

May 1, 2001

PUC 110
X - PUG 000
R.00-10-002

ADVICE LETTER 1320-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REQUEST FOR APPROVAL TO IMPLEMENT AIR CONDITIONING CYCLING AND OTHER INTERRUPTION PROGRAMS TARGETED TO RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS

San Diego Gas & Electric Company (SDG&E) hereby submits its request for approval to implement air conditioning cycling and other electric appliance and equipment interruption programs targeted to residential and small commercial customers.

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) in Decision (D.) 01-04-006, dated April 3, 2001 directed SDG&E to explore reasonable options for implementing air conditioning cycling and other electric motor interruption programs targeted to residential and commercial customers with an Advice Letter to be filed and served no later than May 1, 2001. SDG&E was directed to analyze and report on alternatives, and seek approval of the most reasonable alternatives, including proposed tariffs for implementation. The analysis of each alternative shall include cost, amount of load reduction, means to verify load reductions, and timeliness of implementation (D. 00-04-006 at pg. 36).

PROPOSAL TO ESTABLISH INTERRUPTION PROGRAMS

Review of Potential Program Design Strategies

SDG&E has evaluated the following residential and small commercial customer electric appliances and equipment cycling or curtailment strategies: (1) cycling of air conditioners for residential and small commercial customers; (2) curtailment of lighting for small commercial customers; (3) curtailment of electric residential water heaters; (4) cycling of "second" (i.e. second refrigerator in the house) refrigerator/freezers; (5) cycling and/or curtailment of swimming pool pumps; and (6) the use of a device that allows customers to choose the electric load to be cycled. (See Appendix C for more detail of the evaluation.)

Based on its analysis and customer feed back of the various strategies, SDG&E recommends the inclusion of the following for its Electric Appliance and Equipment Curtailment program: (1) 33%, 50%, 67% and 100% cycling options for central air conditioners for residential and small commercial customers (where the cycling percentage options refer to the percentage of an hour that the air conditioning compressor is not permitted to operate), (2) curtailment of lighting for small commercial customers, and (3) curtailment of domestic water heaters for residential customers who participate in the cycling program for their central air conditioners. SDG&E recommends these appliance cycling options and small commercial lighting equipment because these strategies provide the greatest potential for load reduction and customer acceptance. The proposed program can be expanded to include the curtailment of domestic water heaters only (does not require a sign-up for central air conditioning) for residential customers at a later time.

SDG&E does not recommend the inclusion of the cycling of "second" refrigerator/freezers, the cycling and/or curtailment of swimming pool pumps and the use of a device that allows customers to choose the electric load to be cycled. The refrigerator/freezer and pool pump cycling/curtailment strategies are not recommended because these programs directly compete with SDG&E's pool pump program and the American Recycling Centers for Appliances (ARCA) refrigerator recycling program. These programs were adopted by the Commission in the August 21, 2000 Ruling of Assigned Commissioner and Administrative Law Judge on Summer 2000 Energy Efficiency Initiative. These programs are currently authorized to continue through December 2001. In addition, Senate Bill SBX1 5 encourages the recycling of replaced refrigerators to discourage the use of second refrigerators. SDG&E does not recommend the use of a device that allows the customer to choose the appliance to be attached to the device because the customer has the option of removing the appliance during a cycling/curtailment period. In addition, it is difficult to assess the controlled load.

ELECTRIC APPLIANCE AND EQUIPMENT INTERRUPTION PROGRAM DESIGN

This program is open to residential and small commercial customers who take service from SDG&E under Schedules DR, DR-LI and A who have electric central compressor type air conditioning, electric water heating, and on-peak lighting load. This program is not open to customers who are receiving a medical baseline allowance. SDG&E expects a load reduction of 10.33 megawatts assuming at least 7,000 control devices are installed.

Central Air Conditioning Interruption

At SDG&E's discretion, the interruption and/or control of central air conditioning may be carried out between the hours of 12:00 PM and 6:00 PM during the months of May through September (Summer Months) by interruption of equipment for a period not to exceed six hours per day. Equipment interruption will not exceed these time periods.

Other Equipment Interruption

At SDG&E's discretion, the interruption and/or control of electric appliance and/or equipment may be carried out at any time during all months of the year by interruption of controlled electric appliance and/or equipment for a period not to exceed six hours per day.

