

**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)

**PREHEARING CONFERENCE STATEMENT
OF THE UTILITY REFORM NETWORK
REGARDING FACTS IN DISPUTE CONCERNING TOU RATES**

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TABLE OF CONTENTS

I. INTRODUCTION	1
II. STUDIES AND DATA NECESSARY TO EVALUATE GEOGRAPHIC AND SEASONAL BILL IMPACTS	3
III. ADDITIONAL FACTUAL ISSUES IN DISPUTE CONCERNING DEFAULT TOU RATES	4
A. The Impacts of Default TOU Rates on Conservation and Energy Efficiency and GHG Emissions	5
B. The Impacts of Default TOU Rates on Conservation and Energy Efficiency and GHG Emissions	6
IV. SCHEDULE AND NEED FOR HEARINGS	7

**PREHEARING CONFERENCE STATEMENT OF THE UTILITY REFORM
NETWORK REGARDING PHASE 1 SCOPE AND SCHEDULE**

Pursuant to the directions in the “Third Amended Scoping Memo and Ruling of Assigned Commissioner,” issued on April 15, 2014 (*hereinafter* “ACR of April 15”), the Utility Reform Network (“TURN”) respectfully submits this prehearing conference statement concerning the areas of factual dispute concerning default TOU rates and the factual evidence that could be used to resolve these disputes.

I. INTRODUCTION

The ACR of April 15 directed parties to submit PHC statements “describing types of evidence necessary to resolve factual disputes about default TOU rates,” and stated that at the PHC scheduled for May 13, “parties will have the opportunity to further identify areas of factual dispute and categories of data and types of studies that could be used to resolve these disputes.”¹ Additionally, the ACR of April 15 ordered the utilities to submit Supplemental Testimony on May 16 that would contain modified Bill Impact Calculators that would allow for scenarios that calculate geographic impacts by climate zone and seasonal impacts by climate zone.

The nature of the disputed factual issues concerning TOU rates is addressed in Issue Number 15 in the ACR of April 15, which states:

¹ ACR of April 15, p. 9-10.

Default TOU rates are permitted by law starting in 2018. SDG&E has proposed a default TOU rate for 2018 and has identified certain areas for further evaluation prior to implementation.¹ Are there other factual issues that must be resolved before a decision is made to implement default TOU rates? What existing and new data, metrics and resources should be used to evaluate rates before authorizing default TOU rates and, if applicable, after implementation of default TOU rates? Are there specific conditions (for example, achieving minimum customer education and outreach requirements), that should be met prior to implementation of default TOU rates?

In this Prehearing Conference Statement TURN:

- 1) Describes generally the category of data and studies it anticipates will be necessary to evaluate the bill impacts of default TOU rates; though TURN cautions that it is premature to conclusively identify the nature of data and evidence relied on by witnesses submitting expert testimony; and
- 2) Identifies two additional factual issues in dispute concerning the environmental impacts of TOU rates, and describes generally the types of data and studies that may be used to address these issues.

II. STUDIES AND DATA NECESSARY TO EVALUATE GEOGRAPHIC AND SEASONAL BILL IMPACTS

TURN commends the Assigned Commissioner for directing the utilities to modify the bill impact calculators to address the seasonal and geographic bill impacts of default TOU rates, which was one of the primary recommendations made by TURN in its Prehearing Conference Statement of March 10, 2014.

Use of the bill calculators to evaluate geographic impacts of default TOU rates will be one of the primary factual analyses TURN intends to conduct. The analyses will evaluate whether the bill impacts for customers in particular climate zones are so large as to warrant modification of any proposed default TOU rates. Whether the bill calculator analyses will be sufficient to resolve this issue is somewhat difficult to predict, given that TURN has not seen the modified bill calculators. One difficulty is that the bill impacts will of necessity be approximate, especially since the TOU time periods are not yet defined. At this time, moreover, TURN is not certain whether seasonal impacts provide sufficient granularity, or whether maximum monthly bill impacts are also necessary to evaluate bill volatility concerns.

