BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902 E) for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design	Application 15-04-012 (Filed April 13, 2015)

PROTEST OF
THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION

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January 4, 2016

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Solar Energy Industries Association (CALSEIA) protests the Amended Application of San Diego Gas & Electric (SDG&E) in its 2016 Test Year General Rate Case, filed December 1, 2015.

1. INTEREST OF CALSEIA IN THIS PROCEEDING

CALSEIA is a 501(C)(6) not-for-profit solar industry trade association representing more than 300 company members involved in the solar energy business in California. CALSEIA is an active participant in multiple Commission proceedings addressing state policy and electric utility rates. Changes to electricity rates have direct economic impacts on the current and prospective customers of our member companies and may help or hinder the companies' ability to market solar energy products. CALSEIA's licensed contractor membership relies upon CALSEIA's involvement in regulatory proceedings that may affect their businesses.

SDG&E proposes to shift peak periods for time-of-use (TOU) rate schedules to later in the day, to recover a greater portion of distribution capacity costs via non-coincident demand charges, and to increase fixed charges for non-residential customers. The TOU proposal is extreme, and the demand charge and fixed charge proposals are completely unwarranted. All three proposals would harm the opportunity for customers to economically generate electricity on-site to offset a portion of energy demand. CALSEIA member companies seek to enable such opportunities, but the opportunity would be cost-effective for fewer of SDG&E's customers if the proposals are adopted. CALSEIA was an active party in SDG&E's 2015 rate design window application, in which the utility made a similar proposal on TOU peak periods.

2. SERVICE

Service of notices, orders and other correspondence in this proceeding should be directed to CALSEIA at the address set forth below:

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CALSEIA requests email-only service.

3. COMMENTS IN PROTEST OF THE GRC APPLICATION

SDG&E's current TOU peak period is 11:00 am - 6:00 pm in the summer and 5:00 pm - 8:00 pm in the winter on non-holiday weekdays. SDG&E proposes to change this to 4:00 pm - 9:00 pm on non-holiday weekdays year round. Moving the start of TOU peak by five hours all at once is a radical change that is not supported by SDG&E's testimony. SDG&E's data shows that early afternoon hours bear more resemblance to late afternoon hours than to morning hours. SDG&E also proposes to create a super off-peak period that extends to 2:00 pm on weekends, despite the fact that the mid-day hours look very different from the hours in the middle of the night that a super off-peak period is typically designed for.

These proposals are premature and would pre-judge the outcomes of other Commission proceedings. The restructuring of residential rates pursuant to D.15-07-001 ordered the IOUs to propose a default TOU rate for residential customers by January 1, 2018.[1] It also ordered the formation of "a working group to address the issues regarding time-of-use rate design and study as detailed in this decision, as modified or revised during Phase 3 of this proceeding."[2] The Phase 3 scoping memo in R.12-06-013 anticipates a proposed decision on the first issue, "interpretation of Public Utilities Code Section 745 conditions that must be met for implementation of default TOU rates," in February 2016. The TOU Pilot Design Working Group issued a proposed "Time-of-Use Pricing Opt-in Pilot Plan" on December 17, 2015, but that plan has not been approved or implemented. The working group does not propose to submit the final pilot evaluation report until March 30, 2018.[3] At the same time, the Commission created a separate rulemaking, R.15-12-012, on December 17, 2015, to "consider appropriate time periods for future time-of-use rates," among other objectives. Comments on the Order Instituting Rulemaking will be filed on January 15, 2016, and many other procedural steps will take place throughout 2016 and likely beyond. With these proceedings underway, the Commission should not prejudge the outcome by approving SDG&E's TOU time period proposal in this GRC.

Further, the proposed decision on the net energy metering (NEM) successor tariff in R.14-07-002 includes a requirement that NEM customers take service under a TOU schedule. If that requirement remains in the final decision, the impact of specific TOU rate structure changes will need to be examined in light of the fact that they could severely impact adoption rates of customer generation at a time when rooftop solar is needed to meet the state's greenhouse gas

[1] D.15-07-001, OP 9 - OP 11.
[2] D.15-07-001, OP 13.
[3] TOU Pilot Design Working Group, "Time-of-Use Pricing Opt-in Pilot Plan," December 17, 2015 at pg. 101.

reduction targets. It is likely that multiple TOU options will be needed to enable opportunities for different sets of customers.

Regarding demand charges, SDG&E proposes to transition the recovery of distribution capacity costs for medium and large commercial customers from 65% non-coincident demand (NCD) charges and 35% on-peak demand charges to 100% NCD charges. SDG&E justifies this proposal by stating, "SDG&E's distribution system is designed to meet individual customer service requirements and not designed for coincident system peak demand."[4] CALSEIA submits that the distribution system should not be designed either for individual customer requirements or system peak requirements, but rather for circuit and substation requirements that balance the demand of customers on each section of the distribution system. Simply stating that circuit load profiles are different from system load profiles is not a sufficient basis for recovering all costs through NCD charges.

Regarding fixed charges, SDG&E proposes sharp increases in the monthly service fees for all classes of commercial and agricultural customers. The utility presents a category of "distribution customer costs" without defining exactly which of its distribution system costs are included and without justifying that they are fixed costs that cannot be reduced in the long term. This demonstrates a short-term perspective on distribution system planning that must be rejected, particularly when the Commission is encouraging utilities to change their planning processes and reduce distribution system expenses in the Distribution Resources Planning proceeding, R.14-08-013. In considering the instant application, the Commission will need to scrutinize which expenses SDG&E proposes to recover with fixed charges.

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4 "Prepared Direct Testimony of John Baranowski," December 1 2015 at p. JB-1.

4. CONCLUSION

CALSEIA appreciates the opportunity to participate in this proceeding. The issues highlighted above are the three largest issues with the SDG&E application on which CALSEIA intends to provide information, but CALSEIA may identify other aspects of the SDG&E application to comment on as well.

Respectfully submitted this January 4, 2016 at Sacramento, California.

By: /s/ *Brad Heavner*
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