SDG&E) Medium-Duty and Heavy-Duty Electric Vehicle Charging (MD/HD) Infrastructure Program and Vehicle-to-Grid Electric School Bus Application (EV Infrastructure Settlement Agreement). The settlement agreement required SDG&E to develop one or more new electric vehicle rate options within six months of final approval of the agreement.

On July 3, 2019, SDG&E filed Application (Application or A.) 19-07-006 to propose a new electric vehicle high power charging (EV-HP) rate to serve MD/HD and direct current fast charging (DCFC).

Parties filed protests or responses to the Application on or before August 9, 2019.<sup>1</sup> SDG&E filed a reply to protests and responses to its Application on August 19, 2019.

---

<sup>1</sup> The following parties filed timely responses or protests to the application: Alliance of Automobile Manufacturers, American Honda Motor Co., Association of Global Automakers Inc., ChargePoint, Inc., Coalition of California Utility Employees (CCUE), Enel X North America, Inc. (previously known as Electric Motor Werks, Inc.), Environmental Defense Fund (EDF), EVBox Inc., EVgo Services LLC (EVgo), Greenlots, Natural Resources Defense Council (NRDC), Plug In America, Public Advocates Office (Cal Advocates), San Diego Airport Parking

*Footnote continued on next page.*

The Commission held a prehearing conference on September 17, 2019, to discuss the issues for the scope of the proceeding and procedural matters. On October 7, 2019, the assigned Commissioner issued a scoping ruling to establish the category, issues to be addressed, and schedule of the proceeding.

The scoping ruling and an Administrative Law Judge (ALJ) ruling on October 7, 2019, provided an expedited process for the Commission to consider an interim EV-HP rate in advance of a proposed decision on the remaining issues. On April 24, 2020, the Commission issued Decision (D.) 20-04-009 to approve an interim rate waiver to serve separately-metered MD/HD and DCFC electric vehicle customers of SDG&E.<sup>2</sup> That decision reserved the issue of the cost recovery process for the interim rate waiver and how to calculate any revenue shortfall or gains from the interim rate waiver for a future decision in this proceeding.

On March 4, 2020, Governor Newsom proclaimed a State of Emergency to exist in the State of California as a result of the threat of COVID-19. On March 19, 2020, Governor Newsom issued Executive Order N-33-20 to direct all California residents to shelter in place to slow the spread of COVID-19, except to access necessities and maintain critical infrastructure sectors.

On March 13, 2020, assigned ALJ Wang held a telephonic status conference to discuss parties' travel restrictions due to the COVID-19 emergency, alternate dates for evidentiary hearings, and alternatives to evidentiary hearings. Parties

---

Company (SDAP), Siemens, Small Business Utility Advocates (SBUA), Tesla, Inc. (Tesla), Union of Concerned Scientists (UCS), and Utility Consumers' Action Network (UCAN).

<sup>2</sup> This joint stipulation provided that SDG&E is currently replacing its Customer Information System, and as part of the replacement schedule, there is a one-year "freeze period" where structural changes and additions will be deferred until the new Customer Information System is implemented and stabilized, which is expected no sooner than early 2021.

relied on data requests in lieu of cross examination. Each party that provided a revised cross examination estimate in April 2020, waived all cross examination. On April 29, 2020, ALJ Wang cancelled evidentiary hearings.

On June 30, 2020, fifteen parties<sup>3</sup> filed and served a joint motion for adoption of a partial settlement agreement (Partial Settlement Motion).

On July 29, 2020, four parties<sup>4</sup> filed comments opposing the motion.

On July 10, 2020, ALJ Wang issued a ruling to receive exhibits into evidence. Parties filed and served opening briefs on July 17, 2020, and reply briefs on August 14, 2020.<sup>5</sup>

## **2. Issues Before the Commission**

Rule 12.1(d) of the Commission's Rules of Practice and Procedure provides that the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest. Fifteen parties to this proceeding, representing a broad range of interests, offered the Partial Settlement Motion. Four active parties in this proceeding, including parties representing utility ratepayers and potential EV-HP rate participants, opposed the Partial Settlement Motion.

Parties to the Partial Settlement Motion agreed on only a portion of highly contested issues in this case. The Partial Settlement Motion specifically excludes

---

<sup>3</sup> SDG&E, EDF, Siemens, UCS, Cal Advocates, Greenlots, Plug In America, Tesla, CCUE, ChargePoint, EVBox, Inc., EVgo, Sierra Club, EnelX North America, Inc., and NRDC.

<sup>4</sup> Electrify America LLC (Electrify America), SBUA, SDAP and UCAN.

<sup>5</sup> Cal Advocates, EDF, EVgo, SBUA, UCAN, Electrify America, ChargePoint, Joint Parties (Greenlots, Sierra Club, CCUE, Siemens, Plug In America, UCS, NRDC, EVBox Inc.), Tesla, SDAP, and SDG&E.

the issues of (a) whether SDG&E's commodity cost proposal is reasonable and (b) whether SDG&E's bill comparison use case scenarios are reasonable. We find that the issue of commodity costs cannot be considered separately from the core issue of whether the cost components of SDG&E's proposed rate are reasonable. We must consider all costs to be recovered through the EV-HP rate to determine whether such rate will meet state goals and comply with rate design principles.

Therefore, we conclude that it is not in the public interest to review this contested motion to settle a portion of contested issues in this proceeding as a settlement agreement. Rather, we will review the Partial Settlement Motion as a set of joint stipulations regarding party positions. Since SDG&E is a party to the Partial Settlement Motion, we will also consider these positions as modifications to SDG&E's rate proposal.

Accordingly, we will determine whether to approve the EV-HP rate proposal of SDG&E, as revised,<sup>6</sup> or with additional modifications.

In accordance with the scoping memo for this proceeding and D.20-04-009, the issues before the Commission are as follows:

1. Whether SDG&E's proposed EV-HP rates are reasonable, in compliance with relevant law and Commission decisions and should be approved.
2. Whether SDG&E's proposal will promote a positive customer experience and advance state policy goals.
3. Whether SDG&E's proposal to replace the demand charge with a subscription charge for their EV-HP rate is reasonable.

---

<sup>6</sup> SDG&E's application is revised by the Partial Settlement Motion and the exhibits offered by SDG&E and received into the record of this proceeding.

4. How to evaluate the performance of the EV-HP rate to determine if it advances Commission objectives and state policy goals.
5. Whether SDG&E's use case scenarios to demonstrate estimated changes to customer's bills if they enroll in the EV-HP rate are reasonable.
6. Whether SDG&E's proposed cost recovery methods are reasonable.
7. How SDG&E should calculate and recover costs for the interim rate waiver.

### **3. Relevant Law, State Goals and Rate Design Principles**

Senate Bill (SB) 350, the Clean Energy and Pollution Reduction Act (Chapter 547, Statutes of 2015), established new greenhouse gas reduction goals for California and declared that widespread transportation electrification would be required to meet these goals and meet air quality standards.

