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October 3, 2013

**ADVICE LETTER 2524-E**  
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ANNUAL UPDATE TO SAN DIEGO GAS & ELECTRICS NET ENERGY METERING PARTICIPATION CAP PURSUANT TO DECISION 12-05-036**

**PURPOSE**

San Diego Gas & Electric Company (SDG&E) hereby submits this Advice Letter to comply with the California Public Utilities Commission (Commission) Decision (D.) 12-05-036 which provides a consistent interpretation to Investor-owned Utilities (IOUs)<sup>1</sup> in the calculation of Non-Coincident Aggregate Customer Peak Demand.

**BACKGROUND**

The purpose of the net energy metering program is to provide customers who install distributed generation facilities full-retail credit for power generated by their onsite system and fed back to the utility. The “Net Energy Metering cap,” (NEM cap) as defined “in Public Utilities Code § 2827, limits the availability of electric utility NEM programs to eligible customer-generators in the utility service territory on a first-come-first-served basis until the total rated generating capacity used by eligible customer-generators exceeds five percent of the utility’s aggregate customer peak demand.”

On May 24, 2013, the Commission issued D.12-05-036 which required SDG&E to file an Advice Letter with revised net energy metering tariffs to conform to Ordering Paragraph (OP) 1 and 3. OP 1 determined that IOUs calculate their respective caps on participation in the net energy metering program as five percent of aggregate customer peak demand, which is defined as the highest sum of all customers’ non-coincident peak demands that occurs in any calendar year. OP 3 instructed SDG&E to follow the methodology assigned by the commissioner.

On July 11, 2012, the assigned commissioner to the Distributed Generation Rulemaking (R.10-05-004), President Peevey, issued a ruling adopting Energy Division recommendations on a methodology for the calculation of aggregate non-coincident customer peak demand. Therefore, the following methodology was applied for proposes of calculating the NEM program cap in SDG&E’s service territory:

1. The IOUs will use data from their annual load research studies to calculate non-coincident aggregate customer peak demand by customer class.

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<sup>1</sup> Southern California Edison Company (SCE), Pacific Gas & Electric Company (PG&E) and SDG&E

2. The IOUs will use a 4-year moving average of annual load research data to avoid frequent changes in the NEM cap that may result from weather or economic variability, beginning with an average from 2007 to 2010.
3. The calculation will be updated annually via an advice letter filing beginning on October 1, 2013, and every year thereafter, and may not decrease below the most recent level determined to help maintain market certainty.
4. The IOUs may use 15- or 30-minute interval data to calculate non-coincident aggregate customer peak demand in 2012, but must use 15-minute interval data for purposes of calculating non-coincident aggregate customer peak demand in subsequent years.

SDG&E submitted Advice Letter 2404-E on October 4, 2012 which became effective on November 5, 2012 establishing the 2012 NEM Cap.

SDG&E continues to display current NEM availability (Percentage of 5% NEM Cap) on its website at [www.sdge.com/clean-energy/overview/overview-nem-cap](http://www.sdge.com/clean-energy/overview/overview-nem-cap). This webpage reflects the cap interpretation and related methodologies adopted by the Commission in D.12-05-036 and the July 11, 2012 assigned commissioner ruling.

### **SDG&E'S UPDATED NEET ENERGY METERING CAP**

With regards to updating SDG&E's non-coincident aggregate customer peak demand and corresponding NEM cap, President Peevey's July 11 ruling requires:

To account for changes in annual estimates of non-coincident peak demand, the utilities should update their respective NEM caps annually by October 1. Beginning on October 1, 2013, and every year thereafter, the utilities should file Advice Letters to calculate their respective NEM caps based on the four-year average of the most recently available annual non-coincident peak load data, which for 2013 will consist of 2008-2011 non-coincident peak demand data.

If the estimate for non-coincident aggregate peak demand increases in a given year, the NEM cap will increase. However, if the estimate for non-coincident aggregate peak demand decreases in a given year, the NEM cap should remain at the previously determined level in order to provide market certainty about the capacity available under the NEM cap.

SDG&E notes that 2011 non-coincident peak load data is currently unavailable, as it has not yet completed its 2011 load studies, which produce such data. Therefore, SDG&E's non-coincident aggregate customer peak demand calculation remains unchanged for 2013. The most recently available four year average of aggregate non-coincident demands is 12,134.2 MW, and is based on the four year average of 2007-2010 non-coincident peak demand data. The corresponding 5% NEM cap remains at 606.7 MW for 2013.

### **EFFECTIVE DATE**

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 1 and therefore respectfully requests that it become effective on October 3, 2013, which is the date filed.

**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 by October 23, 2013, twenty days from the date filed. 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 also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1879  
E-Mail: mcaulson@semprautilities.com

**NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.10-05-004 and R.12-11-005, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by e-mail at SDG&ETariffs@semprautilities.com.

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CLAY FABER  
Director - Regulatory Affairs

(cc list enclosed)

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Joff Morales

Phone #: (858) 650-4098

E-mail: jmorales@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric    GAS = Gas  
PLC = Pipeline    HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2524-E

Subject of AL: Annual Update to SDG&E Net Energy Metering Participation Cap Pursuant to D.12-05-036

Keywords (choose from CPUC listing): Net Energy Metering

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.12-05-036

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: None

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 10/03/2013

NNo. of tariff sheets: 0

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: None

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

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

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

San Diego Gas & Electric  
Attention: Megan Caulson  
8330 Century Park Ct, Room 32C  
San Diego, CA 92123  
mcaulson@semprautilities.com

<sup>1</sup> Discuss in AL if more space is needed.

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

cc: (w/enclosures)

Public Utilities Commission

DRA

Y. Schmidt  
W. Scott

Energy Division

P. Clanon  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

F. DeLeon  
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman  
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham  
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark  
M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate  
Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing  
Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.12-11-005

R.10-05-004