

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

Application of San Diego Gas & Electric
Company (U 902-E) Requesting Approval and
Funding for 2018-2022 Demand Response
Portfolio in compliance with Decision 16-09-
056.

Application No. A.17-01-____
(Filed January 17, 2017)

CHAPTER 1

PREPARED DIRECT TESTIMONY

OF E BRADFORD MANTZ

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

JANUARY 17, 2017

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**PREPARED DIRECT TESTIMONY OF
E BRADFORD MANTZ
CHAPTER 1**

4 **I. OVERVIEW AND PURPOSE**

5 My testimony gives an overview of San Diego Gas & Electric Company's (SDG&E)
6 Demand Response (DR) programs that are the subject of this application.

7 **A. Background and Guiding Principles for Demand Response**

8 SDG&E continues to provide its customers with innovative DR programs that offer
9 customers options that fit their homes and businesses. At the end of 2016, SDG&E counted
10 over 28,000 thermostats installed through our technology program giving customers even
11 more control over their energy usage. As a provider of both Energy Efficiency and DR
12 programs, along with a host of other customer touch points, SDG&E has a great opportunity
13 to encourage customers to achieve a clean energy future. SDG&E is eager to leverage this
14 position to provide offerings that help achieve the state's climate goals.

15 SDG&E's proposals for the 2018-2022 Demand Response portfolio aim to achieve a
16 clean energy future and represent a culmination of recent Commission policy directives
17 focused mainly at transitioning DR to an integrated CAISO resource, increasing third party
18 participation, and improving programs through technology neutrality. Most importantly,
19 2018 represents the first year of full bifurcation of the utility's programs. All SDG&E
20 programs are clearly identified as either (1) supply side (SS) resources, and bid into the
21 CAISO¹ markets by the utility; or (2) Load Modifying DR (LMDR), which helps the utility
22 shift or reduce loads at critical or peak times thereby reducing the load forecast or
23 supporting local sub-lap needs. Further, SDG&E's broad program portfolio supports the

¹ California Independent System Operator Corporation.

1 Commission's objective of streamlining and consolidating DR in the DR portfolio,² as well
2 as maintaining the utility's role as a strong and viable supplier of both supply side and load
3 modifying DR.

4 Decision (D.) 15-02-007 adopted the Joint Party proposal, which established
5 working groups and the performance of a demand response potential study.³ D.14-12-024
6 required full implementation of the bifurcation of demand response programs by 2018 (and
7 hence, full integration of supply side resources into the CAISO market), with 2016 and 2017
8 denoted as transition years.⁴ D.16-09-056 described D.15-02-007 as where:

9 ... the Commission solidified its commitment to the integration of
10 demand response into the CAISO market by first concluding that
11 event-based load modifying resources have no measureable capacity
12 value and thus requiring that only demand response programs
13 integrated into the CAISO energy market or embedded in the
14 California Energy Commission's unmanaged/base case load forecast
15 will receive capacity value."⁵

16 As directed in D.14-12-024, SDG&E is making significant changes to achieve the
17 Commission's desire for full bifurcation of SDG&E administered Demand Response
18 programs. The 2017 Demand Response portfolio completes SDG&E's transition to full
19 bifurcation starting in 2018.

20 Furthermore, the Commission has indicated its plan that the demand response
21 auction mechanism pilot (DRAM) may become the primary means of sourcing demand

² R.13-09-011, *Joint Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for 2017 Demand Response Programs and Activities Proposal Filings* (September 15, 2015) at 13.

³ D.16-09-56 at 61.

⁴ *Id.*

⁵ *Id.* at 61- 62, *citing* D.15-11-042 at 70, ordering paragraph (OP) 1.

1 response by the IOUs in the future.⁶ Accordingly, this testimony discusses the potential
2 impact of the DRAM. However, no analysis has been completed to date that indicates the
3 DRAM pilots are cost effective when compared to other DR or other resources outside of
4 DR. SDG&E urges the Commission to consider that All-Source Requests For Offers
5 (RFOs) are the most competitive and cost-effective method for procuring resources because
6 all resources competing against each other on a level playing field provide the best value to
7 ratepayers. Until such RFOs become the preferred means for acquiring DR resources,
8 SDG&E will continue to propose keeping its own demand response SS resources as viable
9 and attractive customer options.

10 D.16-09-056 adopted the following principle, which reflects the Commission's
11 interest in pursuing technology neutrality:

12 Demand response shall be market-driven leading to a competitive,
13 technology-neutral, open-market in California with a preference for
14 services provided by third-parties through performance-based
15 contracts at competitively determined prices, and dispatched pursuant
16 to wholesale or distribution market instructions, superseded only for
17 emergency grid conditions.⁷

18 Accordingly, SDG&E is further modifying its programs to be less technology-
19 specific by moving to more technology neutral models in order to let customers choose their
20 technology. SDG&E believes this will encourage more customer participation over time,
21 and support the growth of supply side demand response programs, especially for its
22 residential customers.

⁶ D.16-09-056 at 67.

⁷ D.16-09-056 at 52.