SB 350 requires the California Public Utilities Commission (Commission), in consultation with the California Air Resources Board and the California Energy Commission, to direct the utilities under our regulatory oversight to file applications for programs and investments to "accelerate widespread transportation electrification." The Commission should "provide the opportunity to access electricity as a fuel that is cleaner and less costly than gasoline or other fossil fuels in public and private locations."<sup>7</sup>

California law requires the deployment of electric vehicles to "assist in grid management, integrating generation from eligible renewable energy resources, and reducing fuel costs for vehicle drivers who charge in a manner

---

<sup>7</sup> California Public Utilities (Pub. Util.) Code Section 740.12.

consistent with electrical grid conditions.”<sup>8</sup> The Commission must consider rate design strategies that can reduce the effects of demand charges on electric vehicle drivers and fleets and help accelerate the adoption of electric vehicles. The Commission should also consider adopting a tariff specific to heavy-duty electric vehicle fleets or electric trucks and buses that encourages charging when there is excess grid capacity.<sup>9</sup>

On September 23, 2020, Governor Newsom issued Executive Order N-79-20 which targets both light-duty and MD/HD vehicle electrification. The Executive Order requires that all in-state sales of new light-duty vehicles be zero-emission by 2035, and establishes the goal that 100 percent of MD/HD vehicles in California will be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. The executive order further sets a goal of the state to transition to 100 percent zero-emission off-road vehicles and equipment by 2035 where feasible. It also directs the Commission and other relevant state agencies to use their existing authority to accelerate deployment of affordable fueling and charging options for zero-emissions vehicles, in ways that serve all communities and in particular low-income and disadvantaged communities.

Developing electric vehicle rates that meet all of the foregoing mandates is a balancing act. We must ensure that our efforts to electrify transportation support our overall greenhouse gas emissions goals. We must reduce the effects of demand charges and accelerate the adoption of electric vehicles in a manner that assists in grid management and integrating renewable energy resources. We

---

<sup>8</sup> Section 740.12(a)(1)(G) of the Pub. Util. Code.

<sup>9</sup> Section 740.15(a) of the Pub. Util. Code.



should provide the opportunity to access fuel that is less costly than fossil fuels at public and private locations, while encouraging electric vehicle drivers to charge in a manner consistent with grid conditions.

Further, the Commission must align electric vehicles rates with our general rate design principles.<sup>10</sup> An electric vehicle rate must reduce fuel costs and the effects of demand charges, but the rate must also be based on cost-causation principles and encourage reduction of both coincident and non-coincident demand. Rates should be based on marginal costs and generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals. We must encourage the use of charging stations when there is excess grid capacity, while ensuring that charging rates are stable, understandable, and provide customer choice.

Threading the needle through rate design principles and transportation electrification goals is more challenging yet more essential than ever. As parties raised in briefs, the COVID-19 recession has upended businesses across the state.<sup>11</sup> The pandemic also threatens the health and economic security of millions of California ratepayers. In other words, if we fail to provide sufficient fuel savings, most businesses will not be able to afford to adopt electric vehicles. On the other hand, if we authorize subsidies to provide a fuel switching incentive for commercial transportation electrification, ratepayers that are already stressed by the recession will shoulder the costs. However, if we strike the right balance, an EV-HP rate has the potential to accelerate adoption of electric vehicles and provide ratepayer savings.

---

<sup>10</sup> D.18-08-013 at COL 22

<sup>11</sup> See opening briefs of SBUA and SDAP.

#### 4. Customer Eligibility

SDG&E proposes to make the EV-HP rate optional for all separately-metered electric vehicle charging loads with an aggregated maximum demand of 20 kilowatts (kW) or greater, excluding single-family home residential customers. SDG&E originally proposed to make the EV-HP rate only available to MD/HD fleets and DCFC customers.

In response to party input,<sup>12</sup> SDG&E proposes to expand eligibility to a wide spectrum of sites, including multi-unit dwellings and businesses with separately-metered Level 2 charging stations. Parties to the Partial Settlement Motion support this expansion of customer eligibility, and no party opposes this proposal.

In its opening brief, ChargePoint proposed extending customer eligibility to include submetered EV charging loads, if the Commission approves a submetering protocol, in alignment with D.19-10-055. In that decision, we acknowledged that customers with approved submeters for metering electric vehicle charging load should be eligible for Pacific Gas and Electric Company's (PG&E) Commercial Electric Vehicle (CEV) rate. SDG&E and SDAP agreed in reply briefs that a Commission-approved submeter should be considered a separate meter for customer eligibility purposes. This would support EV-HP participation by enabling customers to adopt the rate without installing a separate meter.

We find that SDG&E's revised customer eligibility proposal, including treatment of approved submeters, is reasonable. Extending eligibility for the

---

<sup>12</sup> See Exhibit (Exh.) Cal Advocates-1AA; Exh. TSLA-1; and Exh. NRDC-01.

EV-HP rate advances the state mandate to accelerate transportation electrification.<sup>13</sup> By including multi-unit dwellings and workplaces, this rate accelerates deployment of affordable fueling and charging options for zero-emissions vehicles in ways that serve all communities and in particular low-income and disadvantaged communities.<sup>14</sup>

## **5. Rate Components**

A broad range of parties have also raised the Commission's Economic Development Rate (EDR) decisions as a guidepost for designing the EV-HP rate.<sup>15</sup> The Partial Settlement Motion asserts that its approach aligns with the Commission's treatment of Economic Development Rates load as retained or incremental load. SDAP argues in its reply brief that the EV-HP rate should mirror the EDR business attraction approach of setting the rate at the marginal cost price floor for five years.

EDR rates provide an enhanced discount on otherwise applicable tariffs to eligible commercial customers. The intent of such rates is to retain and attract businesses, resulting in job growth and benefits to the state's economy. Successful EDR programs increase the revenues available to contribute to the utilities' fixed costs of doing business, lowering rates for other customers. The Commission has found that attracting new load with EDR discounts benefits ratepayers so long as these customers pay rates at a "price floor" that represents the cost to serve these new customers.<sup>16</sup>

---

<sup>13</sup> Section 740.15(a) of the Pub. Util. Code.

<sup>14</sup> Governor Newsom's Executive Order N-79-20.

<sup>15</sup> See Partial Settlement Motion and opening briefs of Joint Parties and SDAP.

<sup>16</sup> See D.13-10-019 and D.19-07-003.

