

STATE OF CALIFORNIA

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

Edmund G. Brown Jr., *Governor*



March 30, 2011

**Advice Letter 2152-E**

Clay Faber, Director  
Regulatory Affairs  
San Diego Gas and Electric  
8330 Century Park Court, CP32C  
San Diego, CA 92123-1548

**Subject: Revisions to Demand Response Program Tariffs in Compliance  
with D.09-08-027**

Dear Mr. Faber:

Advice Letter 2152-E is effective March 18, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



Ron van der Leeden  
Rates, Revenues & Tariffs  
8330 Century Park Court  
San Diego, CA 92123-1548

Tel: 213-244-2009  
Fax: 858.654.1788  
RvanderLeeden@semprautilities.com

March 18, 2010

**ADVICE LETTER 2152-E**  
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: Revisions to Demand Response Program Tariffs in Compliance with D.09-08-027**

**PURPOSE**

In accordance with Ordering Paragraph (OP) 25 of California Public Utilities Commission (Commission) Decision (D.) 09-08-027, this filing proposes the method by which SDG&E will transition a portion of its Capacity Bidding Program, and Participating Load Pilot to the CAISO Proxy Demand Resource program as ordered.

**BACKGROUND**

On August 20, 2009, the Commission issued D.09-08-027 adopting, among other things, demand response activities and budgets for 2009 through 2011 for the investor-owned utilities<sup>1</sup> (IOUs). The decision required that "Within 30 days of the filing of CAISO's Proxy Demand Resource tariff with the Federal Energy Regulatory Commission, the utilities shall propose modifications to one or more existing demand response programs that will make at least 10 percent of the megawatts enrolled in the demand response programs authorized in this decision comply with the requirements of CAISO's Proxy Demand Resource." The CAISO filed their Proxy Demand Resource on February 16 and the instant filing meets the requirement of OP 25.

SDG&E has evaluated the effort required to transition existing demand response programs to make at least 10 percent of the megawatts enrolled available to meet CAISO's Proxy Demand Resource (PDR) requirements. Not only is there a significant amount of automation and system enhancement required to fully support this activity, there are a number of open issues that need to be resolved first. As a result, SDG&E proposes a phased approach allowing for achievement of the 10 percent target by the summer of 2011.

In order to provide for an orderly transition, SDG&E proposes to first convert a portion of its Capacity Bidding Program (CBP) to be compliant with the requirements of the CAISO PDR product for bidding into the market during 2010. By itself CBP could meet the 10 percent threshold for 2010 based on the historical amounts of enrolled megawatts as reported in SDG&E's monthly Demand Response Report to the Commission. However due to issues, such

---

<sup>1</sup> IOUs consist of SDG&E, Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE).

as those outlined below, the entire CBP will not be transitioned during 2010. For 2011, even if all outstanding the issues could be resolved, due to the growth of other demand response programs, it is possible that CBP by itself may not meet the 10% goal. As such, SDG&E intends to also make the Participating Load (PL) Pilot compliant with PDR to best ensure that the 10 percent threshold can be achieved by 2011. SDG&E plans to file for modification to the existing Participating Load (PL) Pilot through a separate, subsequent advice letter filing to incorporate PDR as well as PL capabilities. Inclusion of the two programs will increase the megawatts enabled for PDR and inform and support the market segmentation, process development and system integration requirements throughout 2010 and 2011 for achievement of 10 percent compliance.

## **PROPOSAL**

San Diego proposes to initially transition a portion of its Day Ahead CBP product to PDR in the CAISO Day Ahead energy market as well as use the features of the Participating Load Pilot (Pilot) to explore the use of PDR in the Ancillary Service and Real-time Energy markets. Changes to the CBP program and related processes are relatively minor, and will be transparent to program enrollees and only alter the manner in which the Demand Response program is managed internally by SDG&E and made available to the CAISO wholesale market.

Due to the challenges of fully transitioning CBP to PDR during 2010 without all of the rules and business processes defined and associated technical constraints, SDG&E identifies one major technical issue and proposes two parameters for a phased approach. While there is no guarantee that these challenges will be addressed and resolved by 2011, their impacts will be better known and alternatives can be considered.