1 **B. Portfolio Cost Effectiveness Reflects the Fact that DR is in a Transition**
2 **Period**

3 Based on the cost-effectiveness protocols established by the Commission, SDG&E's
4 DR portfolio, as filed herein, achieves a base case score of 0.8.⁸ SDG&E acknowledges that
5 this does not rise to the desired level of cost-effectiveness envisioned for these programs.
6 However, as the Commission has stated, DR is in a transitional period.⁹ DR is no longer
7 reliant only upon large commercial or industrial customers who can shut down operations
8 during system emergencies. DR programs are transitioning to take advantage of advanced
9 metering and auto-control technologies that open the door to wide spread customer
10 participation. SDG&E fully intends to capitalize on these advancements in the coming
11 years, as described further in this testimony. SDG&E also includes in this testimony its
12 plans for continuing to enhance necessary information technology systems to support our
13 DR portfolio efforts. This causes higher IT costs now, spreading those costs over the current
14 programs, but those enhancements also support future efforts. However, SDG&E notes that
15 not all of this potential value is reflected in SDG&E's current cost effectiveness scores. For
16 example, SDG&E did not include any value for circuit-level infrastructure deferral (*i.e.*, D
17 Factor) in its cost effectiveness calculation at this point because the process for doing so is
18 currently under development in the Distribution Resources Plan proceeding. However,
19 SDG&E's portfolio already has the capability of targeting DR at certain locations, and this
20 capability is only going to grow as technology and marketing strategies improve, coupled
21 with granular data in distribution operations.

⁸ Note that alternative scenarios discussed in the Cost Effectiveness testimony supporting this application, Chapter 5 (Brenda Gettig), which shows that SDG&E's portfolio has the potential to achieve a score of 1.0

⁹ 2016 DR Cost Effectiveness Protocols, p. 4.

1 SDG&E cautions that while it is not satisfied with the current cost effectiveness
2 numbers¹⁰, the analysis provides a baseline to utilize over the next two years to determine
3 whether some programs should be considered for significant modification, or potential
4 termination. SDG&E believes it is premature to take action until there is a fair comparison
5 of utility program cost effectiveness to the DRAM’s cost effectiveness. SDG&E believes
6 that by 2019, the utilities and the Commission will have sufficient information regarding the
7 performance of DRAM winning bidders to conduct a full analysis of how to provide
8 customers with the most cost-effective DR programs. Additionally, the timing will be right,
9 since the Commission will start the DRAM Pilot review within this timeframe.

10 For this filing, SDG&E has adjusted its program budgets to allocate funding with an
11 increased focus on recruiting new customers and aggregators to help grow its programs in an
12 effort to improve cost effectiveness. By 2019, SDG&E expects to have enough data to make
13 a determination on the success of its efforts resulting in improved cost effectiveness. The
14 programs that SDG&E will be primarily focusing on for this effort are its Base Interruptible
15 Program (BIP) and Technology Incentive Program (herein “TI”, also known statewide as
16 Auto DR, or ADR).

17 BIP offers some interesting opportunities. Unlike the other IOUs in California,
18 SDG&E does not have a large industrial base that makes up a large portion of the other
19 California IOUs’ DR programs. It has been difficult to recruit new customers in SDG&E’s
20 territory, yet SDG&E was able to increase participation significantly in the past two years.
21 The difficulty in finding large enough customers who are able to respond to a DR event in a

¹⁰ Detailed Cost Effectiveness analyses are provided in Chapter 5, prepared direct testimony of Brenda Gettig, supporting this application.

1 short amount of time will still be a challenge but one that SDG&E will address in 2017
2 through 2018.

3 For the TI Program, SDG&E made improvements to clarify and simplify program
4 requirements in 2017, and plans to increase focus on third party contractors to drive more
5 program participation. In addition, as stated below, SDG&E would support a statewide
6 effort to redesign TI in collaboration with the other IOUs to continue to improve TI.

7 As proposed in 2018 and following, SDG&E will monitor the ongoing expenses and
8 the growth of these programs while applying its best efforts for growth. In 2019, SDG&E
9 will undertake a full review of the programs to: 1) determine whether program participation
10 has increased; 2) determine whether increased participation improved cost effectiveness; 3)
11 assess future potential for growth of the program; 4) compare how SDG&E's programs
12 compete with DRAM; and 5) consider other relevant factors. If the programs fall short on
13 these criteria, in its mid-cycle review, SDG&E may request commission approval to modify
14 or eliminate programs that are not cost effective in order to direct our efforts to more cost
15 effective programs.

16 Therefore, given all of the above; to comply with the principles indicated and to
17 continue to move DR to full bifurcation; my testimony provides an overview of SDG&E's
18 proposals for the following categories of demand response programs:

- 19 • Supply-side Demand Response;
- 20 • Load modifying Demand Response including Technology Enabling
21 Programs;
- 22 • Pilots;
- 23 • Third-Party Demand Response including the DRAM and Rule 32; and
- 24 • Related activities: Emerging Technology-Demand Response and Regulatory
25 Policy Support.

26 SDG&E proposes the following DR programs and support activities:

1 **II. SUPPLY-SIDE DEMAND RESPONSE**

2 SDG&E proposes to continue to grow and improve its supply side portfolio of
3 existing DR programs as viable supply side resources that help meet grid needs, are bid into
4 the CAISO markets, and which continue to give our customers options for being incented to
5 reduce loads at critical times.

6 **A. AC Saver Program (formerly named Summer Saver)**

7 **1. Background**

8 The current Summer Saver program is SDG&E's air conditioner cycling program
9 with direct load control switches applicable to residential and commercial customers. The
10 current program design meets the CAISO guidelines as a supply resource product that can
11 be bid into the market and meet the minimum load requirements. In 2018, SDG&E is
12 renaming the "Summer Saver" program the "AC Saver" program. AC Saver will remain a
13 program that utilizes load drop from air conditioning (AC) loads to obtain predictable load
14 reduction when a Demand Response event is dispatched.