There are useful parallels between EDR programs and the EV-HP rate. The Commission has authorized EDR discounts for non-residential electricity customers to retain, attract or stimulate expansion of load. Only non-residential customers would be eligible for the EV-HP rate, and would generally represent new load. EDR programs include safeguards to protect non-participating ratepayers. Participants must provide a positive Contribution to Margin (CTM). CTM is the difference between the average rate paid by a customer and the marginal cost of serving that customer. Rates set at or above marginal costs result in “positive CTM.” Rates set below marginal costs result in “negative CTM.”<sup>17</sup> Positive CTM implies that participants must pay, at minimum, a “price floor” set at the marginal cost of providing service, plus all non-bypassable charges.<sup>18</sup>

We will consider the applicability of the Commission’s approach to EDR programs as we discuss each component of the proposed EV-HP rate.

### **5.1. Distribution Costs**

Parties to the Partial Settlement Motion propose to recover only the most recently Commission-approved Medium and Large Commercial and Industrial (M/L C&I) marginal distribution demand revenues in the EV-HP subscription and energy charges in the first year that the EV-HP rate is open to customer enrollment. These parties propose to linearly phase in recovery of applicable allocated equal percent of marginal cost (EPMC) distribution demand revenues to the EV-HP subscription and energy charges over ten years.

---

<sup>17</sup> D.13-10-019 at 3.

<sup>18</sup> D.13-10-019 at 17, D.19-07-003 at 7.

In D.18-08-013, we explained the history of Commission decisions that support EPMC as a cost-based and appropriate way to allocate revenue and design retail rates. Under the EPMC approach, each class's revenue allocation equals their marginal cost responsibility in dollars plus their relative marginal cost responsibility percentage multiplied by the total non-marginal costs for the utility. It assigns the non-marginal costs to each class proportionate to their marginal cost responsibility, which means that those classes that impose the greatest additional (or new) costs on the utility also bear the greatest burden for the existing utility costs. Consistent with its use of EPMC to allocate revenue responsibility between and among customer classes, the Commission has typically used EPMC as a starting point for allocating revenue responsibility among individual customers *within* a customer class.

As proposed by the Partial Settlement Agreement, customers would pay the full EV-HP rate – reflecting their full EPMC-scaled cost of service – beginning in Year 11. SDG&E would adopt a ten-year phase-in period for the full EV-HP rate that begins when the EV-HP rate is opened to customer enrollment (*i.e.*, beginning after disposition of SDG&E's advice letter seeking approval of the EV-HP rate and ending ten years from the date of advice letter approval). The phase-in period would not vary by customer.

Electrify America, SBUA, SDAP and UCAN oppose this proposal, asserting that it would not meet the state mandate to provide fuel savings compared to conventional fuels in low utilization scenarios. Electrify America and SDAP propose<sup>19</sup> that the EV-HP rate mimic EDR design and recover only

---

<sup>19</sup> See opening brief of Electrify America and reply brief of SDAP.

marginal costs of serving EV-HP customers for five years, without the application of EPMC scaling or a subscription charge.

While EDR design is relevant to this discussion, we also find important differences. An EDR program is designed to attract or retain specific customers with discounts for short durations (*e.g.* five years). An EDR program may also include a participation cap to limit risks of revenue shortfalls and cost shifting.<sup>20</sup>

In contrast, this Application aims to accelerate transportation electrification by offering declining discounts to any eligible customer for ten years. Discounts decline for all participants in lock step over 10 years, rather than varying by participant. There is no participation cap. The proposed rate is similar to market transformation programs. For example, the California Solar Initiative was designed to meet state solar installation goals with incentives that declined for all participants over 10 years. Accordingly, we conclude that it is reasonable for the EV-HP rate to be designed to spur participation over a 10-year period and to phase in EPMC scaled costs over time.

Opponents to the Partial Settlement Motion argue that phasing in EPMC after the first year will not provide sufficient fuel savings to incentivize adoption of the EV-HP rate. SBUA, SDAP and UCAN assert that the COVID-19 recession has resulted in low charging utilization, which would reduce fuel savings since the proposed rate includes subscription charges. These parties argue that phasing in EPMC will not provide needed fuel savings.<sup>21</sup> SDAP points out that

---

<sup>20</sup> See D.19-07-003 at 6. SDG&E's EDR program includes a participation cap of 40 megawatt.

<sup>21</sup> See July 29, 2020 joint comments opposing Partial Settlement Motion.

COVID-19 has also resulted in lower conventional fuel costs, underscoring the need for low EV (electric vehicle) charging rates.<sup>22</sup>

Parties to the Partial Settlement Motion did not agree upon whether SDG&E's use cases are realistic or SDG&E's underlying assumptions about expected utilization levels or fuel savings. Instead, the parties propose to reassess the design of the rate at a workshop three years after implementation, as discussed in Section 9 below. Opposing parties argue that three years is too long to wait to consider whether the rate supports fuel savings.

We find that the EV-HP rate should be modified to account for uncertainties about the impacts of the COVID-19 recession on utilization and fuel savings. Rather than beginning to phase in EPMC scaled costs after the first year of implementation, we conclude that the EV-HP rate should begin to phase in EPMC scaled costs after the rate has been available for three years. Subscription and energy charges would remain the same for the first three years and then would linearly phase in recovery of applicable allocated EPMC distribution demand revenues to the EV-HP subscription and energy charges over the remaining seven years. Customers would pay the full EV-HP rate— reflecting their full EPMC-scaled cost of service— beginning in Year 11.

This timeline will give the Commission and stakeholders the opportunity to review actual data showing the impacts of the COVID-19 recession on EV-HP rate adoption and fuel savings before the phase in of EPMC scaled costs begins.

---

<sup>22</sup> Opening brief of SDAP.

## 5.2. Commodity Costs

The Partial Settlement Motion excluded the issue of commodity costs. This issue is highly contested. Most parties support one of the following approaches for addressing commodity costs.<sup>23</sup>

- 1) SDG&E proposes for the EV-HP rate to include Schedule EECC-CPP-D commodity rates (SDG&E's standard rate for M/L C&I customers) which include full EPMC scaling. This schedule also includes participation in the Critical Peak Pricing (CPP) program, which provides a strong price signal to avoid charging during a few CPP events per year. In other words, the EV-HP rate would not offer any commodity cost discount for M/L C&I EV customers. SDG&E proposes to adjust the schedule to provide an additional incentive to charge during super-off-peak periods with a \$0.03/kilowatt-hour (kWh) reduction in the super off-peak energy charge and around a \$0.04/kWh increase in the on-peak energy charge.<sup>24</sup> Cal Advocates supports this proposal.<sup>25</sup>
- 2) Tesla proposes using standard Schedule EECC-CPP-D (like Proposal 1), but without the modification proposed by SDG&E.
- 3) Joint Parties<sup>26</sup> propose to modify Schedule EECC-CPP-D for EV-HP participants to recover only marginal commodity costs in year 1, and then linearly phase in recovery of EPMC scaled costs over 10 years. Joint Parties

---

<sup>23</sup> In comments on Illustrative EV-HP Commodity Rate Options, Electrify America proposed to revisit the issue of commodity charges with the premise that we would abandon subscription charges. Since we will approve subscription charges, we will not consider Electrify America's commodity charge approach here.