The following tables describe the program components:

Central Air Conditioning		Bill Credit
Interruption Strategy	Max Number of Interruptions per year	(Summer Months Only)
33%	None	\$6
50%	None	\$9
67%	None	\$14
100%	20	\$20

Water Heating		Bill Credit
Interruption Strategy	Max Number of Interruptions per year	(12 Months)
100%	None	\$5

Commercial Lighting		Bill Credit
Interruption Strategy	Max Number of Interruptions per year	(12 Months)
100%	None	\$4 per 500 connected watts

As illustrated in the above table, the central air conditioning cycling component contains four different strategies, each assigned a different bill credit ranging from \$6 to \$20 per month during the Summer Months. There is a cap on the number of interruptions for the 100% air condition cycling strategy not to exceed 20 days per year. The interruption of residential water heating provides a bill credit of \$5/month. The commercial lighting curtailment program will provide a bill credit of \$4/month for every 500 watts of connected load subject to interruption and/or control.

SDG&E conducted a total of four focus groups with two groups of residential customers and two groups of commercial customers on April 25 and 26, 2001 (see Appendix E). The purpose of these focus groups was to solicit customer input and feedback on an array of potential equipment cycling and curtailment options and incentive levels. Customer feedback from these focus groups together with SDG&E's past experience with its central air conditioning peakshift program and other curtailment programs in other service territories were used to develop the recommended program strategies and incentive levels.

BUDGET AND PROGRAM DEPLOYMENT SCHEDULE

SDG&E issued a request for proposal (RFP) for Remote Load Control on April 17, 2001 (see Appendix D). The RFP calls for 1,000 devices to be installed and operational by Sept. 1, 2001 with an additional 4,000 to be installed and operational by May 1, 2002. Up to an additional 5,000 switches will be installed according to customer response or program expansion to include other electric load in the future. SDG&E expects proposals from bidders on May 11, 2001 and expects to make a decision by May 31, 2001. SDG&E's initial budget estimate is for \$1.8 million for switch and required infrastructure installation with additional annual expenses of \$1.2 million for incentives and support personnel (see Appendix A). Once the winning bidder is selected, SDG&E will be able to develop more refined budget assumptions and specific program deployment schedule.

SDG&E is currently working on developing program material, and a program marketing and communication plan so that it can begin immediate customer solicitation as soon as SDG&E receives Commission approval of this advice letter.

MEASUREMENT & VERIFICATION OF LOAD REDUCTION

SDG&E's RFP includes a request for a detailed measurement and verification plan to determine the load reduction achieved through the program.

TARIFFS

In accordance with the Decision, SDG&E is proposing a new Rule 14.1 for its Electric Appliance and Equipment Interruption program. Appendix B includes the proposed Rule 14.1, and a proposed Agreement form, along with an Attachment 1 to the Agreement, that will be included in SDG&E's filed electric tariffs once these tariffs are submitted in final form and approved by the Commission.

EFFECTIVE DATE

Since this filing is being submitted as required by D.01-04-006, SDG&E requests that it become effective on the date the Energy Division staff sends a letter to SDG&E notifying SDG&E that the filing has been reviewed and approved.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

It is also requested that a copy of the protest be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: C. Richard Swanson
Regulatory Tariff Manager
101 Ash Street - HQ14D
San Diego, CA 92101-3017
Facsimile No. (619) 696-4027
E-mail: rswanon@sempa.com

Questions regarding this Advice Letter should be directed to:

Attn: Joy C. Yamagata
Regulatory Case Manager
101 Ash Street - HQ14B
San Diego, CA 92101-3017
Facsimile No. (619) 696-4027
E-mail: jyamagata@sempra.com

NOTICE

In accordance with Section III-G of General Order 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in OIR 00-10-002, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Martha Ulloa by facsimile at (619) 696-4027 or by e-mail to mulloa@sempra.com.

LEE SCHAVRIEN
Director, Regulatory Case Management
& Tariff Administration

Enclosures
(cc list attached)

(S:Reg_aff/Data/AdviceLetters/1320-E.doc)

APPENDIX A - PROPOSED BUDGET

APPENDIX B - PROPOSED TARIFFS (Rule 14.1 & Agreement Form)

APPENDIX C - APPLIANCE CYCLING EVALUATION REPORT

APPENDIX D - REQUEST FOR PROPOSAL FOR REMOTE LOAD CONTROL

APPENDIX E - CUSTOMER FOCUS GROUP REPORT

