

A.19-03-002 – SDG&E GRC Phase 2
SDG&E Data Request #2 to SEIA – Response of SEIA
July 17, 2020

1. SEIA has proposed to modify Schedule EV-TOU-5, which results in an increase to the super off-peak period rate. Currently, the super off-peak period rate is designed to incentivize overnight EV charging. Please provide any and all documents and analysis demonstrating or related to the anticipated impact of SEIA’s proposal on current EV-TOU-5 customers.

Response: SEIA has not prepared any detailed analysis of the impact of its proposed TOU-DER rate (a modified version of EV-TOU-5) on existing EV-TOU-5 customers who use the rate for electric vehicle (EV) charging. That said, SEIA also submits that the super-off-peak rates of about \$0.12 per kWh in its proposed TOU-DER rate (see SEIA testimony, at Table 3) would be highly competitive with liquid fuels (e.g. competitive with gasoline at below \$2 per gallon), and notes that both PG&E and SCE have residential EV charging rates with equal or higher off-peak / super-off-peak rates than those proposed by SEIA in TOU-DER (see the TOU-D-PRIME and TOU-EV-1 rates for SCE and the EV and EV2 rates for PG&E). Nonetheless, if there is a concern with impacts on existing EV-TOU-5 customers, SEIA would support the retention of the current EV-TOU-5 rate for EV customers, while making SEIA’s proposed TOU-DER rate available to residential customers who install other types of distributed energy resources (DERs).

2. On page 26 of SEIA’s April 6, 2020 direct testimony, witness Beach states, “Nonetheless, DG-R is a cost-based rate that fully recovers SDG&E’s allocated costs, so any under-recovery is not the result of customers paying less than the cost to serve them. The under-recovery would be due to customers moving from a rate where they are paying above cost-of-service to a more appropriate rate that better approximates their cost of service. If the Commission remains concerned with this under-recovery, I would recommend a limit of 100 MW per year on the transfers of existing AL-TOU or A6-TOU customers to DG-R over this three-year rate case period.”

- a. Please define what Mr. Beach means by “under-recovery.”

Response: “Under-recovery” means the utility recovering less revenue than if the customer were billed under the otherwise-applicable rate schedule if the customer did not take service on DG-R, which is most likely to be Schedule AL-TOU.

- b. Please provide any analysis and documents supporting SEIA’s conclusion that moving customers to the DG-R rate would result in an “under-recovery.”

Response: It is reasonable to assume that customers would not move to DG-R unless it lowered their bills from SDG&E. This would reduce SDG&E’s revenue recovery from these customers.

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- c. Please provide any estimates, and any analysis and documents supporting the estimates, of the “under-recovery” and/or undercollections SEIA believes would result from expanding the eligibility of Schedule DG-R.

Response: SEIA has not prepared an analysis of the potential under-recovery from expanding DG-R. Such an analysis would depend on difficult-to-make assumptions about the load profiles of the customers that shift to DG-R as well as whether and the extent to which such customers adopt different types of DERs as a result of the availability of the DG-R rate. That said, the high on-peak TOU rates in DG-R would encourage new DG-R customers to shift loads out of the 4p – 9p peak period, thus benefitting the system as a whole.

- d. Please define what Mr. Beach means by “a more appropriate rate.”

Response: DG-R could be a “more appropriate” (i.e. lower cost) rate for customers with the ability to shift significant load out of the peak period. The reduced demand charges in DG-R (esp. the lower non-coincident demand charges) compared to AL-TOU would improve the economics for such shifts that are beneficial to the system as a whole.

- e. Please provide any analysis and documents supporting SEIA’s conclusion that moving customers to the DG-R rate would “better approximate[] their cost of service.”
- 1) if the eligibility was expanded to all C&I customers; and
 - 2) if the eligibility was expanded only to customers with behind-the-meter energy storage.

Response: (1) DG-R is a cost-based rate for the class of AL-TOU customers. Thus, a customer in the class of medium and large commercial customers taking service under DG-R will pay the costs that SDG&E incurs to serve them. If DG-R is the least-cost rate for such a customer, then the customer should be allowed to elect it. (2) This includes customers who may be able to shift load out of the peak period by installing DERs such as storage. In contrast, under the AL-TOU structure with its heavy reliance on non-coincident demand charges, the primary reason for a customer to install storage would be to mitigate those demand charges, which could result in discharging the stored energy at off-peak times that are sub-optimal for the system as a whole.

- f. Please provide any analysis and documents supporting Mr. Beach’s recommendation of “a limit of 100 MW per year on the transfers of existing AL-TOU or A6-TOU customers to DG-R over this three-year rate case period.”

Response: SEIA observes that SDG&E has about 1,950 MW of peak demand from customers in the Medium and Large Commercial class, based on the monthly average noncoincident peak

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demands forecasted for 2021 of the customers in the AL-TOU and A6-TOU rate schedules, as reported in the “Determinants (3P)” tab of SDG&E’s “2019 GRC Phase 2-Chapter 3_WP1-PUBLIC” workpaper. SEIA’s proposed limit of 100 MW per year on the transfers of existing AL-TOU or A6-TOU customers to DG-R over the three-year rate case period would moderate the portion of the Medium/Large class that could elect this change in rate design.