<sup>24</sup> Exh. SDGE-5.

<sup>25</sup> Cal Advocates comments on Illustrative EV-HP Commodity Rate Options.

<sup>26</sup> Joint Parties consist of Greenlots, Sierra Club, CCUE, Siemens, Plug In America, UCS, NRDC and EVBox Inc.



assert that this approach aligns with the Partial Settlement Motion's approach to distribution costs.<sup>27</sup>

- 4) SDAP proposes that the EV-HP rate only collect marginal commodity costs for the first five years. As noted earlier, SDAP highlights uncertainties due to COVID impacting utilization and fuel costs.<sup>28</sup>

Cal Advocates argues against Proposals 3 and 4, raising concerns that these proposals could cause a revenue shortfall and could potentially burden non-participating ratepayers with some of the cost of service of EV-HP customers. SDAP responded that the same logic applies to the Partial Settlement Motion's approach to distribution costs. As a party to the Partial Settlement Motion, Cal Advocates agreed that EV-HP loads should be treated as retained or incremental load and measured relative to the marginal cost price floor<sup>29</sup> of a Contribution to Margin (CTM) analysis, rather than against hypothetical revenues if EV-HP customers were served under Schedule AL-TOU, SDG&E's standard medium and large commercial and industrial (M/L C&I) rate. The Partial Settlement Motion asserts that this approach aligns with the Commission's treatment of EDR load as retained or incremental load. We find these arguments persuasive and relevant when considering how to address commodity costs.

The Partial Settlement Motion excludes the issue of whether the bill impact use cases are reasonable. SDG&E states that its estimated customer bill impacts

---

<sup>27</sup> Opening brief of Joint Parties.

<sup>28</sup> Opening brief of SDAP.

<sup>29</sup> Consisting of the sum of marginal costs and non-bypassable charges calculated using the actual usage of EV-HP customers.

are based on illustrative customer site characteristics and load curves.<sup>30</sup> Parties generally agree that most of SDG&E's use case analyses have limited value for determining potential fuel savings or ratepayer impacts to the extent that those use cases are based on assumptions rather than actual data.<sup>31</sup> Further, even SDG&E's use cases based on actual data may be outdated because they do not account for the impact of the COVID-19 recession.<sup>32</sup> Electrify America argued in its opening brief that the use case in Exhibit SDGE-16 was based on actual data from DCFC operators and showed high costs compared with fossil fuels for charging stations with a 1% load utilization factor.

Accordingly, as discussed further in Section 9 below, we will rely on a program evaluation process that relies on actual data to protect ratepayers and confirm the effectiveness of the EV-HP rate for advancing state electric vehicle goals.

SDG&E raised three concerns about Proposal 3, arguing that it:

(a) weakens price signals to discourage charging during peak periods, (b) weakens the CPP adder to the commodity rates during the initial years of the rate, and (c) weakens price signals to encourage charging during super-off-peak periods relative to Proposal 1. However, we find that Proposal 3 provides a reasonable price signal to avoid charging during peak hours and a strong signal

---

<sup>30</sup> Exh. SDGE-3 states, "SDG&E estimated the customer bill impacts of switching to the EV-HP rate for large and small medium-duty ("MD") EV commercial fleets, a transit bus depot, a school bus depot, and a DCFC station. These sample customers' site characteristics and hourly load curves are illustrative, with individual modeling inputs drawn from published research, industry sources, and SDG&E estimates."

<sup>31</sup> See opening briefs of Cal Advocates, SDAP, SBUA, UCAN and ChargePoint.

<sup>32</sup> See opening brief of SDAP.

to avoid charging during CPP events in the first year of the rate (*i.e.* over \$1.30 price adder during CPP events).<sup>33</sup>

We conclude that it is reasonable to adopt an approach to commodity costs that incorporates elements of proposals 3 and 4 above. As proposed by Joint Parties, we will phase in EPMC-scaled costs to the commodity costs over time. We will also account for COVID-19 impacts as recommended by SDAP by starting the phase in of full EPMC scaling after the rate has been available for three years, mirroring the approach we adopted for distribution costs above. We agree with SDG&E and Cal Advocates that the rate should provide a strong price signal to participants to charge during super-off-peak periods. However, we also recognize that some participants will have limited ability to adjust the timing of charging on a regular basis, such as DCFC charging stations. On balance, we expect that the rate will provide a sufficient price signal to charge during super-off-peak periods without an additional super-off-peak incentive.

We direct SDG&E to file a Tier 2 advice letter to create two new commodity costs schedules based on Schedule EECC-CPP-D and Schedule EECC that recover only marginal commodity costs in year 1 of enrollment, and linearly phases in EPMC-scaled costs after year 3 through year 10. We note that SDG&E's proposal provides that EV-HP participants will have the option to opt out of Schedule EECC-CPP-D and take commodity service on Schedule EECC, which has on-peak demand charges to recover commodity capacity costs in lieu of participation in the Critical Peak Pricing program. We agree that it is appropriate to require participants who opt out of Schedule EECC-CPP-D to be

---

<sup>33</sup> SDG&E's Illustrative EV-HP Commodity Rate Options at 13.

subject to on-peak demand charges to encourage participation in the Critical Peak Pricing program.

However, we recognize that participants with providers that may not offer CPP-D, such as a Community Choice Aggregator (CCA) or Direct Access (DA) provider, may be required to take commodity service on Schedule EECC and be subject to on-peak demand charges. We direct SDG&E to provide a status report on discussions with CCAs and DA providers about enabling CCA and DA customers who participate in the EV-HP program to access CPP-D and avoid on-peak demand charges within 12 months of the rate becoming available.

### **5.3. Non-bypassable Charges**

No party proposes to adjust the collection of non-bypassable charges. The Partial Settlement Motion and San Diego Airport Parking's opening brief both assert that EV-HP participants should provide a positive CTM relative to a marginal cost price floor that includes all non-bypassable charges in alignment with approved EDR programs. The Partial Settlement Motion also provided "illustrative" proposed EV-HP rates that include non-bypassable charges.

We conclude that this decision should not affect revenue collection or rate design for non-bypassable charges. This is consistent with previous EDR decisions (as discussed above).<sup>34</sup>

## **6. Subscription Charge**

The Partial Settlement Motion proposed that SDG&E apply a subscription charge that is metered in 10 kilowatt (kW) increments for customers with a maximum demand of 150 kW, and in 25 kW increments for all other customers.

---

<sup>34</sup> D.19-10-055 Ordering Paragraph 14 provided that non-bypassable charge revenue collection and rate design were not affected by the decision.

