

Application No.: A.21-09-001
Exhibit No.: SDG&E-05
Witness: Hannah Campi

PREPARED REBUTTAL TESTIMONY OF
HANNAH CAMPI
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



March 25, 2022

TABLE OF CONTENTS

I. INTRODUCTION1

II. PARTIES SUPPORT KEY ASPECTS OF SDG&E’S DESIGN.....2

III. THE LEVEL OF SDG&E’S PROPOSED FIXED CHARGE AND DISTRIBUTION COST RECOVERY IS APPROPRIATE3

 A. Existing Utilities Have Higher Fixed Charges.....4

 B. Non-Coincident Demand (“NCD”) is Appropriate to Set a Demand-Differentiated Fixed Charge.....6

 C. SDG&E’s Volumetric Distribution Rates Should not be Time-Differentiated7

 D. The Costs Recovered in SDG&E’s Proposed Fixed Charge are Appropriate9

 E. Determination of a Customer’s Fixed Charge Tier Should Balance Accurate Price Signals and Customer Understanding.....11

IV. TIME OF USE PERIODS SHOULD BE BASED ON sgd&e’S MARGINAL COSTS AND HAVE SUFFICIENT SUPPORT.....12

V. THE PROPOSED RATE DESIGN SHOULD NOT BE EVALUATED BASED ON ADVANTAGES FOR A SINGLE TECHNOLOGY14

VI. CONCLUSION.....15

Attachment A – AL3952-E/2063-G SDG&E Submission of Net Electric and Gas Bill Impact Study D.21-11-002

**PREPARED REBUTTAL TESTIMONY OF
HANNAH CAMPI
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

I. INTRODUCTION

The purpose of my rebuttal testimony is to address the January 14, 2022, Prepared Direct Testimony of intervenors¹ in San Diego Gas and Electric Company’s (“SDG&E”) Application to Update Rate Design to Include a Residential Untiered Time-of-Use Rate with a Fixed Charge² (“Application”). Specifically, my rebuttal testimony addresses the following statements and contentions made in intervenor testimony:

- SDG&E appreciates Cal Advocates’, UCAN’s and SDCP-CEA’s willingness to consider an innovative fixed charge design;
- SDG&E responds to parties’ claims that the level of SDG&E’s proposed fixed charges is too high;
- SDG&E responds to intervenors that state that its fixed charges are not cost based.

Specifically:

- SDG&E disagrees with parties that would limit costs recovered through the fixed charge to marginal distribution customer costs;
- SDG&E responds to claims that its fixed charge should be based on coincident peak demand; and

¹ SDG&E is responding to the Prepared Direct Testimony of Nathan Chau and Alan M. Siebuhr on Behalf of the California Public Advocates Office (“CalPA” or “Cal Advocates”), Prepared Testimony of David Cheng on Behalf of The Utility Reform Network (“TURN”), Direct Testimony of Melissa Whited on Behalf of Sierra Club, the Direct Testimony of R. Thomas Beach on Behalf of the Solar Energy Industries Association (“SEIA”), the Prepared Direct Testimony of Brian Dickman on Behalf of San Diego Community Power and Clean Energy Alliance (“SDCP-CEA”), and the Direct Testimony of Mark Fulmer on Behalf of the Utility Consumers’ Action Network (“UCAN”) – ERRATA.

² SDG&E filed its Application (“A.”) 21-09-001 on September 1, 2021, with revised testimony filed on December 1, 2021.

1 | SDG&E’s current time-of-use (“TOU”) periods and current TOU-differentiation for various rate
2 | components are appropriate

- 3 | • SDG&E shows that its commodity rates based on SDG&E’s 2019 General Rate
4 | Case (“GRC”) Phase 2 marginal commodity costs are appropriate in this
5 | proceeding.

6 | SDG&E’s failure to address any individual issue in this rebuttal testimony does not imply
7 | agreement by SDG&E with any argument, position or proposal asserted by parties.

