

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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RESOLUTION: E-2047

EVALUATION & COMPLIANCE DIVISION

BRANCH: Energy

DATE: June 21, 1985

Director  
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ENERGY BRANCH  
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RESOLUTION

SAN DIEGO GAS AND ELECTRIC COMPANY (SDG&E) AUTHORIZATION  
TO REALLOCATE CONSERVATION AND LOAD MANAGEMENT FUNDS TO  
CARRY OUT A COMMERCIAL DEMAND REDUCTION PROJECT AND A  
SMALL COMMERCIAL DEMAND PROJECT.

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By Advice Letter 639-E, filed April 9, 1985, SDG&E requests authority to reallocate 1985 energy conservation and load management funds in excess of authorized management discretion (\$500,000). These changes include a reduction in solar program funding requirements of \$824,400 and an increase of \$822,600 for commercial, industrial energy conservation and \$2,083,032 for redirection of its load management activities.

1. CPUC Decisions 93892, 83-12-065, and 84-05-043, which authorized San Diego Gas and Electric Company's conservation and load management programs require SDG&E to seek Commission approval by Advice Letter prior to shifting more than \$500,000 between certain categories of conservation programs. This Advice Letter requested the shifting of more than \$500,000 in three areas within SDG&E's Customer Energy Management Department.

2. At its regular meeting of May 15, 1985 the Commission adopted Resolution No. E-2040 which authorized budget reallocations recommended jointly by the utility and the staff with two exceptions which were the reallocations for a new Commercial Demand Reduction Project and the Small Commercial Demand Project. In doing so the Commission stated:

"We will authorize the modifications recommended herein with the exception of the \$822,600 allocation for the new Commercial Demand-Reduction Project and the \$619,600 for the Small Commercial Demand Project. For the Commercial Demand Reduction program we would like to have additional details as to the specific measures that will be eligible for cash or other incentives and the relative cost-effectiveness thereof. For the Small Commercial Demand Project we would like additional details specific to the program and how this program will be affected by SDG&E's plans for corporate diversification".

3. SDG&E has subsequently provided additional information to support its requested funding of these two activities.

4. The Small Commercial Demand Project is a load research project whose primary purpose is to take a statistically valid sample of those commercial customers with an average annual demand between 20 and 500 kW. The Commission Staff had recommended in its version of Resolution E-2040 that SDG&E spend all but \$28,000 of its requested \$619,600 for this project on Thermal Energy Storage Project (TES) instead, but SDG&E reports that even with maximal effort in its 1985 plans for TES the presently authorized budget will be adequate.

5. SDG&E reports that the load profiles which will be learned for each business and building type sampled in this class will be compared to environmental factors (e.g. climate zone, season, geographic location) and the conservation products now in the field. Knowing these data, the utility will then use them for PURPA requirements, systems and planning department's database, load research reports, and the determination of the applicability of the following programs to specific business and building types in this small commercial class:

- o Thermal Energy Storage
- o Group Load Curtailment
- o Day Lighting
- o Solar Film
- o HVAC (air conditioning)
- o Roof Treatments
- o Natural Gas Chillers
- o Efficient Rate Design
- o Planning and designing utility distribution systems

6. We agree with SDG&E that it should do more load research and gather such data on a par with PG&E and SCE. We believe the utility should formulate and supply to the staff specific plans on how the data will be used by load forecasters, system planners, and conservation and load management program managers. The format and content of these plans shall be specified by the staff in a data request.

7. We are concerned about the use of these data by an unregulated energy consulting firm which may ultimately become a subsidiary of a diversified San Diego Gas and Electric Company. The utility would have data concerning its customers' billing, payment habits and load profiles, which would be available to its subsidiary but not to that subsidiary's competitors, thus possibly creating an unfair competitive advantage. In the utility's response to staff data request, it did not comment on this potential inappropriate use of information, but it did state that this load research data is essential to the operation of the regulated utility, whether the planned diversification is consummated or not.

To prevent an unfair competitive advantage, SDG&E should be required to include in its annual reports to the Commission any load research data and conclusions made available to a subsidiary and to inform interested parties through appropriate newspaper, magazine, and journal articles that these data have been gathered and are available without charge to interested energy consulting firms. SDG&E shall provide no information to a subsidiary which is not also made available to other interested parties and competing firms.

Questions regarding a potential anticompetitive effect of such a data gathering program are intimately involved in our determination of what is in the public interest (No. Cal. Power Agency v CPUC, 5c 3d 370 (1971)).