This modification is responsive to party comments. SDG&E originally proposed 25 kW increments for all customers.<sup>35</sup> Several parties argued that the subscription increments should be reduced to avoid burdens for customers with small loads.<sup>36</sup>

SDG&E proposes to offer up to a three-month grace period if a customer's maximum demand exceeds their subscription level. At the end of the first month in which a customer exceeds their subscription level, SDG&E will notify the customer that their maximum demand exceeded their subscribed demand level. To avoid exceeding their subscription level again, the customer can either increase their subscription level or limit their maximum demand. If the customer's maximum demand continues to exceed their subscription level after another two months, SDG&E will reset their subscription level to align with the customer's actual maximum demand. The customer will then have to remain at the higher subscription level – reflective of their actual maximum demand – for at least three additional months. If the customer's maximum demand exceeds their subscribed demand for six months in the rolling twelve-month period, their subscription level will be immediately increased consistent with their maximum demand. The customer must then wait three months before they have the option to lower their subscription level.<sup>37</sup> Electrify America and SDAP argue in opening briefs against the concept of using a subscription charge in the EV-HP rate, claiming that a subscription charge does not fulfill the state mandate to reduce

---

<sup>35</sup> Exh. SDGE-1.

<sup>36</sup> Exh. EA-01, Exh. SBUA-1, Exh. TSLA-2, Cal Advocates-2AA.

<sup>37</sup> Exh. SDGE-1.

the effects of demand charges on electric vehicle drivers and fleets. In the Partial Settlement Motion, parties argued that the proposed subscription charge meets the state mandate to reduce the effect of demand charges.

After reviewing SDG&E's subscription charge proposal, we conclude that the proposal is reasonable.

SBUA and SDAP also assert that the subscription charge increments are not small enough for customers with low demand like small businesses.<sup>38</sup> However, we find that 10 kW increments for customers with low demand are reasonable since participants will not face penalties for going over the 10 kW increments.

A few parties recommended a "grace amount" for participants that use more than their subscription increment.<sup>39</sup> We do not find it necessary for SDG&E to implement a grace amount since the increments are reasonably small.

## **7. Time-of-Use**

The Partial Settlement Motion proposes to incorporate the same time-of-use (TOU) periods and seasonal energy rates as other SDG&E M/L C&I rates.

SDAP argues against seasonal energy rates, urging alignment with D.19-10-055, which did not include seasonal energy rates for commercial EV charging in PG&E's service territory.<sup>40</sup> SDAP asserts that commercial EV fleet customers need simple rates to support adoption, and further points out that

---

<sup>38</sup> Opening briefs of SBUA and SDAP.

<sup>39</sup> Opening brief of EDF. Reply briefs of EVgo and Electrify America.

<sup>40</sup> Opening brief of SDAP.

commercial charging behavior is not significantly influenced by weather or seasonal factors.<sup>41</sup>

We recognize that some potential EV-HP participants would prefer less bill volatility. However, we will retain existing seasonal differentials for simplicity and consistency with the existing rate for SDG&E's M/L C&I customers, and to provide a stronger signal for participants to charge off peak at the times of year when this matters most without creating revenue shortfall. SDAP also recommends adjusting TOU periods to reflect actual grid capacity and greenhouse gas emissions impacts.<sup>42</sup> EVgo disagrees, noting that different TOU periods for the EV-HP rate would be confusing for participants.<sup>43</sup> As we noted in the PG&E CEV rate decision, the Commission has expressed a preference for stability in core TOU periods so customers are not constantly confronted by changing peak periods.<sup>44</sup> Accordingly, we will not adjust the TOU periods for this rate.

## **8. Marketing, Education, and Outreach**

Parties to the Partial Settlement Motion propose that SDG&E will submit a marketing, education, and outreach (ME&O) plan to the Commission via a Tier 2 advice letter within six months of this decision. SDG&E will seek input from key stakeholders. EDF recommended that the Commission adopt requirements based on D.19-10-055 for this ME&O advice letter. No party opposed these ME&O recommendations.

---

<sup>41</sup> Exh. SDAP-5AA

<sup>42</sup> Exh. SDAP-9 and opening brief of SDAP.

<sup>43</sup> Opening brief of EVgo.

<sup>44</sup> D.19-10-055 at 15.

Accordingly, we direct SDG&E to file a Tier 2 advice letter with a proposed ME&O plan for the EV-HP rate within six months of this decision. The advice letter shall also be served on the service list of this proceeding, Application 18-01-012 and Rulemaking (R.) 18-12-006. The ME&O plan shall include, at minimum:

- A plan for leveraging ongoing ME&O activities, including activities led by SDG&E and other entities (*e.g.* California Energy Commission's California Electric Vehicle Infrastructure Project, California Air Resources Board's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, Veloz).
- A plan for targeting specific market segments and customer types including small businesses, multi-unit dwellings, local governments, transit agencies, and community-based organizations. The plan shall detail the kinds of strategies to be utilized to reach these various audiences, including marketing in multiple languages as appropriate.
- A strategy for ensuring that customers with fewer resources to devote to questions around electricity rate planning receive additional ME&O (*e.g.*, a hotline or technical assistance for small businesses and multi-unit dwellings, SDG&E staff liaisons to transit agencies).
- Engagement with community-based, trade, business and local government groups to share EV-HP rate information.
- Input from SDG&E's Program Advisory Council for transportation electrification investments.
- A timeline for implementation of ME&O efforts that describes how ME&O efforts will be concentrated on the initial years of the EV-HP rate's availability, while ensuring that ME&O is ongoing.



- A detailed budget that includes justification for additional staff necessary to develop and provide outreach, including a description of duties, if any.
- A description of how the plan will leverage existing ME&O efforts for EV infrastructure programs and/or GRC funding for EV-related customer education.

## 9. Program Evaluation

Parties have highlighted the importance of program evaluation processes for capturing the benefits of this rate for both participants and ratepayers.<sup>45</sup> Several parties have also emphasized that SDG&E's use case analyses are illustrative and have limited value for determining participant benefits or ratepayer impacts since most of the use cases are based on assumptions rather than actual data.<sup>46</sup>

The Partial Settlement Motion proposes a series of CTM analyses and a public workshop three years after EV-HP rate implementation to assess ratepayer impacts, review use case scenarios based on actual customer data, and consider potential modifications to the rate. We conclude that this approach is generally appropriate in light of the uncertainties about customer usage, fuel costs and ratepayer impacts.

The Partial Settlement Motion proposed a timeline for SDG&E to perform analyses of the EV-HP rate, host a public workshop, and propose adjustments or additional elements for the EV-HP rate. We agree that SDG&E should be required to propose adjustments to the rate based an analysis of the rate,

---

<sup>45</sup> Partial Settlement Motion and opening briefs of Cal Advocates, UCAN and ChargePoint.

<sup>46</sup> See opening briefs of Cal Advocates, SDAP, SBUA, UCAN and ChargePoint.

including use cases based on actual data, and a public workshop. The proposed timeline is generally reasonable but requires refinements.