8 | **II. PARTIES SUPPORT KEY ASPECTS OF SDG&E’S DESIGN**

9 | Notably, there is support around key aspects of SDG&E’s opt-in electrification rate. First,
10 | parties acknowledge the role of a fixed charge as a key component of TOU-ELEC and of
11 | electrification rates broadly. In order to be effective for electrification, a fixed charge must be
12 | high enough to offer a meaningful reduction in volumetric rates. SDG&E appreciates that both
13 | Cal Advocates and Sierra Club recognize the tradeoffs between a fixed charge that recovers a
14 | larger portion of costs and lower volumetric rates that enable increased electricity usage.³

15 | SDG&E’s proposal to differentiate the fixed charge to reflect individual demand⁴ also
16 | received support. Cal Advocates and UCAN conceptually support SDG&E’s proposal for a
17 | demand-differentiated fixed charge to mitigate revenue shifting between customers.⁵ This design
18 | distinguishes SDG&E’s proposal from existing residential rate schedules, provides an incentive
19 | for residential customers to reduce and manage their demand, which benefits the grid, and limits
20 | revenue shifting that would occur if the same fixed charge was applied to all customers. Sierra
21 | Club also acknowledges that a demand-based rate component could be a useful rate design.⁶

³ Cal Advocates Amended Direct Testimony, pp. 11-12, Sierra Club Direct Testimony, p. 11.

⁴ Revised Direct Testimony of Hannah Campi, p. HC-10.

⁵ Cal Advocates Amended Direct Testimony, p. 12, UCAN Direct Testimony – ERRATA, pp. 6 and 9.

⁶ Sierra Club Direct Testimony, p. 19 lines 5-10.

1 While more complicated than SDG&E’s proposal and likely more confusing for customers,
2 Sierra Club states that SDG&E could implement an “excess demand” charge if the customer’s
3 demand rises above a threshold.⁷

4 In addition, SDG&E’s proposal to move a portion of generation capacity costs to the
5 winter to create more consistent, year-round price signals received support from Cal Advocates
6 and SEIA. Cal Advocates proposed identical Off to Super-Off Peak TOU differentials as
7 SDG&E and affirmed that SDG&E’s proposal to shift 20% of generation capacity costs to the
8 winter has merit.⁸ Moreover, SEIA supports SDG&E’s proposed TOU-ELEC commodity rates.⁹

9 Lastly, the Community Choice Aggregation (“CCA”) Parties are not opposed to SDG&E’s
10 rate design proposal for TOU-ELEC.¹⁰ Support for many aspects of SDG&E’s design from a range
11 of intervenors highlights the merit of key components of SDG&E’s proposed rate design.

12 **III. THE LEVEL OF SDG&E’S PROPOSED FIXED CHARGE AND DISTRIBUTION**
13 **COST RECOVERY IS APPROPRIATE**

14 Parties point to the fixed charges in Southern California Edison (“SCE”) and Pacific Gas
15 and Electric’s (“PG&E”) electrification rates as evidence that SDG&E’s proposed fixed charges
16 are too high.¹¹ As described in the Rebuttal Testimony of SDG&E witness Gwendolyn Morien,
17 there is a direct tradeoff between costs recovered through a fixed charge and the corresponding
18 decrease in volumetric rates that enables the increased kWh consumption that results from
19 beneficial electrification.¹²

7 Sierra Club Direct Testimony, p. 24.

8 Cal Advocates Amended Direct Testimony, p. 23.

9 SEIA Direct Testimony, p. 29.

10 SDCP-CEA Direct Testimony, p. 8.

11 UCAN Direct Testimony – ERRATA, p. 4 Figure 1.

12 Rebuttal Testimony of Gwendolyn Morien, pp. GM-2 – GM-5.

1 **A. Existing Utilities Have Higher Fixed Charges**

2 The California Public Utilities Commission (“Commission”) should not only look to
3 California’s other investor-owned-utilities when evaluating the amount and type of fixed charges
4 that residential customers will accept. Rate designs that seek to advance bold electrification and
5 decarbonization goals should consider structures that have been successfully implemented both
6 in other regions and in other industries in order to avoid viewing available options through an
7 unnecessarily narrow lens. Electric utilities in other states, as well as municipal utilities in
8 California, have implemented a range of optional residential rates that include fixed charges.
9 SDG&E presents select residential rate schedules below as evidence that other electric utilities
10 have adopted and offer higher fixed charges to residential customers:

