

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

Order Instituting Rulemaking to Consider  
Alternative-Fueled Vehicle Programs, Tariffs,  
and Policies.

R. 13-11-007  
(Filed November 22, 2013)

**COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U902M) ON  
ADMINISTRATIVE LAW JUDGE'S RULING SETTING PREHEARING  
CONFERENCE AND REQUESTING COMMENTS**

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**I.  
INTRODUCTION**

Pursuant to the California Public Utilities Commission's ("Commission" or "CPUC") Rules of Practice and Procedure and the rulings of the Presiding Administrative Law Judge ("ALJ"), San Diego Gas & Electric Company ("SDG&E") hereby submits its comments to the ALJ's Ruling requesting comments on questions regarding Track 1 Vehicle-Grid Integration ("VGI") and comments on the December 4, 2013 Energy Division Workshop on VGI, Plug-in Electric Vehicle ("PEV") and electric vehicle supply equipment financing.

**II.  
COMMENTS**

SDG&E commends the Commission on its efforts to establish policies and regulations to advance the adoption of low-emission Alternate Fuel Vehicles ("AFVs") in California and to determine how utilities can best support AFV goals. The PEV market, in particular, is an opportunity that will grow rapidly with proper policy support. SDG&E believes that this proceeding can address the important issues in the PEV market while not hindering the ongoing exploration of innovative solutions to help grow PEV adoption or delaying important policy development for critical areas such as VGI. Utilities can and should play an important role in enabling grid-integrated charging to ensure that it evolves in a manner that benefits all customers through improved utilization of the grid assets.

In preparation for the Prehearing Conference for the AFV OIR, scheduled for February 26 to address the positions of the parties, scope and schedule, ALJ Moosen has asked for comments on the following three specific questions: (1) What programmatic changes can be made to support Vehicle Grid Integration (VGI) as a resource within existing or proposed state energy programs and policies, such as demand response, resource adequacy requirements, energy storage, interconnection, and net energy metering; (2) What immediate, near-term actions should the Commission undertake to support the development and implementation of VGI use cases and applications; and (3) In consideration of the Use Case prioritization proposed in the Whitepaper, are there near-term actions that the Commission should avoid in order to not preclude progress on Use Cases considered to be more complex. SDG&E's answers to each question follow.

**Question 1:** What programmatic changes can be made to support Vehicle Grid Integration (VGI) as a resource within existing or proposed state energy programs and policies, such as demand response, resource adequacy requirements, energy storage, interconnection, and net energy metering?

**Answer 1:** As a guiding principle for determining any programmatic change, SDG&E suggests that to the extent VGI creates a means for delivering value to the PEV customer, reciprocal value should be provided to all customers. For some of these program areas, such as demand response, these values have been programmatically established for customers and the relevant loads targeted in demand response programs. For the other energy programs and policies noted, the recent energy storage decision D.13-10-040 offers compliance flexibility and encourages the utilities to evaluate various options and solutions with the objective to help transform the energy storage market. Furthermore, D. 13-10-040 states the following related to procurement eligibility:

“All energy storage resources as defined by Pub. Util. Code § 2835(a), except for pumped storage resources over 50 MW, are eligible to bid into the energy storage solicitations. Energy storage that could be obtained from plug-in electric vehicles and

programs/systems that utilize electric vehicles for grid services (such as Vehicle to Grid), could count for procurement targets.”<sup>1</sup>

This language encourages exploration into ways to innovatively grow the energy storage market, including the consideration of PEVs, in a manner that maximizes the benefits to all customers.

A similar approach should be taken with the other program areas that have not yet considered PEVs and the value that VGI can garner with them. It is especially important during the formative stage of PEV market transformation that innovation should flourish; the Commission should avoid setting policy that prescribes solutions prematurely.

It is also relevant to consider the changes that will occur to the energy profile of the electric distribution system as the numbers of PEV interconnections proliferate. The impact of a high number of PEV interconnections will likely change the energy profile of many distribution circuits from daytime peaking to nighttime and early morning peaking similar to the scenario now occurring where NEM customers with PV generators are broadly interconnecting across SDG&E’s service territory. Eventually, the impact caused by the increase of NEM customers with PV to the grid will change the direction of energy flow from outbound to inbound as customers over-generate and send energy back to the grid during the day. The potential exists for a worst case scenario during evening hours when customers arrive home and immediately plug in their PEVs, and there is no PV generation.

To address this situation it is important that innovative rate structures based on adequate data be developed to provide incentives for customers to adopt charging behavior that will not adversely affect the grid. Rate reform is currently taking place through AB327. The revised rate structures that will be developed through AB327 should not only address the large integration of PV currently taking place through the NEM program, but AB327 should also result in provisions that will encourage PEV owners to charge at times that do not produce negative consequences to the grid.

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<sup>1</sup> Energy Storage Procurement Framework and Design Programs adopted in D. 13-10-040, Page 5 of Attachment A.

**Question 2:** What immediate, near-term actions should the Commission undertake to support the development and implementation of VGI use cases and applications?

**Answer 2:** SDG&E fully supports the Commission’s focus of this proceeding as a “mid-stream assessment of the utility role in the market”; and that the Commission does not intend for this rulemaking to delay the gathering of practical experiences to be gained in the market today through pilot programs. SDG&E is pleased that the Commission understands the need for data from pilot programs to inform CPUC policy: “...we do not intend to foreclose proposals in parallel applications for particular pilot programs or RD&D projects parties may find timely and worthwhile while this proceeding is pending.”<sup>2</sup> It is important that this rulemaking continues to ensure even handed policies are developed that avoid preferences for one technology or business model over another, and recognizes that VGI applications explore the important role that PEV customer preferences will play in shaping this future.

**Question 3:** In consideration of the Use Case prioritization proposed in the Whitepaper, are there near-term actions that the Commission should avoid in order to not preclude progress on Use Cases considered to be more complex?

**Answer 3:** SDG&E encourages the Commission to allow the near term solutions that support use cases identified in the VGI Whitepaper to be fully explored (as noted above in the answer to question 2). As described in the VGI Whitepaper, the growth in and expansion of pricing, technology and business model options are essential if the longer term objectives of VGI are to be achieved. To that end, further exploration of the role that utilities can play in VGI implementation, and advancing transportation electrification, should be encouraged. This Commission oversees such activity and through its regulatory authority can ensure that utility involvement supports adequate availability of grid-integrated charging infrastructure for all customers.

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<sup>2</sup> R.13-11-007, OIR, pages 14-15. A continuation of the previous OIR (R.09-08-009), in support of California Executive Order B-16-2012, which set a target of 1.5 million zero-emission vehicles (“ZEVs”) in California by 2025, there is a renewed focus on vehicle grid integration.

SDG&E's views concerning the summary of the December 4, 2013 workshop on VGI and PEV and electric vehicle supply equipment financing have been previously provided in SDG&E's opening and reply comments filed in this proceeding, and are reiterated and incorporated by reference herein.

**III.  
CONCLUSION**

SDG&E appreciates the opportunity to submit this response and looks forward to participating in this proceeding and helping to advance AFV goals.

Dated at Los Angeles, California, on this 19th day of February, 2014.

Respectfully submitted,

*/s/ Steven D. Patrick*

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