1. The initial release of the PDR registration interface with the CASIO does not include data upload capability
2. Initially only customers receiving bundled service that are enrolled in CBP will be transitioned to PDR
3. Initially only the Day Ahead CBP product will be transitioned to PDR

The first issue is that without data upload capability, all information associated with registering a PDR must be entered manually through a User Interface (UI). The CAISO requires detailed location information for each account in a registration including, but not limited to, physical street addresses and Utility account numbers. In that there are hundreds of account numbers currently in the CBP, without data upload capability, the registration process is exposed to the unavoidable and unnecessary errors that come with manual data entry. The CAISO has been made aware that the lack of data upload capability is problematic and indicates that while it is not something that can be added in the near term, it will consider it for a future release of their software.

The second limitation is necessary in that the CAISO design requires that each Proxy Demand Resource be represented by only one Load Serving Entity. The driver for this requirement is that the CAISO cannot initially support the dis-aggregation of demand response performance in the form of a Demand Load Adjustment (DLA) that is applied to the LSE meter data. The application of the DLA to the LSE prevents the CAISO from paying for a demand reductions to both the DR Provider through the PDR settlement and to the LSE as uninstructed energy. SDG&E proposes that managing a single PDR made up of bundled customers will inform any issues associated with managing the nomination, bidding and settlement processes that might

otherwise be unmanageable in its first experience with PDR if it had to support multiple PDRs, i.e. one for each LSE. Further it is not entirely clear whether any of the issues currently in settlement under Phase 4 would be encountered if SDG&E were separately bidding a resource that is entirely composed of loads served by a separate LSE.

The third limitation is an artifact of the notification deadlines within the Capacity Bidding Program and the timing of the CAISO markets. Day Ahead market results from the CAISO are known in advance of the Day Ahead notification of the CBP allowing SDG&E to maintain the current notification process to CBP participants without modifying its CBP Tariff. However, the timing of the Day Of CBP product notification is three hours before the operating hour and the CAISO Hour Ahead Scheduling Process (HASP) advisory results are not known until 45 minutes prior to the start of the hour. As a result SDG&E has not fully vetted the manner by which it will transition the Day Of CBP product to PDR and is not certain at this time what, if any, modification will be required to the CBP tariff.

Aside from the aforementioned limitations, all other aspects of the CBP can remain intact and the balance of the program will be utilized in the same manner that it has been in preceding years. SDG&E will continue to evaluate the transition of the balance of the CBP program to PDR.

Migration of the 2009 Participating Load Pilot to PDR will provide additional program megawatts to help achieve the 10 percent PDR requirement. Further, based on its design, it will inform technical details that may affect CBP Day Of as well as Direct Access customers, and other DR programs. In particular the Pilot utilizes automated notification and is designed to interface with the CAISO Ancillary Services and Real-time energy markets.

The experience gained during the initial transition of CBP, the operation of the Pilot as PDR as well as the outcome of the settlement in Phase 4 will better inform the transition of SDG&E DR programs to PDR and other CAISO wholesale demand response products.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **EFFECTIVE DATE**

SDG&E believes that this filing is subject to Energy Division disposition and should be classified at Tier 1 (effective pending disposition) pursuant to GO 96-B. This filing is pursuant to D.09-08-027 and therefore SDG&E requests the tariff sheets filed herein be effective March 18, 2010, the date filed.

### **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 must be 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:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian ([inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) of the Energy Division. A copy of the protest should also 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: Megan Caulson  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1788  
E-mail: [MCaulson@semprautilities.com](mailto:MCaulson@semprautilities.com)

### **NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, and parties to A.08-06-002 by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at [SDG&ETariffs@semprautilities.com](mailto:SDG&ETariffs@semprautilities.com).

---

RON VAN DER LEEDEN  
Director – Rates, Revenues & Tariffs

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Joff Morales

Phone #: (858) 654-4098

E-mail: JMorales@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric                      GAS = Gas  
PLC = Pipeline                     HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2152-E

Subject of AL: Revision of Demand Response Program Tariffs in Compliance with D.09-08-027

Keywords (choose from CPUC listing): Compliance, DR

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.08-08-027

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1     2     3

Requested effective date: 3/18/2010

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**San Diego Gas & Electric**

**Attention: Megan Caulson**

**8330 Century Park Ct, Room 32C**

**San Diego, CA 92123**

**mcaulson@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

General Order No. 96-B  
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling  
S. Cauchois  
J. Greig  
R. Pocta  
W. Scott

Energy Division

P. Clanon  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

F. DeLeon  
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman  
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham  
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick  
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark  
M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate  
Reduction

M. Rochman  
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander  
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

A.08-06-002