15 In recent years the Summer Saver program has been called between 5 and 15 times
16 per year and has consistently provided an average of 15 MW of load drop, the largest and
17 most reliable load drop of any day-of demand response program at SDG&E. SDG&E
18 believes the Summer Saver program is successful because the customer need not take action;
19 the device automatically cycles the AC unit remotely. Additionally, there is no customer
20 override option for the direct load control one-way switch technology and the load drop
21 occurs without inconvenience to the customer.

22 SDG&E is transitioning the program, under the current Summer Saver brand, to be
23 partially bid into the CAISO wholesale market during 2017 as approved in D.16-06-029.
24 SDG&E plans to bid the commercial customers who are not dually participating on a critical

1 peak pricing rate into the market in 2017. Of course, SDG&E will adhere to the CAISO
2 guidelines for bidding and accepting a market award for dispatch. In addition, all of the
3 program improvements approved in D.16-06-029 will be implemented. As part of these
4 changes, the event window will be extended from 8 p.m. until 9 p.m. This will allow events
5 to occur in the evening to accommodate the potential need for demand response during those
6 hours. This will encourage a percentage of low-performing residential customers to look at
7 other DR options and to dis-enroll from the program. The available program event hours
8 will be extended from 60 to 80 hours, and the program will be price responsive from July
9 through September, and available for imminent statewide or local emergencies, extreme
10 conditions and local distribution needs in May, June, and October.

11 In 2018, SDG&E will make every effort to retain AC Saver customers who perform
12 on the program as SDG&E expects the program to continue to provide reliable load drop.
13 Today, SDG&E has approximately 30,000 residential and commercial customers
14 participating with an average load drop of 15 MW per event. Currently, these participants
15 are served by a single vendor's direct load control one-way switches that have been in place,
16 in some cases, more than 10 years. SDG&E plans to preserve the remaining value of the
17 existing direct load control devices because those devices have an expected life cycle of
18 about 20 years. As those devices age and require replacement, SDG&E proposes to extend
19 eligibility for the program to other devices capable of curtailing air-conditioning use to give
20 customers more options for participation.

21 2. AC Saver Proposal for 2018-2022

22 The proposed AC Saver program for 2018-2022 has the following characteristics:

1 **a. The AC Saver program is technology-neutral going**
2 **forward. Customers with technology capable of curtailing**
3 **air-conditioning load will be eligible for the program.**

4 The Commission states that DR “should be technology neutral.”¹¹ SDG&E agrees
5 with this principle as it directly supports SDG&E’s key value of customer choice while
6 maximizing the number of program participants. There are other technologies than switches
7 with the capability to reduce air-conditioning use such as thermostats, fully integrated home
8 security and alarm systems, and whole home energy management systems. It is appropriate
9 that customers with technologies that provide a load reduction comparable to the load
10 reduction provided by the current one-way switches have the opportunity to participate in
11 the AC Saver program. The market has changed.

12 Offering a supply resource option to customers with any AC curtailing technology
13 has many benefits. One benefit is that it provides all customers with AC curtailing
14 technology a clear choice between the supply resource AC Saver program and a load
15 modifying Critical Peak Pricing (CPP) rate. Customers on CPP rates are charged a higher
16 price when the utility calls a CPP event. SDG&E has five tariffs with a CPP rate structure
17 (CPP-D, CPP-D-AG, TOU-A-P, TOU-PA-P, and TOU-DR-P) and the term “CPP” is used
18 in this testimony to refer collectively to all five rates. A CPP rate provides more accurate
19 information regarding the cost of energy, so customers can make better-informed decisions
20 about how and when they use electricity. However, this rate is not the best fit for all
21 customers. Some customers may experience higher bills on a CPP rate than on the
22 otherwise applicable rate even if they reduce energy use during event days. Providing the

¹¹ D.16-09-056 at 51.

1 AC Saver program as an option gives customers who would not benefit financially from a
2 CPP rate a way to participate in demand response.

3 Customers with AC curtailing technology will be given the option to participate in
4 either the supply resource AC Saver program, a load modifying CPP rate, or both a CPP
5 rate and the AC Saver Day-Of option. Customers who choose to enroll in the AC Saver
6 Day-Ahead option cannot enroll into a CPP rate at the same time because dual participation
7 is not allowed in two day-ahead programs. When customers select the CPP option, their
8 technology will be signaled by SDG&E according to the triggers for the CPP event days. If
9 the customer selects the AC Saver program, SDG&E will signal their technology when the
10 AC Saver program is given a market award by the CAISO. If customers are on both AC
11 Saver Day-Of and a CPP rate, the technology will be signaled based on the day-of product.
12 This approach will allow use of the customer's technology regardless of which product or
13 rate the customer selects.

14 An advantage of the technology-neutral approach is that it eliminates the complexity
15 of having different programs for different technologies, especially as technologies and
16 business models continue to evolve. For 2018, SDG&E plans to offer customers the option
17 to "bring your own device" to the AC Saver program, while still allowing existing customers
18 with the current one-way switches to continue to participate. To grow the program and offer
19 customers additional flexibility, SDG&E will offer this opportunity to customers who
20 already have installed programmable communicating thermostats (PCTs).

