

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

Application of the California Energy)	
Commission for Approval of Electric Program)	Application 12-11-001
Investment Charge Proposed 2012 through)	(Filed November 1, 2012)
2014 Triennial Investment Plan)	
)	
_____)	
And Related Matters.)	
)	Application 12-11-002
)	Application 12-11-003
)	Application 12-11-004
_____)	

COMPLIANCE FILING OF SDG&E (U 902 E) 2012 EPIC ANNUAL REPORT

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February 28, 2013

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COMPLIANCE FILING OF SDG&E (U 902 E) 2012 EPIC ANNUAL REPORT

Pursuant to the Ordering Paragraph 16 of Decision (“D.”) 12-05-037, SDG&E hereby submits its 2012 EPIC Annual Report, provided hereto as Attachment A. This Report provides an overview of SDG&E’s EPIC activities during the 2012 calendar year.

SDG&E and its fellow EPIC Administrators are required to each submit an annual report “detailing program activities.”¹ The reports, and their timing, are intended to inform stakeholders of the EPIC Plan’s accomplishments when they meet with the EPIC administrators in March of the years investment plans will be considered.² The second triennial EPIC Plans will be considered for approval in Spring 2014.

SDG&E and the other EPIC Administrators are currently collaborating with DRA to create a universal template for future EPIC annual reports. However, because the template has not yet been finalized and agreed upon by all parties, and Commission

¹ D.12-05-037 at 8.

² D.12-05-037 at 30-31.

approval of all four EPIC Applications and Plans is still pending, SDG&E has not utilized the draft template for this 2012 EPIC Annual Report.

DATED at San Diego, California, this 28th day of February, 2013.

Respectfully submitted,

SAN DIEGO GAS & ELECTRIC COMPANY

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ATTACHMENT A

SDG&E 2012 EPIC ANNUAL REPORT



SDG&E 2012 EPIC ANNUAL REPORT

Pursuant to the Ordering Paragraph 16 of Decision (“D.”) 12-05-037, SDG&E hereby submits its first EPIC Annual Report on February 28, 2013. This Annual Report provides an overview of SDG&E’s EPIC activities during the 2012 calendar year.

I. Overview of SDG&E Proposed EPIC Plan

On November 1, 2012, SDG&E filed its Application for Approval of its EPIC Triennial Plan for Years 2012-2014, A.12-11-002. Pursuant to D.12-05-037, SDG&E’s Plan had been developed through extensive coordination and consultation with its fellow EPIC Administrators, DRA, Commission Energy Division Staff and other stakeholders.³

SDG&E’s proposed EPIC Plan proposes five (5) Technology Demonstration and Deployment programs, all of which revolve around smart grid system integration:⁴

1. Smart Grid Architecture Demonstrations
2. Visualization and Situational Awareness Demonstrations
3. Distributed Control for Smart Grids
4. Demonstration of Grid Support Functions of Distributed Energy Resources
5. Smart Distribution Circuit Demonstrations

As of February 28, 2013, SDG&E’s EPIC Application and its Plan remain pending before the Commission. As such, SDG&E has not yet undertaken any of its proposed programs.

II. SDG&E’s EPIC Program Financial Status in 2012

D.12-05-037 allocates SDG&E 8.8% of the annual IOU budget.⁵ In 2012, this amount was \$2,578,209 for SDG&E. Akin to the other EPIC Administrators, SDG&E may spend

³ D.12-05-037 at OP 15; A.12-11-002 at 6-7, 9-10.

⁴ A.12-11-002 at 3-4.

⁵ D.12-05-037 at FOF 37.

up to 10% of this total budget, or \$257,821, in 2012 on “administrative costs.” The remaining funds must focus on programmatic costs.⁶

Because SDG&E has not yet undertaken any program activities, it has not charged programmatic costs against its first triennial cycle program budget.

SDG&E has undertaken administrative activities, defined by D.12-05-037 to “include staffing costs of the administrators, associated general and administrative expenses and overhead, and related contracting costs to: prepare the investment plans, conduct solicitations, select funding recipients, and monitor and oversee the progress of projects and investment.”⁷ SDG&E has incurred an estimated \$91,853 in administrative costs on or before December 31, 2012 related to preparation of its EPIC Plan.

III. SDG&E’s Collection of EPIC Funds in 2012

Pursuant to D.11-12-035 and D.12-05-037, SDG&E has been collecting EPIC funds from ratepayers through the Public Purpose Program (“PPP”) Charge since January 1, 2012.⁸ D.11-12-035 ordered the electric IOUs to collect an interim EPIC surcharge “set at the same levels per kilowatt-hour as the rates for the system benefits charge, after subtracting the portion of the system benefits charge collected for the energy efficiency programs associated with Public Utilities Code Section 399.8”.⁹ The funds are to be collected by the IOUs from their electric ratepayers in the same proportion that the Public Goods Charge funds were collected: PG&E 50.1%; SDG&E 8.8%; and SCE 41.1%.¹⁰ Therefore, from January 1, 2012 until December 31, 2012, SDG&E was ordered to collect \$12.730 million annually.¹¹

⁶ D.12-05-037 at OP 5.

⁷ D.12-05-037 at 65-66.

⁹ D.11-12-035 at OP 3. Under the Public Goods Charge, SDG&E collected \$6.52 million for renewables and \$6.210 for RD&D.

¹⁰ D.12-05-037 at OP 7.

¹¹ On December 22, 2011, SDG&E filed a Tier 1 Advice Letter 2321-E, seeking authorization to establish the EPIC surcharge and associated EPIC Balancing Account (“EPICBA”). On January 1, 2012, SDG&E began collecting EPIC funds from its electric ratepayers through the electric PPP bill component.

As of January 1, 2013, SDG&E has been ordered to collect \$14.3 million annually. D.12-05-037 at OP 7. On June 22, 2012, SDG&E filed a Tier 1 Advice Letter 2375-E to revise its EPIC Balancing Account to align with SDG&E’s 8.8% share of authorized funding beginning January 1, 2013. On October 1, 2012, SDG&E filed Tier 2 Advice Letter 2402-E, which revises SDG&E’s electric PPP rates effective January 1, 2013. The Advice Letter included the increase in EPIC collections commencing January 1, 2013.

As of December 31, 2012, SDG&E has an overcollection of \$13,219,760 recorded in its EPIC Balancing Account.¹²

IV. SDG&E's Transfer of EPIC Funds to the Commission and the CEC in 2012

On November 2, 2012, SDG&E transferred \$61,939 to the Commission for its annual oversight expenses.¹³

On both July 27, 2012 and October 25, 2012, SDG&E transferred \$252,034 to the CEC for its 2012 second and third quarterly administrative expenses, respectively.¹⁴

¹² SDG&E continues to review its program expense accounting for EPIC as its Application pends before the Commission.

¹³ See D.12-05-037 at OP 10.

¹⁴ See D.12-05-037 at OP 9. In early 2013, SDG&E transferred \$252,034 to the CEC for its 2012 fourth quarter administrative expenses.