



Clay Faber - Director
Federal & CA Regulatory
8330 Century Park Court
San Diego, CA 92123

cfaber@semprautilities.com

February 7, 2019

ADVICE LETTER 3341-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: NOTIFICATION OF SDG&E'S RESIDENTIAL CHARGING PROGRAM (RCP)
IN COMPLIANCE WITH DECISION 18-05-040**

PURPOSE

In accordance with Ordering Paragraph (OP) 4 of Decision (D.) 18-05-040, San Diego Gas & Electric Company (SDG&E) hereby submits for approval from the California Public Utilities Commission (Commission) this advice letter addressing its decision to (1) decline the modifications to the Residential Charging Program (RCP), and (2) decline to pursue the development of a Companion Incentive Mechanism (CIM).

SDG&E enthusiastically supports transportation electrification and considers the residential light duty segment to be a key driver to achieving the goals of the many landmark state environmental, energy and transportation policies. However, faced with the untenable condition of having to accept or reject the RCP as modified by the Commission without knowing whether necessary programmatic changes are acceptable or how SDG&E will be compensated for the risks of implementing the program, SDG&E must unfortunately decline to implement the modified RCP, as outlined in D.18-05-040.

BACKGROUND

On January 20, 2017, pursuant to Senate Bill 350, SDG&E filed Application 17-01-020 seeking Commission approval of a program to deploy electric vehicle charging infrastructure and equipment at up to 90,000 single-family and small multi-family residences. SDG&E targeted this segment for many reasons articulated in its application, recognizing that transportation emissions make up over 50% of GHG emissions in San Diego.¹ At the time of filing the Application, light duty vehicles in particular, comprise 97%² of all registered vehicles in San Diego County and are responsible for approximately 80%³ of combined on-road and off-road GHG emissions.

¹ San Diego County Updated Greenhouse Gas Inventory at 3, Energy Policy Initiatives Center, *available at* <http://catcher.sandiego.edu/items/usdlaw/EPIC-GHG-2013.pdf> (March 2013).

² Proprietary IHS/Polk Data (April 2016).

³ EPIC San Diego County Updated GHG Emissions Inventory at 8 (March 2013), *available at* <http://catcher.sandiego.edu/items/usdlaw/EPIC-GHG-2013.pdf>. Details regarding how the 80% was calculated are included in the Direct Testimony of Randy Schimka.

After negotiations with parties to the proceeding and in response to joint testimony filed by a large group of intervenors, including the Natural Resources Defense Council, the Coalition of California Utility Employees, Plug In America, the Greenlining Institute, Sierra Club, Environmental Defense Fund, the Alliance of Automobile Manufacturers, Greenlots, Siemens, and Electric MotorWerks (“Joint Parties”), SDG&E modified its proposal on September 5, 2017 prior to hearings. These modifications would have provided customer choice of the ownership and maintenance of the charger, greater choice of rates and an increase in the percentage of deployments in disadvantaged communities.

Ultimately, in D.18-05-040, the Commission declined to approve SDG&E’s modified proposal, which was supported by the Joint Parties. Instead, the Commission proposed a different program, which included a number of significant changes to what SDG&E had proposed. These changes included reducing the size of the program to limit deployment to no more than 60,000 sites, eliminating utility ownership of the charger as a customer option, reducing the budget, excluding current EV drivers, and making other changes to how SDG&E would implement the program. D.18-05-040 provided SDG&E with the choice of whether or not to implement the Commission-modified program and the opportunity to develop a companion incentive mechanism. The decision provided “guidance” as to the development of a companion mechanism, including that SDG&E should seek the support of at least one ratepayer group and that incentives equal no more than 10% of operating expenses. Because the Commission-modified program significantly changed, among other things, the budget and capital structure of the program which determine how SDG&E would be compensated, SDG&E believed an incentive mechanism was critical to determining whether or not to move forward.

On June 14, 2018, pursuant to Ordering Paragraph 4 of D.18-05-040, SDG&E filed a Tier 1 Advice Letter (AL 3236-E) conditionally accepting the program. SDG&E believed (and still believes) that it would be unreasonable to expect it to accept the Commission-modified program prior to knowing how it would be compensated for the risks of implementing a significant and innovative program like the RCP. SDG&E also determined that certain relatively minor programmatic changes were necessary to effectively implement the program. AL 3236-E was suspended by Energy Division on June 22, 2018.

Over the following months, SDG&E engaged with all interested stakeholders to develop a companion incentive mechanism, including “meet and confer” meetings and individual negotiating sessions. Following this effort, SDG&E filed AL 3287-E proposing a sliding-scale incentive mechanism pegged to performance and AL 3288-E proposing certain changes to program implementation, both by Tier 3 advice letters. These advice letters were supported by eleven parties to the proceeding. SDG&E and other stakeholders sought support for the incentive mechanism from the two participating ratepayer groups, as provided in the guidance in D.18-05-040, but were not able to secure it. SDG&E believed (and continues to believe) that the Commission’s guidance was not intended to provide veto power to the two active ratepayer groups, but to require SDG&E to make a good faith effort to secure their support. SDG&E did just that, through numerous rounds of discussion and negotiation. Moreover, it would be inappropriate to give select parties veto power over a regulated program, which would constitute an unauthorized transfer of the Commission’s authority.

The proposed incentive mechanism also slightly exceeded the guidance that incentive compensation equal no more than 10% of program O&M in the highly unlikely event that SDG&E reached certain deployment targets for which the Commission-modified budget is not sufficient to attain.