21 Another benefit of offering the AC Saver program to all AC curtailing technologies
22 is that it provides the best chance to preserve existing load reduction from customers with
23 thermostats once full bifurcation is in place and the current Peak Time Rebate (PTR)

1 program sunsets as proposed below. There are approximately 13,000 residential and 15,000
2 commercial thermostats provided by the SCTD program.¹² SCTD customers provided
3 approximately 8 MW of load reduction in 2016. Many of the commercial customers who
4 received enabling technology from the SCTD program are not enrolled on a CPP rate and
5 their AC is curtailed when PTR events are called. However, once full bifurcation is in place
6 customers not enrolled on a load modifying CPP rate must participate on a supply resource
7 program. The proposed AC Saver program fills this gap. Residential customers with SCTD
8 technology currently have the option to participate in either PTR or a CPP rate. However,
9 SDG&E proposes to sunset PTR at the end of 2018. It is in the best interest of ratepayers to
10 maintain the load reduction capability from previously installed technology. For those
11 customers who installed SCTD technology, but for whom a CPP rate does not work, the AC
12 Saver program will provide yet another viable option for them to participate in DR.

13 SDG&E proposes in 2018 to automatically transition commercial customers who
14 obtained technology through SCTD and are not enrolled in a load modifying CPP rate into
15 the AC Saver program. In addition, SDG&E plans to automatically enroll residential
16 customers with SCTD technology in AC Saver within 2018-2019. SDG&E may auto-enroll
17 residential customers with SCTD technology into AC Saver before the PTR program ends if
18 SDG&E determines that doing so will create a smoother transition and better customer
19 experience.

¹² The Technology Deployment Program is described starting on page 29 of this testimony. There, SDG&E is proposing to change the name of SCTD to Technology Deployment (in this Application, SCTD is used to reference program proposals, implementations, and results for program years 2012-2017, and TD is used to reference program years 2018 and beyond).

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b. The primary source of new enabling technology for AC Saver will be through the Technology Deployment (TD) program.

Customers will be able to receive incentives for new DR devices from the TD program as discussed below. Customer awareness is growing regarding PCT availability and functionality. SDG&E seeks to leverage this growing market in order to make its DR offerings more cost-effective. Analytics may indicate which existing customers have failed one-way switches. SDG&E plans to encourage such customers to replace their aging technology with new technology by participating in the TD program.

c. AC Saver will have both a Day-Ahead and a Day-Of product

In order to successfully integrate AC curtailing technology (other than one-way switches) into the AC Saver program, both a day-ahead and a day-of option will be made available. Initially, all customers with thermostats will be transitioned to the AC Saver Day-Ahead product and customers with switches will remain on AC Saver Day-Of product.¹³ Some current platforms do not have the signaling ability to dispatch fast enough to meet the CAISO’s day-of markets.

SDG&E proposes that customers on the day-ahead option retain their current ability to override individual events in order to maintain and encourage participation. Override rates have been predictable in the past including a 2015 scenario in which three DR events were called on consecutive days during a 1-in-10 weather condition. SDG&E is able to

¹³ The AC Saver product names of “AC Saver Day-Ahead” and “AC Saver Day-Of” indicate what CAISO market SDG&E plans to bid the product into and not when the customers may be notified. For AC Saver, SDG&E may notify customers on the AC Saver Day-Ahead product on the day of the event, and may also call the day-ahead option the day of the event in emergency situations when given sufficient notice.

1 forecast the load reduction accurately despite the fact that customers may opt-out. In AC
2 Saver, customers on the day-of option will not be allowed to override individual events.
3 Current one-way switch technology is not designed to allow overrides, and SDG&E
4 supports the customers who are willing to make a firm commitment, and not override, by
5 giving them the opportunity to earn a higher payment and provide higher load reduction.

6 **d. AC Saver Incentive Payments**

7 SDG&E proposes to incent residential participants in both the AC Saver Day-Ahead
8 and AC Saver Day-Of products with a capacity payment once a year to reward and
9 encourage ongoing participation. Similarly, commercial customers on the day-of product
10 will also receive an annual capacity payment. Commercial customers on the day-ahead
11 product will not receive a capacity payment from the AC Saver program. Although the
12 commercial day-ahead option will offer no payment to customers, this option needs to be
13 available to enable the load reduction from commercial customers not enrolled on a CPP
14 rate to be bid into the CAISO market. Roughly 85% of the load reduction provided by the
15 current SCTD commercial customers comes from customers who are not enrolled in a CPP
16 rate, and SDG&E wants to preserve the load reduction benefit. These customers currently
17 do not receive incentive payments and should have an opportunity to continue participating
18 in DR.

19 **e. The trigger for AC Saver will allow for event length to**
20 **vary between 2 and 4 hours and will vary by month.**

21 As shown in the table below, the AC Saver trigger will vary by month with a price
22 responsive heat rate trigger during July, August and September and a higher heat rate trigger
23 for April, May, June, and October. The July, August and September trigger was developed
24 using data from 2013-2015, and is designed to result in an average of approximately 2.5

1 events per month for those three months. Based on historical analysis, the AC Saver
 2 program has offered less load reduction in the other months due to the cooler weather and
 3 therefore the trigger for those months is set high so the program will only be available
 4 during times it actually can provide a known load reduction. The proposed trigger is similar
 5 in concept to the trigger already approved for the program (under the Summer Saver banner)
 6 in 2017 in which the program is available only on an emergency basis for some months.
 7 However, the emergency trigger has been replaced with a higher heat rate trigger.

