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)

COMMENTS ON ENERGY DIVISION REPORT BY SAN DIEGO CONSUMERS' ACTION NETWORK

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Pursuant to the January 10, 2014 Assigned Commissioner Amended Scoping Memo, parties were asked to submit comments limited to characterization of their positions in the Energy Division's January 3, 2014 "Staff Proposal for Residential Rate Reform" (hereinafter "Staff Report"). The Staff Report did not misconstrue SDCAN positions as much as it ignored a number of substantive points raised by SDCAN, to wit:

The primary overlooked issue raised by SDCAN – the one that was unique among the residential intervenor participants – was the impact of rate design reforms upon device retailers and/or the third-party aggregators who, if enticed into the California markets, will play a major role in educating customers and effecting the adoption to real-time rates.[1] To press this point, SDCAN stated expressly: "SDCAN's basic thesis advanced in this submission is that the innovative technologies and services are the linchpin to residential adoption of real-time pricing."[2]

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 presented a 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, supported by academic papers.[3] It served as the basis for SDCAN's recommended rate design reforms that would maximize differentials and create cost-based arbitrage opportunities for energy management companies.

A large portion of SDCAN's comments and effort in this proceeding went towards bringing this issue to the Commission's attention. It proposes pegging the rate reform transition upon the emergence of an energy-management marketplace that would allow residential customers to utilize the rate structures. Yet there is no mention of SDCAN's presentation on this prominent issue in the Staff Report even though, in one section, it does appear to predicate roll-out of TOU rates on the availability of HAN devices.[4] And the Staff Report's discussion about understandability of rates seems to ignore the fact that it would be third-party energy managers who should be making most of the rate-related consumption

[1] SDCAN Rate Design Proposal (May 29, 2013), p. 3-5,11-14, 17-22
[2] SDCAN Rate Design Proposal (May 29, 2013), p. 21
[3] SDCAN Rate Design Proposal (May 29, 2013),Attachments A,B
[4] Staff Report, pages 17-19

decisions by customers, not customers themselves.[5] Most revealing is that the report wholly ignores the role of third-party energy management market – a search of the Report turns up no mention of the term: "energy management" even though it is the centerpiece of SDCAN's proposals.

This is a material omission because all of SDCAN's other recommendations stemmed from this thesis about the role of third-party energy managers. SDCAN's proposal is portrayed as if it were seeking to lock in the status quo whereas this is the opposite of SDCAN 's core thesis. The Staff Report appears to have noticed some of the trees, but missed the existence of the forest which SDCAN has painted. To characterize SDCAN's proposal of tier preservation, voluntary TOU and minimum charges without an acknowledgement of basic tenet of SDCAN's proposal constitutes mischaracterization that warrants clarification in the Staff Report.

Respectfully submitted, Dated: January 31, 2014

/s/

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[5] Staff Report, p. 57