

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

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

RULEMAKING 12-06-013

(FILED JUNE 21, 2012)

**OPENING COMMENTS OF SAN DIEGO CONSUMERS' ACTION NETWORK ON RATE DESIGN PROPOSALS**

Pursuant to the ALJ's Scoping Memo, San Diego Consumers' Action Network (SDCAN) submits opening comments on this rulemaking. SDCAN plans to provide the bulk of its observations in its reply comments, so as not to duplicate what SDCAN has already submitted in its May 29, 2013 Proposal. However, SDCAN offers the following comments based upon what has been submitted by SDG&E and discussed at the Workshop:

1. SDCAN and other intervenors are substantially impeded by SDG&E's failure to adhere to the ALJ's June 13<sup>th</sup> ruling. In that ruling, the ALJ wrote:

"....we are requiring each IOU to provide illustrative rates designs and illustrative bill impacts for both (1) a transitional and (2) an end-state rate design based on the instructions found in Attachment B of the March 19 ruling.

SDG&E's July 1<sup>st</sup> response to the ALJ's ruling did not provide illustrative rate designs other than to restate its previous conceptual proposal. Further, the additional information requested by the ALJ was an inconceivable 5-step process over an unidentified time period in which all distribution costs were recovered through a Basic Service Fee. In its previous filings, SDG&E has not proposed nor would the Commission seriously entertain such an extreme proposition. In sum, SDG&E has not tendered a

proposal that comports with the ALJ's request or that can be thoughtfully commented upon by parties.

2. At the workshops, the Energy Division indicated that it was considering the development of a rate design proposal that incorporated the input of the various design proponents. SDCAN believes its resources will be better utilized by developing in-depth comments on that "strawperson" proposal than on the disparate and, in SDG&E's case, fantastical proposals. SDCAN urges the Commission to provide for sufficient time for parties to evaluate and comment upon the Energy Division's work product.
3. SDCAN notes that not one party commented upon the important role of third-party energy management stakeholders in this process. Moreover, SDCAN notes that no such third-party providers submitted a proposal in this proceeding. Both of these deficiencies are serious and should be taken into consideration in the processing of this Rulemaking. As was discussed in SDCAN's Proposal, any serious reform of residential rate design will have failed if it does not facilitate the deployment of new energy technologies and private energy management service companies serving residential customers. SDCAN's vision for the emerging real-time price environment is one of helping to build a market for new services available to the residential and small business markets. The way energy is transmitted to consumers, the way consumers receive their energy use data, the technologies used by customers and the role of the consumer in energy management need to change in order for consumers to take advantage of the sizeable investment being made in the Smart Grid investments made by California IOUs. An essential complement to these changes will be a marketplace where third parties will be providing energy and energy-related services that have not previously been available to residential consumers. For the residential consumer, whether new rate designs are embraced will be dependent, in large part, upon the success of energy management services. Third-party companies will need to deploy and likely use net-based applications and/or in-home technologies to permit customers to take advantage of real-time pricing schedules. Most all of the parties

proposal significant changes in rate design have simply taken on faith that a third party market will develop or have assumed that no such market is necessary. Yet, the evidentiary record in this rulemaking contains no evidence supporting either of those two assumptions.

SDCAN hopes to offer additional comments in the Reply Comment phase of this proceeding, but reiterates its interest in an opportunity to present more in-depth comments to the Energy Division's proposal.

Respectfully submitted,

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/s/

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