8 The triggers for the AC Saver program will be as follows:

9 **EBM Table 1 – AC Saver Triggers**

		April	May	June	July	August	September	October
Day-Ahead Market	Heat Rate	30,000	30,000	30,000	21,000	21,000	21,000	30,000
Day-Of Market	Heat Rate	130,000	130,000	130,000	60,000	60,000	60,000	130,000

10
 11 Given that the program cycle is 5 years long and that SDG&E is required to provide
 12 information in ERRA to demonstrate compliance with least cost dispatch rules¹⁴ for demand
 13 response programs,¹⁵ it is important to keep the trigger up-to-date. If prices change over
 14 time and the triggers are not updated, the trigger may result in a number of events being
 15 called that is very different from what is forecasted, which could lead to customer fatigue or
 16 under-use of a DR program. Therefore, SDG&E intends to file a trigger update via advice

¹⁴ D.15-05-005 at 3 (“Least-cost-dispatch refers to a situation in which the most cost-effective mix of total resources is used, thereby minimizing the cost of delivering electric services...”).

¹⁵ D.15-05-005 at 16, OP 4.

1 letter, as needed, in order to maintain a program design that results in the program achieving
2 the purpose for which it was designed, including the same number of events as the trigger
3 approved for 2018 and is calculated using the same methodology.

4 **f. The program is open to all customer classes and peak**
5 **demand sizes as long as customers meet CAISO**
6 **requirements. Today, the only exception is residential Net**
7 **Energy Metered (NEM) customers who are not eligible for**
8 **the program because of the CAISO metering rules.**

9 The AC Saver program will be open to both residential and commercial customers of
10 any size (kW peak demand) as long as the customer meets the CAISO rules. The CAISO
11 does not prohibit Net Energy Metered (NEM) customers from participating in demand
12 response products. However, SDG&E is excluding residential NEM customers from AC
13 Saver because of the risk that they bring to PDR registration. The CAISO metering rules
14 require that exported energy be excluded from settlement calculations.¹⁶ Just over seventy
15 percent of residential net-metered customers were exporting energy to the grid on SDG&E's
16 2016 annual system peak day between 2 p.m. and 6 p.m. As a result, there is risk including
17 these customers in a PDR since the CAISO settlement methodology would potentially
18 produce a zero load reduction for these customers. To make an exception to allow
19 participation for the limited number of residential solar customers who do not export during
20 event periods would be difficult to implement and to communicate to customers.

21 Only 1% of commercial net-metered customers were exporting to the grid on the
22 2016 system peak day so in most cases the load reduction from these customers could be
23 recognized by the CAISO. Therefore, SDG&E proposes to allow commercial NEM

¹⁶ CAISO Business Practice Manual for Metering, version 15 (Revised October 1, 2016), p. 61.
Available at: <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Metering>.

1 customers to participate in the AC Saver program. In addition, the AC Saver Day-Ahead
2 product pays no incentives to commercial customers so ratepayers are at no risk of paying
3 for a load reduction that is not recognized by the CAISO. SDG&E will submit the meter
4 data for commercial customers with net metering in compliance with the CAISO metering
5 rules.

6 The AC Saver Program Implementation Plan (PIP), including a description of the
7 activities associated with the budget, as well as the AC Saver tariff, have been updated to
8 reflect the proposed program changes. The PIP can be found in Appendix A to this
9 testimony. For the tariff, SDG&E is proposing to modify the name of the Summer Saver
10 program tariff, on Sheet 1, to Air Conditioner Saver (AC Saver) to reflect the modified
11 program. This change also affects the Applicability section in allowing all Commercial
12 customers with approved technology by SDG&E to participate in the program; includes
13 language on Sheet 1 that Rule 41 guidelines will apply and includes a new incentive table in
14 the Rates section. Sheet 2, Special Condition (SC) 3 updates the Program Operation table
15 reference for the new Program Trigger section. Sheet 3, SC 3 g. includes a new Program
16 Trigger table that reflects day-of and day-ahead and the trigger guidelines. Tariff Sheet 4,
17 SC 5 Incentive Payments were updated to clarify day-of and day-ahead incentives and SC 6
18 provides additional information on event notification. The AC Saver tariff, as proposed
19 herein, is included in Appendix B of this testimony.

20 3. AC Saver 2018 – 2022 Budget Proposal

21 SDG&E requests the following annual budgets for the proposed AC Saver program.
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EBM TABLE 2 – AC SAVER BUDGET

	2018	2019	2020	2021	2022	TOTAL
AC Saver Day-Of	\$2,013,448	\$1,953,981	\$1,881,311	\$1,751,735	\$1,755,074	\$9,355,549
AC Saver Day-Ahead	\$485,120	\$529,033	\$570,362	\$649,751	\$722,342	\$2,956,608
Total	\$2,498,568	\$2,483,014	\$2,451,673	\$2,401,486	\$2,477,416	\$12,312,157

The proposed budget will allow SDG&E to continue with the AC Saver Day-Of program for direct load control switches currently in place and includes costs for program administration, contractor services and customer incentives. The budget includes the costs for the incorporation of PCTs into the program with customers who have PCTs through SCTD or TD, or who now want to bring their own device into the program.

B. Base Interruptible Program (BIP)

1. Background

The Base Interruptible Program, or BIP, offers a monthly capacity payment to customers that can commit to curtailing at least 15% of Monthly Average Peak Demand, with a minimum load drop of 100 kW during an event, with a 20-minute notification. It can be available for multiple reliability-only events, including system emergencies (CAISO alerts and stages). This program qualifies as a supply resource and is open to bundled as well as Direct Access (DA) customers. This program aims for a retail demand response product that enables emergency responsive demand response resources to state and local situations. SDG&E’s effort to grow the program to become suitable for successful market participation has resulted in an increase of 2 additional customers, for a total of 6. While this number may seem small, SDG&E’s territory has limited industrial customers from which to draw participants for such an emergency type program, and SDG&E is pleased with the growth, which represents a significant increase in customers.

