

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

Order Instituting Rulemaking to Enhance the Role of
Demand Response in Meeting the State's Resource
Planning Needs and Operational Requirements

R.13-09-011
(Filed September 19, 2013)

**OPENING BRIEF OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)**

Thomas R. Brill
Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY
8306 Century Park Ct
San Diego, CA 92123-1530
Phone: (858) 654-1601
Fax: (858) 654-1878
E-Mail: TBrill@semprautilities.com

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I. INTRODUCTION

Pursuant to the Electronic Ruling of ALJ Hymes issued August 13, 2014, San Diego Gas & Electric Company ("SDG&E") hereby submits its Opening Brief on the following issues:

- Back-up generators; and,
- Issues associated with encouraging participation in a Demand Response Auction Mechanism (DRAM) Pilot and the potential interaction of other solicitations for Supply Resources with the DRAM Pilot

SDG&E is filing a Joint Opening Brief with The Utility Reform Network (TURN) on Cost Allocation issues concurrently with the submittal of this Opening Brief. SDG&E also respectfully submits that the Settlement Agreement previously submitted herein should be approved for the reasons set forth in the Motion for Approval of Settlement Agreement submitted on August 4, 2014 , but will not repeat the arguments set forth in that Motion herein.¹

¹ SDG&E reserves the right to submit responses to arguments of parties opposing the Settlement Agreement through Reply Comments to be submitted herein on September 8, 2014.

II. UTILITIES SHOULD NOT BE REQUIRED TO COLLECT DATA ON THE CUSTOMER'S USE OF FOSSIL-FUEL EMERGENCY BACK-UP GENERATION DURING DEMAND RESPONSE EVENTS

SDG&E is not currently required to, and does not currently track customer use of Back-Up Generation (BUG) during DR events. However, use of BUGs is governed by, and relevant data tracked by agencies other than the Commission. As was explained in the testimony of SDG&E witness Katsufakis:

. . . maintaining records of BUGs and/or their usage is not directly within a utility's mandate. BUGs are governed by other state and federal authorities and enforcement of the rules mandated by those authorities should not be the utility's responsibility.

(See, SGE-02, lines 24-26, at p. 10.)

SDG&E submits that utilities should not be required to collect data on a customer's use of BUGs during DR events , both because this data is already collected by the California Air Resources Board (CARB) and because BUG use is subject to the jurisdictional authority of CARB. As Southern California Edison (SCE) witness Wood testified:

The Commission's policy established in D.11-10-003 can likely be achieved without requiring the IOUs to collect data on the use of fossil-fueled BUG during DR events.

. . . air pollutants emitted from the use of BUG are governed by California's air pollution control districts (APCDs) and air quality management districts (AQMDs). These agencies have been granted legislative authority to exercise responsibility for comprehensive air pollution control within a particular region. The Public Utilities (P.U.) Code includes a process for IOUs to provide information to the APCDs and AQMDs to allow them to enforce BUG rules. Pursuant to P.U. Code Section 743.3, on a monthly basis, SCE provides to the APCDs and AQMDs in its territory a confidential list of SCE customers participating in an interruptible program,[*footnote omitted*] which enables the APCD / AQMD to cross-reference its list of BUG permits with customers participating in the interruptible program.

(See, SCE-01, at p. 48, lines 12-23.)

PG&E witness Tougas has similarly pointed out the redundancy and jurisdictional conflicts that could arise were the Commission to require utilities to collect BUGs data:

First, it should not be the responsibility of the IOUs to collect data on customer's use of fossil-fuel emergency BUG during DR events. These data are collected by the California Air Resources Board (CARB) so any efforts by the IOUs to independently collect these data would seem redundant. Furthermore, because these data are likely under the jurisdiction of the CARB, the IOUs may not have the authority to collect it. Without additional information, I am unaware of how PG&E could, in an efficient and low-cost manner, collect data on customers' use of fossil-fueled BUG during DR events. It might be more practical for the Commission to hire a third-party consultant to perform annual evaluations to determine the extent to which fossil-fueled BUG are used during a DR event.

(See Prepared Direct Testimony of Luke Tougas, PG&E-01, Ch. 7, p. 3, lines 29-39.)

Finally, as witnesses for both SCE and PG&E have pointed out, requiring sub-metering for BUG customers would add costs to DR programs and unnecessarily increase associated administrative costs. (See PG&E-01, Ch. 7, p. 3, lines 29-39; SCE-01 at p. 49, lines 21-23.)

III. UTILITES SHOULD NOT BE REQUIRED TO CURTAIL SUPPLY RESOURCE DR PROCUREMENT TO PROMOTE THE DRAM PILOT

The Settlement Agreement provides that the DRAM mechanism should be implemented as a pilot for the first two years. SDG&E submits that a pilot is, by definition, implemented to test the viability of this new approach to procurement of DR. Until the DRAM mechanism has been tested and benefited from lessons learned during the pilot, it would be premature to decide that all supply resource DR should be procured in this manner. Instead, the DRAM should be utilized as one of the procurement mechanisms employed by utilities to obtain supply resource DR until the results of the pilot have been evaluated. If utilities are required to rely exclusively on an untested pilot procurement mechanism to procure all supply resource DR, DR supply may unnecessarily decrease.

By waiting until results of the pilot are available before deciding whether or not all supply resource DR should be procured in this manner, the Commission will be empowered to better assess what changes should be made to the DRAM mechanism and whether or not it should be the exclusive mechanism for utility procurement of supply resource DR. Until then, major reliance on an untested mechanism would limit supply options and unnecessarily decrease DR without any corresponding benefits.

IV. CONCLUSION

SDG&E appreciates the opportunity to submit the forgoing Opening Brief herein.

Dated: August 25, 2014

Respectfully submitted

By: /s/ Thomas R. Brill

Thomas R. Brill

Attorney for

SAN DIEGO GAS & ELECTRIC COMPANY

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