In addition to the bill impact calculators, TURN seeks access to aggregated Smart Meter data that will allow for the development of actual load profiles for customer subgroups located in each baseline zone. Given the massive investment in Smart Meters to date, the Commission should look for opportunities to use the

available meter data to inform its analysis of potential bill impacts on customers rather than relying on the samples used in past Residential Appliance Saturation Surveys. TURN has already approached PG&E to determine what data is available and will request bill impacts for particular types of customers under various TOU rate scenarios. The Commission should direct the IOUs to make this data available to intervenors and explain what types of aggregation are possible given the capabilities of current software tools.

III. ADDITIONAL FACTUAL ISSUES IN DISPUTE CONCERNING DEFAULT TOU RATES

The Scoping Memo specifies certain issues identified by SDG&E concerning TOU rates and asks whether there are “other factual issues that must be resolved before a decision is made to implement default TOU rates?” In our previous PHC statement TURN provided a long explanation of two factual issues that relate to the environmental impacts of TOU rates, and to the statutory requirement that rates not impair conservation or energy efficiency incentives. TURN will not reiterate our entire arguments but instead summarizes the two issues and provides examples of the types of studies and data that may be presented as part of expert testimony on these issues.

A. The Impacts of Default TOU Rates on Conservation and Energy Efficiency and GHG Emissions

The Commission must ensure that rate changes do not unreasonably impair incentives for energy efficiency and conservation. Written comments submitted to date in this proceeding highlight a strong dispute concerning these issues. For example, the NRDC provided extensive evidence concerning the conservation impacts of tiered rates, and the fact that tiered rates promote investments in energy efficiency.²

The Staff Proposal generally dismissed these arguments.³ The conservation and efficiency impacts of tiered rates versus default TOU rates are factual issues that have been the subject of some academic study and expert analyses. TURN presumes that expert testimony would address the academic and utility-sponsored evaluations conducted to date, and would address the assumptions of the one academic study relied on by the Staff Proposal. There has been no opportunity to date for parties to provide sworn expert witness testimony on these issues, and the Commission should explicitly find that this issue is within the scope of issues for testimony.

² NRDC Rate Design Proposal, May 29, 2013, p. 36-38.

³ Staff Proposal, p. 49-50.

B. The Impacts of Default TOU Rates on Conservation and Energy Efficiency and GHG Emissions

TURN explained in our prior PHC statement that there is a factual dispute concerning the GHG benefits of the load shifting that may result from TOU rates. The Commission has historically concluded that load shifting to off-peak periods reduces emissions of GHG based on the marginal heat rates of units dispatched in California. However, there is evidence, provided by TURN in prior pleadings in this proceeding, that shifting load to off-peak periods within California may result in an increase of GHG emissions on a WECC-wide basis.⁴ TURN explained that the analysis of marginal emissions rates of gas-fired units within California may not be dispositive when analyzing dispatch and power flows on a WECC-wide basis. The Commission has never evaluated this issue through sworn testimony and hearings and the Staff Proposal did not critically analyze this claim.

TURN expects that expert testimony on this subject would evaluate any available modeling data that incorporates a full dispatch model of the entire WECC area and could account for the relative emissions rates on-peak versus off-peak on a WECC-wide basis. The Commission should explicitly find that this issue is within the scope of issues for testimony.

⁴ See, TURN Opening Comments on Rate Design Proposals, July 12, 2013, p. 43-44. See, also, TURN PHC Statement of March 10, 2014, p. 11-15.

IV. SCHEDULE AND NEED FOR HEARINGS

TURN greatly appreciates that the Second Amended Scoping Memo has significantly extended the schedule as originally proposed in response to comments from multiple parties. TURN agrees that evidentiary hearings are necessary and supports the scheduling of three weeks of hearings, with the hope that actual hearing time may be shorter.

TURN notes, however, that the schedule calls for opening briefs on December 1, just five working days – assuming one works straight through the Thanksgiving holiday – after the end of three weeks of hearings concerning fundamental changes to residential rate design. Given the complexity and number of the issues to be briefed for three separate utilities, this highly expedited timeline is impossible to meet and unfair to parties that operate with limited staff. It is particularly challenging for parties simultaneously briefing issues relating to the proposals of all three utilities.

TURN requests that the date for opening and reply briefs be extended by at least three to four weeks. Given that any new rates for 2015 can be implemented in June or July of 2015, there is no harm in extending the briefing schedule by even one month, through the end of January 2015.

Respectfully submitted,

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