1 **2. BIP Proposal for 2018-2022**

2 SDG&E is proposing some changes to the BIP program in 2018 through 2022. The
3 Decision for program year 2017¹⁷ determined that modifying the program event notification
4 from 30 minutes to 20 minutes would meet the CAISO requirement for real time full
5 curtailment within 40 minutes, making the program feasible for participation in the CAISO's
6 market as RDRR product. SDG&E began registering BIP customers into the CAISO's
7 market in 2016, and will complete full integration in the 2017 program year. SDG&E
8 cautions that because of the existing megawatts available, there may be a barrier to
9 achieving the minimum load per Load Serving Entity requirement of 500 kW to participate
10 in the CAISO market for RDRR. With a large percentage of the program cap still available
11 for enrollment growth, SDG&E will continue to look to increase program participation, in
12 an effort to eliminate barriers. SDG&E has identified a targeted pool of potential
13 medium/large commercial customers who have a minimum load of 200kW and will leverage
14 its Account Executives, existing Trade Professional trainings and other training
15 opportunities to promote the BIP program.

16 SDG&E is proposing to reduce the customer payment incentive by ten percent.
17 Currently customers receive \$2 per kW during the months of November thru April and \$12
18 per kW during the months of May thru October. Reducing the incentive by 10% would
19 result in a \$1.80 incentive during the months of November thru April and \$10.80 incentive
20 during the months of May thru October. SDG&E also proposes changing the hours used to
21 determine the capacity payment to BIP customers from 11 a.m. to 6 p.m. to the Resource
22 Adequacy hours of 1 p.m. to 6 p.m. These changes better reflect the value of the load shed,

¹⁷ See, D.16-06-029 at 37.

1 and aligns the customer payment with the load reduction that also benefits ratepayers.
2 SDG&E retains the ability to dispatch the BIP program in response to a local grid
3 conditions.

4 SDG&E is proposing tariff changes to support these program changes. Updates to
5 the Committed Load Incentive reflect the reduction SDG&E is proposing to the Monthly
6 Incentive Per kW. In addition, SDG&E is also proposing a tariff change to the Monthly
7 Average Peak Demand. This change is to reflect SDG&E's proposal to adjust the hours
8 used to determine the capacity payment to the Resource Adequacy hours of 1 p.m. to 6 p.m.
9 The updated tariff, Schedule BIP, BIP Contract and Third Party Marketer Agreement is
10 included in Appendix B of this testimony. The updated BIP Program Implementation Plan
11 is included in Appendix A.

12 **3. BIP 2018 – 2022 Budget Proposal**

13 **EBM – TABLE 3 – BIP BUDGET**

	2018	2019	2020	2021	2022	TOTAL
BIP	\$942,870	\$942,870	\$942,870	\$942,870	\$942,870	\$4,714,350

14 SDG&E's annual BIP budget for years 2018-2022 for program administration and
15 customer incentives is \$942,870, a yearly decrease of \$645,144. This decrease represents
16 SDG&E's efforts to comply with the Commission's guidance to continue to reduce
17

1 spending.¹⁸ This budget is expected to be sufficient to cover current program costs and
2 allow for potential growth in participation.

3 **C. Capacity Bidding Program (CBP)**

4 **1. Background**

5 The Capacity Bidding Program provides incentives to customers in exchange for a
6 commitment to shed load when requested by SDG&E. The program is open to bundled as
7 well as DA customers. Bundled customers receive capacity and energy payments from
8 SDG&E and DA customers receive capacity payments, with energy-based compensation
9 and savings subject to their contractual relationships with DA providers. SDG&E proposed
10 to keep its Capacity Bidding Program in 2017 and continue its transition to supply resource
11 by 2018.¹⁹

12 The Capacity Bidding Program saw significant decline of aggregators bidding their
13 customers into CBP as a result of the 2015 DR season with a high frequency of events being
14 called. SDG&E sought to help mitigate the loss of nominations²⁰ by filing an advice letter
15 to increase the trigger for calling events. While SDG&E did see a slight improvement in
16 nominations towards the end of the 2016 DR season, SDG&E believes there are further
17 changes that can be made to continue to improve the program.

¹⁸ R.13-09-011, Joint Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for 2017 Demand Response Programs and Activities Proposal Filings (September 15, 2015), at 10.

¹⁹ D.14-03-026 addresses foundational issue of bifurcation of DR Programs. D.14-12-024 establishes steps toward 2018, the year that full implementation of the bifurcation of DR.

²⁰ Aggregators make nominations on a monthly basis (May-Oct.) into SDG&E's nomination tool. The nomination an aggregator makes is the amount of reduced energy the aggregator states they can achieve. SDG&E relies on these nominations and when a Demand Response event is called, SDG&E will notify the aggregators to reduce energy based on their nominations.

1 **2. CBP Proposal for 2018-2022**

2 For the 2018-2022 programs years, SDG&E’s CBP will be integrated as a supply
3 resource. SDG&E proposes to modify the products offered in addition to adjusting the
4 times the events can be called. These proposals are in response to the challenges and
5 changes SDG&E sees in the marketplace, such as: 1) peak hours the grid experiences are
6 now later than event hours currently capable of being called; 2) the day-of product is not
7 fully integrated to be a supply resource due to the 30-minute notification time; 3)
8 participation has significantly decreased; and 4) there are multiple triggers of when the
9 program can be called.

