

R.13-09-011

Commissioner Peevey & ALJ Hymes

June 12, 2014

CLECA Cross Exhibit CLE-04

Witness: SDG&E (various)

Description: Data Responses to CLECA

May 22, 2014

SDG&E Response

Question 1

Date Submitted: June 5, 2014

1. On page 2 of Mr. Kruger's testimony, he states:
"RA resources that fail to offer or schedule face unavailability charges and penalties, and RA resources that "underperform" relative to their award or schedule face imbalance energy charges."
 - a. Please explain these charges as they related to DR bid into the CAISO's markets and how they might affect the economics of participation in those markets.

SDG&E Response to Question 1:

The current ISO Tariff on these charges and penalties do not affect demand response programs that bid into the ISO markets. However, it is expected that these charges will address demand response in the future. The CAISO expects to start an initiative to address this issue under the Use-limited Resource Adequacy Criteria and Must Offer Obligations as described in the CAISO's 2013 Stakeholder Initiatives Catalog.

<http://www.caiso.com/Documents/RevisedFinal2013StakeholderInitiativesCatalog.pdf>

Person Responsible For The Response: Nuo Tang / Kruger, Victor

CLECA Second Set of Data Requests to SDG&E in R.13-09-011

June 3, 2014

SDG&E Response

Questions 1 to 4

Date Submitted: June 5, 2014

In George Katsufraakis' rebuttal testimony, at page GK-3— lines 4-5, Mr. Katsufraakis states, "SDG&E believes that Capacity Bidding and Base Interruptible programs can be a supply resource if some program modifications are made."

1. What program modifications are contemplated for the Base Interruptible Program (BIP)?

One anticipated change is to the 30 minute notification given to customers prior to full promised load shed is expected to occur. Currently a BIP event can only start at the quarter hour following a full thirty minute notification time. For example, if SDG&E is notified by CAISO of an impending event at 2:10 pm and SDG&E takes six minutes to dispatch BIP and factors in the 30 minute notification (2:46 pm), the next available quarter hour is 3:00 pm. In summary it would take SDG&E 50 minutes to dispatch the program. The 50 minute lapse of time does not align with RDRR's requirement to be dispatchable within 40 minutes. In order to meet the 40 minute timeline of the RDRR product for the worst case scenario, SDG&E will have to lower the notification time to 20 minutes. SDG&E is currently evaluating this anticipated change and will make a proposal to the Commission by the end of 2014 to allow for market participation in 2015.

2. What program modifications are contemplated for Capacity bidding?

As a part of the 2015-16 Bridge funding application, SDG&E filed and received approval to introduce a new product under the Capacity Bidding Program. The new product offers a 15% premium over the capacity payments of the existing day-of products, if the end customer can provide load shed with a 30 minute notice. SDG&E believes faster response times make the program a more valuable resource in the market.

3. Is Mr. Katsufraakis aware that, as of May 1, 2014, BIP is a Reliability Demand Response Resource (RDRR) that can be bid into and dispatched in the CAISO energy market should conditions warrant? (see D.10-06-034; see *also* Testimony of Dr. Barbara R. Barkovich on behalf of the California Large Energy Consumers Association, at 14-16)

Yes.

—D

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4. Since BIP is now an RDRR resource and can be bid in and dispatched if needed, would it be reasonable to state that no program modifications are needed for BIP?

As stated in Question 1 above, a change in the program is needed to align the product with RDRR requirements.

Person Responsible For The Response: George Katsufakis/Tony Rafati