- 11 • City of Riverside Public Utilities: Schedule D, Domestic Service. Customer
12 Charge = \$11.26/month, plus a “Reliability Charge” based on a customer’s
13 electric panel size, ranging from \$10/month for customers with panel sizes <= 100
14 Amp to \$60/month for customers with panel sizes > 400 Amp;¹³
- 15 • Southern Nevada: Schedule OLRs-TOU, Optional Large Residential. Basic
16 Service Fee - Option A = \$70.70/month, Option B = \$181.10/month;¹⁴

¹³ City of Riverside Public Utilities Department, Schedule D, Domestic Services, (applicable to Single-Family and Multi-Family dwelling units for domestic purpose), available at <https://riversideca.gov/utilities/sites/riversideca.gov/utilities/files/pdf/rates-electric/Electric%20Schedule%20D%20-%20Effective%2001-1-19.pdf>.

¹⁴ Nevada Power Company, Statement of Rates, (available to residential customers who have three-phase service to a separately-metered, permanent, single-family dwelling), available at https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/electric-schedules-south/StatementofRates.pdf.

- 1 • Modesto Irrigation District: Opt-in EV pilot rate, Schedule EV-D. Fixed Charge =
2 \$30/month;¹⁵
- 3 • Grand Valley Power: Optional Schedule EV-TOU. Fixed “Grid Connectivity”
4 Charge = \$30/month;¹⁶
- 5 • Mohave Electric Cooperative: Residential Demand Service, Schedule RD: Fixed
6 Charge = \$25.60/month plus \$8/kW monthly non-coincident peak (“NCP”)
7 demand charge;¹⁷ and
- 8 • Los Angeles Department of Water and Power: Large TOU Residential Customers,
9 Schedule A-1: Customer Charge = \$7/month, plus \$5.36/kW monthly facility
10 (demand) charge.¹⁸

11 These rates indicate that a range of rate schedules are currently available to residential
12 customers throughout the country. Existing demand response and critical peak pricing programs
13 also support residential customers’ ability to understand more complex rate designs that are

¹⁵ Modesto Irrigation District, Electric Rate Schedule EV-D, Residential Service, Time of Use Option, p. 1, (“Rate applicable to individual family accommodations devoted primarily to residential customers and who have a currently registered Motor Vehicle, as defined by the California Motor Vehicle Code, which is: 1) a plug-in battery electric vehicle (PBEV) or plug-in hybrid electric vehicle (PHEV) recharged via a recharging outlet at the customer’s premises.”), available at <https://www.mid.org/tariffs/rates/ev-d.pdf>.”

¹⁶ Grand Valley Power, Electric Vehicle – Time of Use (EV-TOU) (Residential), (“available to all residential consumers that own a qualified Electric Vehicle that is charged on the served premise.”), available at <https://gvp.org/rates>.

¹⁷ Mohave Electric Cooperative, Residential Demand Service, available at <https://www.mohaveelectric.com/member-services/rates/>.

¹⁸ Los Angeles Department of Water and Power, Large TOU Residential Customers, (available to single-family residential customers with a dedicated on-site transformer. Although LADWP’s fixed charge is lower, these customers are subject to a demand charge), available at <https://www.ladwp.com/ladwp/>.

1 offered on an opt-in basis. Looking beyond electric utilities, water utilities also utilize rate design
2 structures with fixed charges scaled to consumption to recover larger shares of fixed costs.¹⁹

3 **B. Non-Coincident Demand (“NCD”) is Appropriate to Set a Demand-**
4 **Differentiated Fixed Charge**