10 Capacity Bidding Program events are currently called from 11:00 a.m. to 7:00 p.m.
11 and offers 1 to 4 hour; 2 to 6 hour and 4 to 8 hour products. Additionally, CBP offers a 30
12 min Day-Of notification option, and a product for Day-Ahead. Historically events are called
13 from 3:00 p.m. to 7:00 p.m., which now covers only a portion of the peak load.

14 To overcome the challenges, SDG&E proposes to modify the products offered;
15 allowing SDG&E to better align with customers’ business practices and availability, plus
16 covering the needs of real time market and grid needs. In the table below the products
17 offered will shift the hours the events may be called up until 9:00 p.m. accommodating for
18 the grid peak occurring later. A 20-minute notification product will be included to provide
19 the ability to bid the energy into the real time market and fully integrate CBP as a supply
20 resource. Incentives for CBP products will change, in order to increase participation in
21 different products.

22 The tables below display current and proposed product offerings.
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EBM – TABLE 4 – CURRENT CBP PRODUCTS

Notice	Limit	Hours
Day-Ahead	1-4 hours	11:00 a.m. – 7:00 p.m.
Day-Ahead	2-6 hours	11:00 a.m. – 7:00 p.m.
Day-Ahead	4-8 hours	11:00 a.m. – 7:00 p.m.
Day-Of – 30 min.	1-4 hours	11:00 a.m. – 7:00 p.m.
Day-Of – 30 min.	2-6 hours	11:00 a.m. – 7:00 p.m.
Day-Of – 30 min.	4-8 hours	11:00 a.m. – 7:00 p.m.
Day-Of	1-4 hours	11:00 a.m. – 7:00 p.m.
Day-Of	2-6 hours	11:00 a.m. – 7:00 p.m.
Day-Of	4-8 hours	11:00 a.m. – 7:00 p.m.

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EBM – TABLE 5 – PROPOSED CBP PRODUCTS

Notice	Limit	Hours
Day-Ahead	2-4 hours	11:00 a.m. – 7:00 p.m.
Day-Ahead	2-4 hours	1:00 p.m. – 9:00 p.m.
Day-Of – 20 min.	2-4 hours	11:00 a.m. – 7:00 p.m.
Day-Of – 20 min.	2-4 hours	1:00 p.m. – 9:00 p.m.

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The proposed Day-Ahead CBP products will have the option to be called from two hours up to four hours, plus the availability of event hours will be between 11 a.m. to 7p.m or 1p.m. to 9 p.m., satisfying resource adequacy credit requirements,²¹ meeting grid needs by extending the hours until 9:00 p.m., and aligning customer’s business practices which may improve participation.

²¹ D.13-06-024.

1 Further, SDG&E proposes to simplify the CBP trigger and base it only on price
2 rather than on a combination of price and heat rate. D.16-06-29 directed the three utilities to
3 develop statewide CBP trigger, which is a combination of a 15,000 Btu / kWh heat rate and
4 a utility specific price to be determined by advice letter. On August 1, 2016, SDG&E filed a
5 change for CBP's trigger in Advice Letter 2936-E,²² which is currently suspended pending
6 Energy Division review. Although SDG&E filed the trigger change as required by the
7 decision, taking the 15,000 heat rate trigger (which was put in place in 2007), and
8 combining it with a price trigger based on current information is antiquated. Using both a
9 price and a heat rate is unnecessary, and it confuses customers. Because a "heat rate,"
10 including how it is calculated, is not publicly available, nor is it easily understood by
11 customers, SDG&E proposes to base the CBP trigger solely on an up-to-date energy price
12 since it is a supply resource.

13 The proposed change to only have a price trigger of \$75/MWh for the day-ahead
14 option and \$140/MWh for the day-of option and exclude the heat rate will be clearer to
15 customers and simplify market bidding. Similar to AC Saver, given that the program cycle
16 is 5 years long, and that SDG&E is required to provide information in its ERRA filings to
17 demonstrate compliance with Least Cost Dispatch rules²³ for demand response programs,²⁴
18 it is important that the trigger be kept updated. If prices change over time and the trigger is
19 not updated accordingly to manage the number of events, the result may be the calling of a

²² D.16-06-029 at 96, OP 29 directs the IOUs to work together to create a methodology to determine a price trigger for the CBP and file tier three advice letters. SDG&E filed Advice Letter 2936-E, which has been suspended.

²³ D.15-05-005 at 3 ("Least-cost-dispatch refers to a situation in which the most cost-effective mix of total resources is used, thereby minimizing the cost of delivering electric services").

²⁴ D.15-05-005 at 16, OP 4.

1 number of events very different than what the program was designed to deliver which could
 2 lead to unnecessary customer fatigue or the under use of a DR Program. Therefore SDG&E
 3 intends to file a trigger update by advice letter as needed in order to maintain a program
 4 design that results in the same number of events as the trigger approved for 2018 and is
 5 calculated using the same methodology.