The Partial Settlement Motion proposed that SDG&E host a workshop to discuss the following: EV-HP customer use case scenarios (including the actual load profiles, fuel savings, and customer experiences), the costs to serve EV-HP customers, the appropriate method for evaluating CTM for EV-HP customers, CTM methodologies for those customers, and an assessment of whether EV-HP customers should be included in a separate EV commercial customer class.

Cal Advocates proposed that SDG&E should issue a report in advance of the workshop with the information to be discussed at the workshop.<sup>47</sup>

Cal Advocates and UCAN proposed that the Commission direct SDG&E to include use cases for Cal Advocates' proposed customer types in addition to SDG&E's proposed customer types.

We direct SDG&E to file a report within 12 months of the rate becoming available with the foregoing information and the CTM analysis (12 Month Report). We also direct SDG&E to file a report every 24 months thereafter with a CTM analysis for the previous 18 months and any updates to SDG&E's CTM methodologies.

The EV-HP customer use case scenarios must include, at minimum, the following scenarios: large medium-duty EV fleets, small medium-duty EV fleets, heavy-duty EV fleets, transit bus depots, school buses, DCFC low utilization, DCFC median utilization, SDAP fleet, multi-unit dwellings, off-road equipment and workplaces.<sup>48</sup> Each use case analysis must include comparisons with

---

<sup>47</sup> Opening brief of Cal Advocates.

<sup>48</sup> These include scenarios proposed in Exh. SDGE-3 and Exh. Cal Advocates-2AA.

conventional fuel costs, such as bulk diesel costs for transit bus depots. For any use case scenarios where there are too few participants for SDG&E to publicly share customer use case scenarios in an aggregated and anonymized manner, SDG&E shall file a report with the foregoing information for such use cases in a separate confidential filing.

Prior to hosting the workshop, SDG&E must request stakeholder input on the issues to discuss at the workshop, including whether SDG&E should analyze use case scenarios for additional types of EV-HP customers.

Parties to the Partial Settlement Motion also proposed that SDG&E include several potential course corrections for the EV-HP rate in a future SDG&E General Rate Case (GRC) Phase 2 or Rate Design Window (RDW) proceeding. These issues include:

- a. Whether to adopt a separate commercial EV customers class;
- b. If a separate commercial EV customer class is adopted, whether to create a separate variant of the EV-HP rate for smaller customers to provide further fuel cost savings opportunities for these customers;
- c. If a CTM analysis demonstrates a negative CTM, whether to adopt an SDG&E proposal to eliminate the negative CTM.

SBUA and SDAP raised concerns that the timing proposed by the Partial Settlement Motion for considering a small customer variant of the EV-HP rate is too remote.<sup>49</sup> We direct SDG&E to consider in its 12 Month Report and workshop whether it should design a variant of the EV-HP rate for smaller EV customers.

---

<sup>49</sup> Opening briefs of SBUA and SDAP.

For the reasons set forth above, we adopt the timeline below.

**Table 1: Program review timeline**

Program review requirement	Proposed timeline	Adopted due date
SDG&E shall file a report with Contribution to Margin (CTM) analysis	2 years and annually during at least the first 5 years	Within 12 months of the rate becoming available and every 24 months thereafter for the first 10 years
SDG&E shall file a report with analysis of the EV-HP rates	2 years	Within 12 months of the rate becoming available
SDG&E shall hold a public workshop, in consultation with Energy Division, to review the EV-HP rate and discuss potential course corrections	3 years	Within 14 months of the rate becoming available
SDG&E shall file a Tier 3 advice letter proposing updates to the EV-HP rate (including eliminating a negative CTM, if applicable)	Future General Rate Case Phase 2 or Rate Design Window application	Within 18 months of the rate becoming available
SDG&E shall propose a solution for eliminating a negative CTM (if discovered in the second CTM analysis or thereafter)	Next General Rate Case Phase 2 or Rate Design Window application	Within 90 days of filing a report showing a negative CTM

## 10. Optional Dynamic Rate

SDG&E offered to propose an optional dynamic rate for commercial EV customers in a future GRC Phase 2 or Rate Design Window Application filed after the Commission issues a decision adopting a final Transportation Electrification Framework.<sup>50</sup>

EDF and Joint Parties urge the Commission to require SDG&E to file a separate optional dynamic rate application within 12 months of this decision,<sup>51</sup>

<sup>50</sup> Exh. SDGE-5.

<sup>51</sup> Opening brief of EDF and reply brief of Joint Parties.

as provided in D.19-10-055.<sup>52</sup> We agree that there is no need to delay consideration of an optional dynamic rate. We direct SDG&E to file an application to propose an optional dynamic rate within 12 months of this decision. SDG&E may file a Tier 2 advice letter requesting an exemption from this requirement if the Commission has adopted or is considering a dynamic rate designed to encourage commercial EV charging in SDG&E's territory in another proceeding.

## **11. Cost Recovery**

### **11.1. Cost Recovery for Proposed Rate**

Parties to the Partial Settlement Motion propose that SDG&E will treat EV-HP load as retained or incremental load and measure EV- HP revenue under or over-collections relative to the marginal cost price floor<sup>53</sup> of a CTM analysis rather than against hypothetical revenues if EV-HP customers were served under the standard rate Schedule AL-TOU. These parties assert that this approach aligns with the Commission's treatment of EDR load as retained or incremental load and reduces the likelihood of the rate unintentionally imposing additional costs on other ratepayers. SDAP agrees.<sup>54</sup>

We also find this approach reasonable and aligned with the Commission's EDR decisions. Parties expect that EV-HP rate load will represent primarily additional load, not load transitioning from existing rates like Schedule AL-TOU. The purpose of the EV-HP rate is to attract participants who would not have adopted electric vehicles without a discount below standard commercial and

---

<sup>52</sup> D.19-10-055 at 30.

<sup>53</sup> Consisting of the sum of marginal costs and non-bypassable charges calculated using the actual usage of EV-HP customers.

<sup>54</sup> SDAP reply comments to the SDG&E's Illustrative EV-HP Commodity Rate Options.

industrial rates. Accordingly, revenues collected under the EV-HP rate will benefit ratepayers as long as the EV-HP rate is set above a price floor of marginal costs and non-bypassable charges. Ratepayers benefit even if the revenues collected under the EV-HP rate are substantially lower than would have been collected under Schedule AL-TOU.

The Partial Settlement Motion also proposes that if an SDG&E analysis demonstrates a negative CTM, SDG&E will propose an approach for eliminating the negative CTM at the next GRC Phase 2 proceeding or in the next Rate Design Window application.

We direct SDG&E to track any revenue shortfall or surplus from the EV-HP rate in a two-way balancing account and report on and address any shortfall or surplus in its next GRC Phase 2 application. If SDG&E finds a negative CTM in the 12 Month Report, SDG&E must file a Tier 3 advice letter to propose how to eliminate the negative CTM within 30 months of this decision. If SDG&E finds a negative CTM in future analyses, SDG&E must propose an approach for eliminating it in a Tier 3 advice letter within 90 days of filing the report showing a negative CTM.