5 Although there is support for the concept of a fixed charge scaled to demand, parties
6 claim that this charge should be based on On-Peak (or “Coincident”) demand only.²⁰ Since
7 SDG&E’s proposed fixed charge recovers distribution costs, there is no cost basis to set this
8 charge based on peak demand only. Based on SDG&E’s 2019 GRC Phase 2 distribution cost
9 studies, most distribution costs are not coincident-peak, or capacity driven.²¹ Distribution load is
10 measured at the circuit level, with circuit peaks not always corresponding to system peaks.²²
11 While some circuits may peak during the On-Peak period from 4-9 pm, not all circuits do. It
12 would not make sense to send customers a distribution price signal to reduce their demand
13 during the On-Peak period if their circuit does not peak at that time. This could actually
14 encourage consumption during the circuit’s peak if the circuit peaks during hours outside 4-9
15 pm. In contrast to commodity generation, which is driven by system-wide costs, distribution
16 circuits and substations peak at different times of the day based on customer makeup and usage
17 patterns of customers served on the specific circuit and substation.

18 Expanded electrification and the adoption of high-use, programable technologies such as
19 heat pumps and home electric vehicle (“EV”) charging can lead to both greater demand and

¹⁹ The City of San Diego, Water Billing Rates, *Water rates effective Jan. 1, 2022, Single-Family Domestic Customers*, available at <https://www.sandiego.gov/public-utilities/customer-service/water-and-sewer-rates/water>

²⁰ Cal Advocates Amended Direct Testimony, p. 11 lines 3-5, and SEIA Direct Testimony, p. 17,

²¹ A.19-03-002, Rebuttal Testimony of William Saxe on Behalf of SDG&E (May 20, 2020), p. WGS-29.

²² A.15-04-012, Direct Testimony of John Baranowski on Behalf of SDG&E (February 9, 2016), p. JB-2.

1 variability in residential demand patterns. SDG&E’s proposal to use NCD instead of coincident
2 demand to determine the customer charge supports the reduction of a customer’s individual peak
3 load, rather than system peak load. SEIA falsely claims that SDG&E’s design does not
4 encourage reduction in coincident peak demand.²³ SDG&E’s proposed commodity rates
5 encourage reduction of coincident peak demand. While SDG&E’s proposed TOU differentials
6 signal to shift use out of the on-peak period, and its proposed fixed charges send price signals to
7 encourage reduction of overall load. SEIA also falsely claims “there is nothing inherently more
8 accurate with charging customers for demand (kW) than energy (kWh).”²⁴ This logically does
9 not make sense. The price signal from a kW demand-based charge is wholly different than from
10 a kWh volumetric charge. Distribution demand charges incent continuous reduction of demand;
11 a customer must manage their demand effectively over the entire period or they will pay a higher
12 demand charge. TOU volumetric rates allow customers to increase their demand during the on-
13 peak period significantly but wind up with lower bills than the customer with the demand charge.
14 This is not the same incentive. A customer is less likely to care about increasing their demand for
15 10 minutes during the on-peak period if they pay volumetric rates than if they pay a demand
16 charge. Demand charges clearly incent different behavior. SDG&E’s proposed TOU-ELEC
17 design is also consistent with Rate Design Principles 4 and 5, which states that rates should
18 incent reduction of both on-peak demand and NCD.²⁵

19 **C. SDG&E’s Volumetric Distribution Rates Should not be Time-Differentiated**

20 UCAN states that CCA customers should benefit from the ability to shift load through
21 TOU-differentiated distribution charges.²⁶ Under SDG&E’s proposed design, CCA customers

²³ SEIA Direct Testimony, p. 21.

²⁴ *Id.*

²⁵ Revised Direct Testimony of Gwendolyn Morien, p.GM-6.

²⁶ UCAN Direct Testimony – ERRATA, pp. 14-15.

1 would see a benefit of lower distribution rates relative to the default rate and incentives to reduce
2 overall demand. Additional opportunities for savings driven by load shifting would be available
3 through their commodity rates as currently structured, although this is subject to change by the
4 CCA provider.²⁷ However, TOU differentiated distribution charges have the potential to create
5 challenges for customers if there is a mismatch between the TOU periods associated with their
6 commodity and distribution rates. TOU differentiated distribution rates would constrain the
7 customer's choice of commodity rate schedule to only those rates with corresponding TOU
8 periods and could create challenges if CCA commodity TOU periods are not aligned with
9 SDG&E's distribution TOU periods.