The Commission's Energy Division issued rejection letters for the proposed incentive mechanism and program implementation advice letters (ALs 3287-E and 3288-E), finding that the incentive mechanism did not secure support from a ratepayer advocate and exceeded the 10% limit as provided for in the guidance included in the decision, and that SDG&E's AL 3236-E conditionally accepting the modified RCP violated OP 4 of D.18-05-040, which (according to Energy Division) only allowed for unconditional acceptance or rejection. As stated above, SDG&E believes that unconditional acceptance is untenable without knowing how it would be compensated and whether it could implement the program without certain changes. Consequently, SDG&E submitted a request for review of these disposition letters to the full Commission on December 10, 2018, pursuant to General Rule 7.6.3 of General Order ("GO") 96-B, and is waiting for a draft resolution for Commission consideration. As articulated in this request for review, SDG&E believes that it is entirely within the Commission's authority to consider the proposed incentive mechanism and program modifications without having to modify the underlying decision.

On January 11, 2019, SDG&E received another disposition letter, this one rejecting AL 3236-E, the Tier 1 advice letter conditionally accepting the program, concluding that the proposed incentive mechanism does not comply with the Commission guidance contained in D.18-05-040 and that SDG&E is not permitted to conditionally accept the program. Energy Division encourages SDG&E to file a Petition for Modification if it seeks changes to the program and incentive mechanism guidance in D.18-05-040.

Given that the extensive efforts of parties have not resulted in an actionable program after two years, and that SDG&E cannot unconditionally accept the Commission-modified RCP without first knowing how it will be compensated for the risks or if relatively minor program modifications can be made, SDG&E regrettably informs the Commission that it will not move forward with the RCP, as outlined in D.18-05-040. SDG&E does not plan to file a petition for modification of D.18-05-040, which would inevitably result in many more months to years of cost and effort to relitigate issues already before the Commission. However, SDG&E continues to be an enthusiastic supporter of the State's transportation electrification policies and will consider incorporating deployment of charging in the residential sector in a future submittal.

EFFECTIVE DATE

This submittal is subject to Energy Division disposition and is classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. SDG&E respectfully requests that this submittal become effective on February 7, 2019, the date submitted, as required by Ordering Paragraph 4 of D.18-05-040.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than February 27, 2019, which is 20 days from the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via e-mail to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
E-mail: MCaulson@semprautilities.com

NOTICE

A copy of this submittal has been served on the utilities and interested parties shown on the attached list and to interested parties in service list A.17-01-020, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by email to: SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Federal & CA Regulatory



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: San Diego Gas & Electric Company (U902-E)

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: Acarrillo@semprautilities.com

E-mail Disposition Notice to: Acarrillo@semprautilities.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 3341-E

Tier Designation: 1

Subject of AL: Notification of San Diego Gas & Electric Company's Residential Charging Program (RCP) in Compliance with Decision 18-05-040

Keywords (choose from CPUC listing): Clean Transportation

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-05-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 2/7/19

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Megan Caulson
Title: Regulatory Tariff Manager
Utility Name: San Diego Gas & Electric Company
Address: 8330 Century Park Court
City: San Diego
State: California Zip: 92123
Telephone (xxx) xxx-xxxx: (858) 654-1548
Facsimile (xxx) xxx-xxxx:
Email: Mcaulson@semprautilities.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

General Order No. 96-B
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

<u>Public Utilities Commission</u> <u>Office of Ratepayer Advocates (ORA)</u> R. Pocta <u>Energy Division</u> M. Ghadessi M. Salinas L. Tan R. Ciupagea Tariff Unit	<u>Clean Power Research</u> T. Schmid G. Novotny <u>Davis Wright Tremaine LLP</u> J. Pau <u>Douglass & Liddell</u> D. Douglass D. Liddell <u>Ellison Schneider Harris & Donlan LLP</u> E. Janssen C. Kappel <u>Energy Policy Initiatives Center (USD)</u> S. Anders <u>Energy Regulatory Solutions Consultants</u> L. Medina <u>Energy Strategies, Inc.</u> K. Campbell <u>EQ Research</u> General <u>Goodin, MacBride, Squeri, & Day LLP</u> B. Cragg J. Squeri <u>Green Charge</u> K. Lucas <u>Hanna and Morton LLP</u> N. Pedersen <u>JBS Energy</u> J. Nahigian <u>Keyes & Fox, LLP</u> B. Elder <u>Manatt, Phelps & Phillips LLP</u> D. Huard R. Keen <u>McKenna, Long & Aldridge LLP</u> J. Leslie <u>Morrison & Foerster LLP</u> P. Hanschen <u>MRW & Associates LLC</u> General	<u>NLine Energy</u> M. Swindle <u>NRG Energy</u> D. Fellman <u>Pacific Gas & Electric Co.</u> M. Lawson M. Huffman Tariff Unit <u>RTO Advisors</u> S. Mara <u>SCD Energy Solutions</u> P. Muller <u>Shute, Mihaly & Weinberger LLP</u> O. Armi <u>Solar Turbines</u> C. Frank <u>SPURR</u> M. Rochman <u>Southern California Edison Co.</u> K. Gansecki <u>TerraVerde Renewable Partners LLC</u> F. Lee <u>TURN</u> M. Hawiger <u>UCAN</u> D. Kelly <u>US Dept. of the Navy</u> K. Davoodi <u>US General Services Administration</u> D. Bogni <u>Valley Center Municipal Water Distr</u> G. Broomell <u>Western Manufactured Housing Communities Association</u> S. Dey <u>Interest Parties In:</u> A.17-01-020
---	---	--