### **11.2. Cost Recovery for Interim Rate Waiver**

In D.20-04-009, we provided that any revenue shortfalls from the interim rate waiver will be allocated and recovered from the M/L C&I class as a whole. That decision concluded that SDG&E should (a) track any revenue shortfall or surplus due to the interim rate waiver on a per-customer basis, based on a comparison of revenue received from customers on the interim rate waiver with the revenue that SDG&E would have received if customers receiving the interim rate waiver were billed on the default AL-TOU rate, and (b) separately track the number of customer meters receiving the interim rate waiver, the number of

kilowatt hours enrolled, and the estimated revenue shortfall or surplus, according to whether the customer meter had received service before the date of issuance of this decision, or whether the customer meter began to take service on or after the date of issuance of this decision.

In D.20-04-009, we reserved the issues of (a) how to calculate any revenue shortfall or surplus from the interim rate waiver, and (b) the appropriate process for recovering any revenue shortfalls from the interim rate waiver for a future decision in this proceeding.

No party has argued that interim rate waiver customer meters that began to take service on or after the date of issuance of D.20-04-009 are likely to represent existing load. No party has advanced a reason to calculate any revenue shortfall or surplus for these customers with a different method than the adopted method for the EV-HP rate.

We conclude it is reasonable for SDG&E to treat interim rate waiver load for customer meters that began to take service on or after the date of the issuance of D.20-04-009 as retained or incremental load. For these customers, SDG&E should calculate interim rate waiver revenue under or over-collections relative to the marginal cost price floor<sup>55</sup> of a CTM analysis rather than against hypothetical revenues if such customers meters were served under Schedule AL-TOU. SDG&E should serve a CTM analysis for these interim rate waiver customer meters as part of the 12 Month Report referenced in Section 9 above.

For customer meters that began to take service prior to the date of issuance of D.20-04-009, SDG&E should calculate interim rate waiver revenue under or

---

<sup>55</sup> Consisting of the sum of marginal costs and non-bypassable charges calculated using the actual usage of EV-HP customers.

over-collections relative to hypothetical revenues if such customer meters were served under Schedule AL-TOU.

We direct SDG&E to track any revenue shortfall or surplus from the interim rate waiver in a two-way balancing account and report on and address any shortfall or surplus in its next GRC Phase 2 application.

## **12. Comments on Proposed Decision**

The proposed decision of the Commissioner in this matter was mailed to the parties in accordance with Pub. Util. Code section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by Cal Advocates, SDG&E, Tesla, SDAP, Electrify America, Joint Parties, and SBUA on November 19, 2020. Reply comments were filed by UCAN, SBUA, Cal Advocates, Tesla, EDF & Joint Parties, Electrify America, SDAP and SDG&E on November 24, 2020.

## **13. Assignment of Proceeding**

Clifford Rechtschaffen is the assigned Commissioner and Stephanie S. Wang is the assigned ALJ in this proceeding.

## **Findings of Fact**

1. SB 350 directed utilities under the Commission's regulatory oversight to file applications for programs and investments to accelerate widespread transportation electrification. SB 350 also directs the Commission to provide the opportunity to access electricity as a fuel that is cleaner and less costly than gasoline or other fossil fuels in public and private locations.

2. State law requires the deployment of electric vehicles to assist in grid management, integrating generation from eligible renewable energy resources, and reducing fuel costs for vehicle drivers who charge in a manner consistent with electrical grid conditions.



3. State law requires the Commission to consider rate strategies that can reduce the effects of demand charges on electric vehicle drivers and fleets and help accelerate the adoption of electric vehicles. State law also requires the Commission to consider adopting a tariff specific to heavy-duty electric vehicle fleets or electric trucks and buses that encourages the use of charging stations when there is excess grid capacity.

4. On March 19, 2020, Governor Newsom issued Executive Order N-33-20 to direct all California residents to shelter in place to slow the spread of COVID-19, except to access necessities and maintain critical infrastructure sectors.

5. The COVID-19 recession creates great uncertainty about utilization of electric vehicle charging stations, fossil fuel costs and potential fuel savings for EV-HP rate participants.

6. On September 23, 2020, Governor Newsom issued Executive Order N-79-20 establishes the goal that 100 percent of medium- and heavy-duty vehicles in California will be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. Further, it sets a goal of the state to transition to 100 percent zero-emission off-road vehicles and equipment by 2035 where feasible. The executive order directs the Commission and other relevant state agencies to use existing authorities to accelerate deployment of affordable fueling and charging options for zero-emissions vehicles, in ways that serve all communities and in particular low-income and disadvantaged communities.

7. Customers who elect the EV-HP rate will generally represent incremental load.

**Conclusions of Law**

1. The Partial Settlement Motion should be considered as joint stipulations regarding party positions and as modifications to the application of SDG&E, not as a settlement agreement.

2. The EV-HP rate should be optional for all separately-metered electric vehicle charging loads with an aggregated maximum demand of 20 kilowatts (kW) or greater, excluding single-family home residential customers.

3. If the Commission approves a submetering protocol, submetered EV charging loads that comply with the Commission's protocol should be eligible for this rate.

4. The EV-HP rate should be designed to spur participation over a 10-year period and to phase in EPMC-scaled costs over time.

5. The EV-HP rate should be modified to account for uncertainties about the impacts of the COVID-19 recession on utilization and fuel savings.

6. The EV-HP rate should recover only the most recently Commission-approved M/L C&I marginal distribution demand revenues in the EV-HP subscription and energy charges in the first three years that the rate is open to customer enrollment.

7. The EV-HP rate should linearly phase in recovery of applicable allocated EPMC distribution demand revenues to the EV-HP subscription and energy charges, beginning three years after the rate opens for enrollment and ending ten years after the rate opens for enrollment. Customers will pay the full EV-HP rate – reflecting their full EPMC-scaled cost of service – beginning in Year 11.

8. The EV-HP rate should recover only the most recently Commission-approved M/L C&I commodity costs in the first three years that the rate is open to customer enrollment.

9. The EV-HP rate should linearly phase in recovery of applicable allocated EPMC commodity costs through two new commodity cost schedules based on Schedule EECC-CPP-D and Schedule EECC, beginning three years after the rate opens for enrollment and ending ten years after the rate opens for enrollment. Customers will pay the full EV-HP rate – reflecting their full EPMC-scaled cost of service – beginning in Year 11.

10. The EV-HP rate should not provide an additional incentive for participants to charge during super-off-peak periods.

11. SDG&E should file a report on the status of discussions with CCAs and DA providers regarding enabling CCA and DA customers who participate in the EV-HP program to access CPP-D and avoid peak demand charges within 12 months after the EV-HP rate becomes available for enrollment (12 Month Report).