10 Further, very little distribution costs are driven by the On-Peak period. An individual
11 circuit may be at capacity and thus benefit from price signals that lead to a reduction in demand
12 even when the distribution system as a whole is not at its peak. Consistent reduction in NCD at
13 the circuit level is necessary to avoid system upgrades.²⁸ Currently, there is no incentive
14 structure in residential rates to smooth total demand.

15 Several parties have proposed updates to the TOU periods associated with this rate.²⁹
16 SDG&E responds in more detail below and in the Rebuttal Testimony of SDG&E witness
17 Gwendolyn Morien.³⁰ However, these proposals are also relevant to the discussion of NCD-
18 versus On-Peak-based distribution demand charges as they demonstrate that changes in the mix
19 of distributed energy resources on the grid have the potential to shift when both circuit peaks and

²⁷ San Diego Community Power, Residential Rates, (example TOU-differentiated commodity rates with from one of the CCAs in SDG&E's service territory), available at [Residential Rates - San Diego Community Power \(sdcommunitypower.org\)](http://sdcommunitypower.org).

²⁸ A.15-04-012, Direct Testimony of John Baranowski on Behalf of SDG&E (February 9, 2016), p. JB-7, lines 4-8.

²⁹ Cal Advocates Amended Direct Testimony, p. 20, Sierra Club Direct Testimony, p. 20.

³⁰ Rebuttal Testimony of Gwendolyn Morien, pp. GM-12 – GM-16.

1 system peaks occur. Highly electrified residential customers who are the target group for this rate
2 will have a larger impact on their local circuit peak than similar residential customers who do not
3 have these technologies. The specific usage patterns that result from the widespread adoption of
4 electrification technologies could lead to further changes in both circuit and system-wide peaks.
5 The exact impacts of these changes remain to be seen and could lead to the development of TOU
6 periods distinct from what is in place or proposed by intervenors in this proceeding. Shifting on
7 or off-peak hours can create marketing and customer understanding challenges.³¹ Paired with the
8 Commission’s goals of reducing both peak and non-peak demand, encouraging reduction in
9 NCD through an NCD-based fixed charge is appropriate.

10 **D. The Costs Recovered in SDG&E’s Proposed Fixed Charge are Appropriate**

11 Parties argue that costs recovered in the fixed charge should be limited to marginal
12 distribution customer costs³² or limited to 25% of SDG&E’s distribution revenue requirement.³³
13 As mentioned above, there is a direct tradeoff between the costs recovered through the fixed
14 charge and the costs recovered through volumetric rates. As illustrated in the designs proposed
15 by Cal Advocates³⁴ and Sierra Club,³⁵ a reduction in the monthly fixed charge leads to an
16 increase in the volumetric rates in all TOU periods. This increases the cost of marginal kWh
17 consumption associated with electrification. In order for the final design of this rate to achieve its
18 goal of enabling beneficial electrification, the reductions in volumetric rate must be meaningful
19 enough to allow for the use of these technologies to not be cost-prohibitive. All parties in this
20 proceeding limited fixed cost recovery to the distribution rate component. Table 1 presents each

³¹ Rebuttal Testimony of Gwendolyn Morien, p. GM-14.

³² Cal Advocates Amended Direct Testimony, p. 2, lines 8-10, SEIA Direct Testimony, p. 14, lines 20-22, Sierra Club Direct Testimony p. 19, lines 3-10.

³³ UCAN Direct Testimony – ERRATA, p. 12.

³⁴ Cal Advocates Amended Direct Testimony, p. 4, Table 2.

³⁵ Sierra Club Direct Testimony, p. 25, Table 6.

party's fixed charge proposal and the resulting reduction in volumetric rates. As displayed in Table 1, SDG&E's proposed rate is superior because it achieves the most volumetric rate reduction while still being cost-based. SEIA's proposal to replicate Schedule EV-TOU-5 only achieves a 13% reduction in SDG&E's already high volumetric rates.