8. The additional information regarding the Commercial Demand Reduction Project with a \$822,600 allocation is summarized as follows:

- (a) Distribution is to five programs in the Commercial/Industrial category, specifically:

<u>Program</u>	<u>Amount</u>
Nonresidential Audits	\$260,300
New Business	38,300
Agricultural	6,100
Streetlight	5,900
Commercial Demand Reduction Project	512,000
	<u>\$822,000</u>

- (b) The Commercial Demand Reduction Project is budgeted as follows:

	<u>1983 Dollars</u>	<u>1985 Dollars</u>
Employee Labor	\$ 90,000	\$ 96,000
Contract Labor	79,000	84,300
Incentives	200,000	213,300
Advertising	89,000	94,900
Other	22,000	23,500
	<u>\$480,000</u>	<u>\$512,000</u>

- (c) Incentive criteria for the Commercial Demand Reduction Project have not been established; however, items which are being considered are solar film, skylights, dimming systems, evaporative condensers, indirect evaporative cooling, and natural gas chillers.
- (d) The Commercial Demand Reduction Project in aggregate is cost-effective with the nonparticipant test having a benefit/cost ratio of 1.33.

9. Staff is evaluating the cost-effectiveness of the individual elements of paragraph 8(c) (above) in connection with SDG&E's current rate proceeding (A.84-12-15) wherein SDG&E proposes to raise the Commercial Demand Reduction project to program status.

10. SDG&E's proposal for Test Year 1986 in A.84-12-15 differs from the proposal for 1985 in the following ways:

- o Incentives as a percentage of total project expenses are less in 1985 than in 1986 because of 1985 start-up costs.
- o The California Energy Commission (CEC) as a result of Assembly Bill 191, will be more active in 1986 in mandating utility incentive programs.
- o Funding for incentives in 1986 may also be available from the Petroleum Violations Escrow Account, which is administered by the CEC, as well as from ratepayers.

11. We believe incentives to be an effective way of accomplishing low cost conservation and wish to see SDG&E providing incentives to its nonresidential customers in 1985; however, given the uncertainties which still exist for the proposed 1985 project and the certain changes which are expected for 1986, we prefer to have SDG&E simplify its 1985 program by:

- o Offering incentives only for those elements known to be cost-effective based on the experience of other regulated energy utilities,
- o Minimizing studies and other efforts to develop incentive levels for elements which have not been tried and for which the cost-effectiveness is not certain, and
- o Devoting a higher percentage of the total budget to incentives.

12. The elements which are included in SDG&E's proposal and which are known to be cost-effective are solar film, skylights, evaporative condensers, and indirect evaporative cooling.

THEREFORE:

1. San Diego Gas and Electric Company is authorized under Section 701 of the Public Utilities Code to reallocate conservation funds of \$822,600 which SDG&E requested by Advice Letter 639-E and which we delayed pending further information by Resolution No. E-2040, except that the distribution of funds is modified.

2. The distribution of the \$822,600 shall be as follows:

Nonresidential Audits	\$260,300
New Business	38,300
Agricultural	6,100
Streetlight	5,900
Commercial Demand Reduction	
Labor	80,000
Incentives	320,000
Advertising and Miscellaneous	112,000
	<u>\$822,600</u>

3. Of the items SDG&E proposed for incentives, incentives shall be limited to solar film, skylights, evaporative condensers, and indirect evaporative cooling. However, SDG&E may add incentives for proven cost-effective program of other California energy utilities such as for electric motor replacements with high efficiency motors.

4. For the Small Commercial Demand Project SDG&E is authorized to spend \$619,600 in 1985. The utility will work closely with the staff to formulate detailed plans for the collection and use of these data.

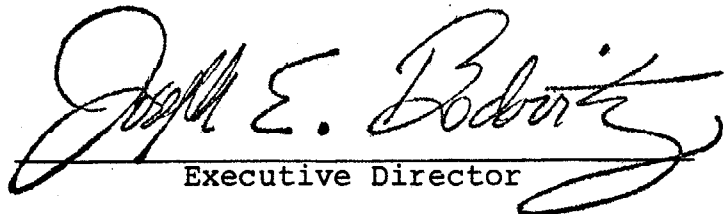
5. The utility shall provide these data and utility conclusions about it to the Commission each year as a public record. The utility shall also take appropriate action to inform interested energy management consulting firms of their existence, content, and availability of these data.

6. The above advice letter shall be marked to show that it was authorized for filing by Resolution Nos. E-2040 and E-2047.

This resolution is effective today.

I certify that this resolution was introduced, approved and adopted at a regular meeting of the Public Utilities Commission of the State of California on June 21, 1985. The following Commissioners approved it:

VICTOR CALVO  
PRISCILLA C. GREW  
WILLIAM T. BAGLEY  
FREDERICK R. DUDA  
Commissioners

  
Executive Director