12. SDG&E should not modify revenue collection or rate design for non-bypassable charges for the EV-HP rate.

13. SDG&E should apply a subscription charge that is metered in 10 kW increments for customers with a maximum demand of 150 kW, and in 25 kW increments for all other customers.

14. SDG&E should offer a three-month grace period if a customer's maximum demand exceeds their subscription level. It is reasonable for SDG&E to reset a customer's subscription level to align with the customer's actual maximum demand after the grace period. It is reasonable for SDG&E to require the customer to remain at the higher subscription level – reflective of their actual maximum demand – for at least three additional months after the grace period. It is reasonable for SDG&E to immediately increase a customer's subscription level

consistent with their maximum demand if a customer's maximum demand exceeds their subscribed demand for six months in the rolling twelve-month period. It is reasonable for SDG&E to require the customer to remain at the higher subscription level – reflective of their actual maximum demand – for at least three additional months afterwards.

15. SDG&E should not adjust EV-HP energy rates to reduce seasonal differentials.

16. The EV-HP rate should incorporate the same TOU periods as other SDG&E M/L C&I rates.

17. SDG&E should file a Tier 2 advice letter with an ME&O plan for approval by the Commission's Energy Division within six months of this decision.

18. SDG&E should file a CTM analysis for the EV-HP rate as part of the 12 Month Report and every 24 months thereafter for the first 10 years after this decision.

19. SDG&E should file a report with analyses of EV-HP rates as part of the 12 Month Report.

20. SDG&E should hold a public workshop to review the EV-HP rate and discuss potential course corrections within 14 months after the EV-HP rate becomes available for enrollment.

21. SDG&E should file a Tier 3 advice letter to propose updates to the EV-HP rate, including a proposal to eliminate any negative CTM, if applicable, within 18 months after this rate becomes available for enrollment.

22. SDG&E should propose a solution for eliminating any negative CTM (discovered in the second CTM analysis or thereafter) in a Tier 3 advice letter within 90 days of filing the report showing a negative CTM.

23. SDG&E's 12 Month Report with analyses of EV-HP rates should include, at minimum, the following scenarios: large medium-duty EV fleets, small medium-duty EV fleets, heavy duty fleets, transit bus depots, school buses, DCFC low utilization, DCFC median utilization, SDAP fleet, multi-unit dwellings, off-road equipment and workplaces.

24. SDG&E's 12 Month Report should include consideration of whether it should design a variant of the EV-HP rate for smaller EV customers.

25. SDG&E should file a separate optional dynamic rate application within 12 months of this decision or request an exemption from this requirement if the Commission has adopted or is considering a dynamic rate designed to encourage commercial EV charging in SDG&E territory.

26. SDG&E should treat EV-HP load as retained or incremental load and measure EV- HP revenue under or over-collections relative to the marginal cost price floor of a CTM analysis rather than against hypothetical revenues if EV-HP customers were served under Schedule AL-TOU.

27. SDG&E should track any revenue shortfall or surplus from the EV-HP rate in a two-way balancing account and address any shortfall or surplus in its next GRC Phase 2 application.

28. SDG&E should treat interim rate waiver load for customer meters that began to take service on or after the date of the issuance of D.20-04-009 as retained or incremental load. For these customers, SDG&E should calculate interim rate waiver revenue under or over-collections relative to the marginal cost price floor of a CTM analysis.

29. SDG&E should file a CTM analysis for interim rate waiver customers as part of the 12 Month Report.

30. For customers meters that began to take service prior to the date of issuance of D.20-04-009, SDG&E should calculate interim rate waiver revenue under or over-collections relative to hypothetical revenues if such customer meters were served under Schedule AL-TOU.

31. SDG&E should track any revenue shortfall or surplus from the interim rate waiver in a two-way balancing account and address any shortfall or surplus in its next GRC Phase 2 application.

## **O R D E R**

### **IT IS ORDERED** that:

1. San Diego Gas & Electric (SDG&E) shall offer its proposed Electric Vehicle High Powered (EV-HP) rate as modified by this decision within 90 days of the date on which SDG&E's Customer Information System is implemented for commercial customers.

2. SDG&E shall file a Tier 2 advice letter to implement the EV-HP rate within 2 months of this decision. SDG&E shall serve this advice letter on the service list of this proceeding, Application 18-01-012 and Rulemaking 18-12-006.

3. SDG&E shall file a Tier 2 advice letter to implement a marketing, education and outreach plan for the EV-HP rate within six months of this decision. SDG&E shall service this advice letter on the service list of this proceeding, Application 18-01-012 and Rulemaking 18-12-006.

4. SDG&E shall file a compliance report within 12 months after the EV-HP rate becomes available for enrollment on the service list of this proceeding, Application 18-01-012 and Rulemaking 18-12-006. This report shall include (a) Contribution to Margin (CTM) analysis of the EV-HP rate, (b) analyses of the EV-HP rate, (c) status of discussions with Community Choice Aggregators and Direct Access providers regarding enabling those providers' customers who

participate in the EV-HP program to access Critical Peak Pricing and avoid peak demand charges, and (d) CTM analysis for interim rate waiver customer meters that began to take service on or after the date of the issuance of Decision 20-04-009.

5. SDG&E shall hold a public workshop to review the EV-HP rate and discuss potential course corrections within 14 months after the EV-HP rate becomes available for enrollment.

6. SDG&E shall file a Tier 3 advice letter to propose updates to the EV-HP rate, including a proposal to eliminate any negative CTM, within 18 months after the EV-HP rate becomes available for enrollment.

7. SDG&E shall file a compliance report with a CTM analysis of the EV-HP rate and any changes to the CTM methodology within 24 months of the 12 month report, within 48 months of the 12 month report, within 72 months of the 12 month report, and within 96 months of the 12 month report on the service list of this proceeding, Application 18-01-012, and Rulemaking 18-12-006.

8. SDG&E shall propose a solution for eliminating any negative CTM (discovered in the second CTM analysis or thereafter) in a Tier 3 advice letter within 90 days of filing the report showing a negative CTM.

9. SDG&E shall file an optional dynamic rate application within 12 months of this decision. SDG&E may file a Tier 2 advice letter requesting an exemption from this requirement if the Commission has adopted or is considering a dynamic rate designed to encourage commercial EV charging in SDG&E's territory in another proceeding.

10. SDG&E shall file a Tier 1 Advice Letter to create a two-way balancing account to track any revenue shortfall or surplus from the EV-HP rate and report

on and address any shortfall or surplus in its next General Rate Case Phase 2 application.

11. SDG&E shall file a Tier 1 Advice Letter to create a two-way balancing account to track any revenue shortfall or surplus from the interim rate waiver and report on and address any shortfall or surplus in its next General Rate Case Phase 2 application.

12. All motions not previously ruled on are hereby denied.

13. Application 19-07-006 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.