Table 1: Reduction in Distribution Volumetric Rate Achieved Through Parties' Fixed Charge Design Proposals

	Unit	Default Residential Rate	SDG&E	CalPA	UCAN ³⁶	Sierra Club	SEIA
Fixed Charge: 0-4 kW	\$/month	\$0	\$28.53	\$15.61	\$12.35	\$20.00	\$16.00
4-8 kW	\$/month		\$51.28	\$24.19	\$23.77		
8-10 kW	\$/month		\$68.35	\$24.28			
>10 kW	\$/month		\$85.41	\$36.39			
Distribution Volumetric Rate	\$/kWh	0.12180	0.03524	0.07904	0.09136	0.07315	0.08364
Volumetric Rate Reduction	\$/kWh	n/a	(0.08656)	(0.04276)	(0.03044)	(0.04865)	(0.03816)
Average Residential Volumetric Rate ³⁷	\$/kWh	0.31348	0.22692	0.27072	0.28304	0.26483	0.27532
Reduction in Volumetric Rate (%)			-28%	-14%	-10%	-16%	-12%

Other than to say that a fixed charge should only recover customer costs, Sierra Club offers no cost-basis for its proposed \$20/month fixed charge.³⁸ Sierra Club's proposal should be rejected based on this alone. SEIA attempts to cast doubt on Decision ("D.")21-11-016's³⁹ categorical rejection of D.17-09-035,⁴⁰ stating that the Commission "indicated a desire to re-visit this determination anew, especially for non-default residential rates."⁴¹ In fact, the Commission

³⁶ Tiers for UCAN based on under and over 6kW demand ranges, as proposed by UCAN in Direct Testimony – ERRATA, p.12 Table 4.

³⁷ Average and distribution volumetric rate based on rates accepted and effective June 1, 2021 per Advice Letter 3756-E.

³⁸ Sierra Club Direct Testimony, pp. 25-26.

³⁹ D.21-11-016, Decision Adopting Marginal Costs, Revenue Allocation, and Rate Designs for Pacific Gas and Electric Company.

⁴⁰ D.17-09-035 approved fixed costs eligible for a default residential fixed charge.

⁴¹ SEIA Direct Testimony, pp. 16-17 (citing to D. 21-11-016 in the PG&E GRC Phase 2, pp. 113-114.).

1 wholly rejected the fixed cost categories from D.17-09-035 for *all* residential rates, not just “non-
2 default residential rates,” as SEIA inaccurately states. SEIA has no basis for claiming that D.17-
3 09-035 should have any bearing in the instant proceeding, as D.21-11-016 stated that D.17-09-
4 035 does not hold precedential value outside of the context of its originating, now closed
5 proceeding (A.16-06-013).⁴²

6 In addition, D.21-11-016 found that “the design of the fixed charge for [PG&E’s] E-
7 ELEC is intended to further state policy goals related to decarbonization and therefore has a
8 particular policy purpose that may justify any dissonance with previous Commission decisions
9 regarding the application of [equal percent of marginal cost] EPMC to residential fixed charges,”
10 and that “any future proposals for a default residential fixed charge or optional residential fixed
11 charge (as in this case) should be able to proceed without the need to comply with cost category
12 and EPMC determinations made in a since-closed proceeding that failed to make a determination
13 concerning a residential fixed charge on the merits.”⁴³ Therefore, any argument to limit cost
14 categories of costs recovered in TOU-ELEC should be disregarded, as the Commission has
15 clearly stated that it may consider proposals for fixed charge that recover other costs beyond the
16 cost categories determined in D.17-09-035.

17 **E. Determination of a Customer’s Fixed Charge Tier Should Balance Accurate**
18 **Price Signals and Customer Understanding**

19 UCAN claims that a fixed charge should be based on a customer’s top six peak demands,
20 measured over a full hour rather than 15 minutes.⁴⁴ First, SDG&E is already proposing to base

⁴² D. 21-11-016, Conclusion of Law 32, p. 166.

⁴³ D. 21-11-016, p. 114 (citation omitted).

⁴⁴ UCAN Direct Testimony – ERRATA, p. 10.

