



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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Application of the Pacific Gas and Electric  
Company to Revise Its Electric Marginal Costs,  
Revenue Allocation and Rate Design.

Application 19-11-019

**PROTEST OF THE CALIFORNIA SOLAR AND STORAGE ASSOCIATION,  
CALIFORNIA ENERGY STORAGE ALLIANCE, AND OHMCONNECT, INC.  
TO THE 2020 GENERAL RATE CASE PHASE II APPLICATION OF PACIFIC  
GAS AND ELECTRIC COMPANY**

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## **1. INTRODUCTION**

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the California Solar & Storage Association (CALSSA), California Energy Storage Alliance (CESA), and OhmConnect, Inc. (OhmConnect) (collectively the Joint Parties) hereby submit this protest to Application (A.) 19-11-019, the 2020 General Rate Case (GRC) Phase II application of Pacific Gas and Electric Company (PG&E). Although notice of the application first appeared on the Commission's Daily Calendar on November 25, 2019, Assistant Chief Administrative Law Judge McKinney granted PG&E's request to extend the protest period to January 10, 2020 by email ruling dated December 3, 2019. Thus, this protest is timely.

## **2. GROUNDS FOR PROTEST**

Joint Parties were part of a coalition of parties (Petitioners) that filed a petition for rulemaking (Petition) in November 2018 requesting that the Commission consider the topics of real-time pricing (RTP), other advanced dynamic rates, and various demand charge reforms for all three investor-owned utilities.<sup>1</sup> In Decision (D.) 19-03-002, the Commission denied the Petition, but in so doing, aimed to "clearly indicate to [the] Joint Petitioners, and the respondents supporting the petition, that their focus on demand charge reform and RTP development is welcome."<sup>2</sup> Moreover, the Commission encouraged the Petitioners to participate in the upcoming GRC Phase II proceedings to include the issues discussed in the Petition within the scopes of those rate cases.<sup>3</sup> Joint Parties do so with this protest.

Joint Parties believe that PG&E should do more to incentivize customers to use electricity in ways that align with environmental and grid reliability needs by offering dynamic rates to all customer classes. PG&E's application does not consider dynamic rates and, if allowed to proceed in its current form, would represent a missed opportunity to convey those needs with greater accuracy to customers.

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<sup>1</sup> Petition (P.) 18-11-004.

<sup>2</sup> D.19-03-002 at 9.

<sup>3</sup> Ibid.

### **3. EFFECT OF THE APPLICATION ON JOINT PARTIES**

Joint Parties represent a coalition of solar, storage, and load management developers and associated entities. The technologies and services we provide to customers are a central component of decarbonizing the state's electricity supply, and rates are a key driver of customer adoption of those technologies and services.

### **4. INCLUSION OF REAL-TIME PRICING AND OTHER DYNAMIC RATE OPTIONS IN SCOPE**

San Diego Gas & Electric Company (SDG&E) filed the first GRC Phase II application, A.19-03-002, whose scope was determined subsequent to the issuance of D.19-03-002.<sup>4</sup> On June 3, 2019 ALJ Kao issued an email ruling directing SDG&E, and inviting other parties, to file a pre-hearing conference (PHC) statement.<sup>5</sup> Specifically, ALJ Kao required SDG&E, and urged other parties, to address whether the topics from the Petition should be included in the scope of A.19-03-002. On July 11, Commissioner Shiroma issued the scoping ruling for the proceeding and determined that RTP and other dynamic rate options would indeed be included in its scope.<sup>6</sup> Finally, on October 15, the Commission held a Dynamic Pricing workshop, where multiple parties expressed support for piloting dynamic pricing options for SDG&E customers.<sup>7</sup>

Joint Parties believe that RTP and other dynamic rate options should similarly be included in the scope of PG&E's GRC Phase II proceeding. Although PG&E was the first electric utility to develop RTP, it has not offered an RTP tariff since the early 2000s.<sup>8</sup> With the advent of modern battery energy storage systems and easier, smarter demand response technologies, the time is ripe to reintroduce RTP on a voluntary basis for all customer classes.

RTP has been used successfully in several other jurisdictions. Georgia Power has approximately 2,300 commercial and industrial customers on RTP tariffs who account for 20% of total revenues. Although the Joint Parties are advocating for the adoption of RTP on a voluntary basis, we note that bundled large commercial and industrial customers in New York

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<sup>4</sup> A.19-03-002.

<sup>5</sup> E-mail Ruling Directing San Diego Gas and Electric Company and Inviting Other Parties to File PHC Statements at 2-3. <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M296/K576/296576191.PDF>

<sup>6</sup> Scoping Memo and Ruling of Assigned Commissioner at 2.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M309/K591/309591915.PDF>

<sup>7</sup> October 29, 2019 Response of SDG&E to the ALJ's October 2, 2019 Ruling Directing SDG&E to File and Serve a Dynamic Pricing Workshop Report.

<sup>8</sup> P.18-11-004 At 8.

have been subject to mandatory RTP since 2006. In Illinois, Ameren and ComEd have 42,000 residential customers enrolled in an RTP program and interest is growing.<sup>9, 10</sup>

Other dynamic rate options with an intermediate level of complexity may attract residential and small commercial customers who hesitate to enroll in an RTP rate. Oklahoma Gas & Electric Company (OG&E) has one of the best examples of a rate that falls short of the volatility of RTP while providing dynamic price signals with more flexibility and greater accuracy than a critical peak pricing tariff. Referred to as “Smart Hours-VPP” (Variable Peak Pricing), this tariff has a fixed off-peak rate and four different peak period rates that are determined on a day-ahead basis based on load forecasts. Pilot evaluation found that participants who were offered a free programmable communicating thermostat reduced peak loads by 27% during the highest-priced events.<sup>11</sup> Roughly 20% of OG&E’s customers are currently enrolled in Smart Hours-VPP.<sup>12</sup> Joint Parties see no reason that PG&E couldn’t achieve similar results, particularly in its hotter baseline territories with high levels of air conditioning saturation.

## **5. OTHER ISSUES**

Joint Parties do not necessarily protest other aspects of PG&E’s application. However, we have a strong interest in residential, commercial and industrial, and agricultural rate design issues and PG&E’s proposed cost of service methodology. Individually or collectively, we intend to participate actively in these aspects of the proceeding.

## **6. CATEGORIZATION, NEED FOR HEARINGS, ISSUES, AND SCHEDULE**

Joint Parties agree that PG&E’s proposed categorization, need for hearings, and schedule are reasonable. The issues PG&E proposes for consideration are also reasonable, except that, as explained above, we believe that consideration of RTP and other dynamic rates should be added to the scope.

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<sup>9</sup> Murtishaw, S. (2019) *RTP and Dynamic Rates in Other Jurisdictions*. <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442462899> [Note that the presentation mistakenly refers to 42,000 residential and small commercial and industrial customers. CALSSA received clarification on these figures after the presentation was finalized.]

<sup>10</sup> Conversation with Sarah Gulezian and Carolyn Richards, Elevate Energy (program administrator of the residential RTP programs).

<sup>11</sup> P.18-11-004 at 11.

<sup>12</sup> Murtishaw, S. (2019)

Respectfully submitted,

/s/ Scott Murtishaw  
on behalf of the Joint Parties

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