1 the demand charge on demand as measured over hourly intervals.⁴⁵ Second, the price signal
2 associated with the fixed charge is diluted with every additional data point incorporated into the
3 average and resulting final tier. SDG&E’s proposed design already mitigates penalization for a
4 single instance of unusually high demand by taking the average of the top three demands from
5 three different billing cycles. The inclusion of additional data would reduce the effectiveness of
6 the tiering mechanism and increase the potential for revenue shifting. Therefore, UCAN’s
7 proposal should be rejected.

8 **IV. TIME OF USE PERIODS SHOULD BE BASED ON SDG&E’S MARGINAL**
9 **COSTS AND HAVE SUFFICIENT SUPPORT**

10 The Commission should not adopt new TOU periods for TOU-ELEC. As discussed in the
11 Rebuttal Testimony of SDG&E witness Gwendolyn Morien, new TOU-ELEC rate-specific TOU
12 periods could cause customer confusion and would not be based on the most up-to-date
13 information that will be provided in SDG&E’s upcoming 2024 GRC Phase 2.⁴⁶ However, there
14 are also significant issues with the cost basis for these new TOU period proposals.

15 Cal Advocates proposes that TOU-ELEC adopt nearly identical TOU periods as SCE’s
16 TOU-D-PRIME rate.⁴⁷ It would be inappropriate to adopt TOU periods that are based on another
17 utility’s cost structure and cost-causation. To that end, Cal Advocates has demonstrated that their
18 proposed TOU periods are not well reasoned. Cal Advocates had originally proposed TOU
19 periods with no Summer Weekend On-Peak period, which would allow participating customers
20 to consume energy during the 4 pm to 9 pm “peak” period on summer weekends at a rate of

⁴⁵ UCAN Data Request – SDG&E Response, Data Request #03 (January 19, 2022), question 6, p. 2, available at <https://www.sdge.com/rates-and-regulations/proceedings/Application-for-a-Residential-Untiered-Time-of-Use-Rate-with-a-Fixed-Charge>.

⁴⁶ Rebuttal Testimony of Gwendolyn Morien, p. GM-14.

⁴⁷ Cal Advocates Amended Direct Testimony, p. 20, n.53.

1 approximately \$0.09/kWh.⁴⁸ Although this significant oversight was corrected in Cal
2 Advocates' Amended Testimony, it was not corrected until January 31, 2022. SDG&E
3 appreciates the correction; however, Cal Advocates does not provide enough evidence to support
4 these new TOU periods, and SDG&E believes that a proposal for drastically different TOU
5 periods would require more attention and consideration.

6 SDG&E appreciates Cal Advocates amended testimony that corrects their proposed TOU
7 periods to include on-peak hours on weekends during summer months. Summer weekends are
8 obviously not exempt from experiencing high levels of demand associated with the summer on-
9 peak period, as seen during rolling blackouts on August 14th and 15th, 2020, a Friday and
10 Saturday.⁴⁹ However, such an oversight in the initial filing serves to emphasize SDG&E's point
11 that this proceeding, meant to evaluate a single proposed rate, should not be expanded to include
12 issues applicable to all rates when a more appropriate and thorough review of base TOU periods
13 is already planned for SDG&E's 2024 GRC Phase 2 proceeding.

14 Furthermore, although Cal Advocates uses SDG&E's 2020 marginal energy costs to
15 support their proposed TOU periods, this data is not actually used to develop its proposed TOU
16 periods. Although a correction was made to testimony and workpapers, Cal Advocates' amended
17 rate design and marginal commodity costs are based on the original TOU periods it requested
18 from SDG&E – TOU periods that have no weekend Summer On-Peak period, as seen in Cal

⁴⁸ See Cal Advocates Direct Testimony, p. 20, *cf.*, Cal Advocates Amended Direct Testimony, p. 20.

⁴⁹ California Independent System Operator, California Public Utilities Commission, and California Energy Commission, *Final Root Cause Analysis, Mid-August 2020 Extreme Heat Wave* (January 31, 2021), available at <http://www.caiso.com/Documents/Final-Root-Cause-Analysis-Mid-August-2020-Extreme-Heat-Wave.pdf>

1 Advocates Data Request #002⁵⁰. Therefore, the marginal costs and design that Cal Advocates
2 proposes in its amended testimony have no evidentiary support on the record and should be
3 rejected.

4 **V. THE PROPOSED RATE DESIGN SHOULD NOT BE EVALUATED BASED ON**
5 **ADVANTAGES FOR A SINGLE TECHNOLOGY**

6 The proposed rate would be available to customers with any one of several eligible
7 electrification technologies. As such, it should not be evaluated on its benefits to EV customers
8 alone, for example. Additionally, a comparison to savings seen under EV-TOU-5,⁵¹ a currently
9 available residential EV rate,⁵² is inappropriate without mentioning the rate design includes
10 incentives to charge EVs during certain times: there is no transmission or distribution rate in the
11 Super-Off Peak.⁵³ SDG&E believes it would be inappropriate to replicate that design here. The
12 other eligible technologies, electric heat pump water heaters (“HPWH”) and behind-the-meter
13 storage devices, currently represent a small subset of SDG&E’s customers as well as a wide
14 range of possible usage patterns. Customers may also purchase more than one of the eligible
15 technologies. The aggregate effects of these choices on usage patterns and resulting bill impacts
16 will depend on a variety of factors, including individual customer choices and potential
17 advancements in technology such as greater efficiency or improved programmability. As a result,
18 evaluating this rate on its potential to provide savings for EV customers, who already have
19 multiple rate offerings in SDG&E’s service territory, is too narrow a metric.

⁵⁰ Cal Advocates Data Request – SDG&E Response, Data Request #02 (September 9, 2021), question 1, p. 1, available at <https://www.sdge.com/rates-and-regulations/proceedings/Application-for-a-Residential-Untiered-Time-of-Use-Rate-with-a-Fixed-Charge>.

⁵¹ UCAN Direct Testimony – ERRATA, pp. 24-25.

⁵² SDG&E, Schedule EV-TOU-5, Cost-Based Domestic Time-of-Use For Households with Electric Vehicles, available at https://tariff.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_EV-TOU-5.pdf.

⁵³ See Advice Letter 3928-E/E-A, approved January 7, 2022 and effective January 1, 2022, SDG&E increased the Super Off-Peak distribution rate for EV-TOU-5 from \$0.0000/kWh to \$0.00748/kWh.

1 UCAN also critiqued SDG&E's bill impact analysis modeling as insufficient.⁵⁴ Since
2 filing its Direct Testimony, SDG&E was ordered to analyze the residential customer bill impacts
3 of switching from a natural gas water heater to HPWH.⁵⁵ SDG&E used its default residential rate
4 for this analysis but also included an analysis using its proposed TOU-ELEC design. SDG&E
5 has included the results herein as record evidence that TOU-ELEC creates customer bill savings
6 when a customer increases consumption due to HPWH adoption. The study methodology and
7 results are described in Attachment A, attached below. SDG&E's proposed design for TOU-
8 ELEC showed bill savings under a variety of scenarios. However, bill impacts are highly
9 dependent on individual customer choice, as well as the interaction of behavior changes that
10 could occur with the adoption of multiple technologies.

11 The illustrative bill impacts shown for each customer charge tier using current TOU
12 usage patterns as shown in SDG&E's original bill impact model allows for analysis of the
13 impacts of a rate change only, rather than incorporating additional variables that would
14 complicate such a review.

15 **VI. CONCLUSION**

16 SDG&E appreciates parties' general support of the concepts put forth in its Application
17 for TOU-ELEC. SDG&E requests the Commission to adopt SDG&E's proposed TOU-ELEC
18 rate design, including its fixed charge and commodity rate proposals, as the record shows that it
19 is the most appropriate and cost-based rate design presented.

20 This concludes my prepared rebuttal testimony.

⁵⁴ UCAN Direct Testimony – ERRATA, p. 19-20.

⁵⁵ D.21-11-002, Ordering Paragraph 4, pp. 113-114.