6 The other proposed changes SDG&E seeks for CBP includes updating incentives for
 7 the day-ahead and the day-of product with a 20 minute notification for bidding into the
 8 CAISO’s real time market. By increasing the incentives for these products, SDG&E is
 9 optimistic it will increase participation with aggregators and customers. The proposed
 10 incentive structure is as follows:

11 **EBM – TABLE 6 – CBP INCENTIVE STRUCTURE**

Product	\$/kW-Year	Monthly Max. Event Hours	Annual Max. Event Hours Total
Day-Ahead 11:00 AM - 9:00 PM	\$65	24	144
Day-Ahead 1:00 PM - 9:00 PM	\$78	24	144
Day-Of -20 min. 11:00 AM- 7:00 PM	\$74	24	144
Day-Of -20 min. 1:00 PM - 9:00 PM	\$88	24	144

12 SDG&E proposes new changes to increase customer participation that range from
 13 new products to increased incentives with the intent to entice aggregators and customers to
 14 return, as well as attract new customers. SDG&E intends to improve communication with
 15 its aggregators, increase incentives and simplify triggers, which are all steps to improve
 16 CBP. The updated Program Implementation Plan and tariff changes for Capacity Bidding
 17 Schedule CBP are included in Appendix A (PIP) and Appendix B (tariffs) attached
 18 herewith.

20 **3. CBP 2018-2022 Budget Proposal**

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EBM TABLE 7 – CBP BUDGET

	2018	2019	2020	2021	2022	TOTAL
CBP	\$2,184,407	\$2,088,799	\$2,153,047	\$2,057,889	\$2,138,553	\$10,622,695

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SDG&E is seeking \$10,622,695 for CBP from 2018-2022. For 2017, the approved annual budget was \$2,180,831 including \$1,990,000 in incentives. The average annual budget for each of the years between 2018 and 2022 is less than the budget for 2017. SDG&E maintains CBP is an attractive program for customers, ratepayers and the grid, while fulfilling supply resource requirements and the proposed changes will go farther in improving the program for those objectives.

III. LOAD MODIFYING DEMAND RESPONSE

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Load Modifying DR (LMDR) is defined herein as DR not bid into the CAISO as a supply side resource. The objectives of LMDR primarily are to facilitate the shift of energy at critical or peak times, either at a utility level, or even at the statewide grid level. LMDR, as forecasted by the utility each year, is embedded in the California Energy Commission’s load forecast and the overall load forecast is reduced by the amount of LMDR thought to be available. Rather than a supply side resource being available at a certain time for bidding into a certain CAISO market, LMDR reduces the overall need for energy. SDG&E believes that LMDR plays an important role since not all customers who might supply DR can fit into a CAISO market product, or meet CAISO rules to participate. Apart from the utility or grid level needs that LMDR can meet, there is also the ability of LMDR to help meet local grid needs at finer levels. Given these characteristics, SDG&E believes utility-managed LMDR will become an even more important factor in the future as distributed energy resources (DERs), including DR, can be identified to solve specific or particular locational

1 distribution system needs as more granular data becomes available that can match DERs
2 directly with those distribution needs. SDG&E is pleased to propose the following LMDR
3 programs as a vital part of its portfolio:

4 **A. Permanent Load Shifting Program**

5 **1. Background**

6 Permanent Load Shifting (PLS) can help reduce system peak load by shifting
7 electricity use from on-peak to off-peak periods on a recurring basis. Shifting daily loads
8 benefits the grid and distribution systems. PLS often involves storing energy produced
9 during off-peak hours to support load during peak periods when energy use is typically high.

10 In compliance with D.12-04-045, the utilities worked to develop and propose a
11 standardized, statewide PLS program. As part of the PLS program design process, the
12 utilities incorporated the findings from the Statewide PLS Study²⁵ into the program design
13 of the 2012-2014 PLS Program. Advice Letter 2489-E, submitted by SDG&E,²⁶ was
14 approved with modification by the Commission on September 5, 2013.²⁷ PLS was
15 continued without modification, for the bridge years of 2015-2016.

16 PLS provides incentives for customers to permanently shift their cooling load from
17 on peak to off peak hours. Currently, the only eligible technology allowed under this

²⁵ The December 1, 2010 statewide PLS Study, authored by Energy + Environmental Economics and StratGen, provided information to the Joint Utilities for use in preparing a proposed PLS program that informed the modifications to PLS made by all three IOUs, and is filed in SDG&E's Advice Letter 2489-E. The study can be found at: https://www.ethree.com/documents/SCEPLS/PLS%20Report_Executive%20Summary.pdf.

²⁶ Pacific Gas and Electric Company (PG&E) Advice Letter 4239-E, SDG&E 2489-E, and Southern California Edison Company (SCE) Advice Letter 2913-E.

²⁷ Commission staff disposition letter, issued September 5, 2013, approving SDG&E Advice Letter 2489-E, found at <http://regarchive.sdge.com/tm2/pdf/2489-E.pdf>.

1 program is Thermal Energy Storage (TES). Currently, customers may receive an incentive
2 of \$875/kW of permanently shifted load outside of the 7 hour on peak period.

3 **2. PLS Proposal for 2018-2022**

4 In its application for the 2017 bridge funding, SDG&E proposed the Commission
5 order the IOUs to work with other stakeholders to change the design of the PLS program
6 given the Commission's history in directing the process for making program changes to
7 PLS. SDG&E stated that time: "Because PLS is a statewide program, SDG&E is not
8 seeking unilateral modifications to the program for 2017. However, SDG&E strongly
9 believes that there is a need to revisit the program design and reevaluate the incentive level
10 based on the value of the PLS program to ratepayers and utilities."²⁸

11 The program, as previously approved, does not meet the effective cost effectiveness
12 tests established by the Commission. Also, the high cost of the technology and
13 implementation cost has produced only a handful of projects in the SDG&E territory since
14 the program's inception. Therefore, SDG&E reiterates in this application its position in
15 seeking Commission ordered, statewide program re-design to make this program effective
16 all around. Without this, SDG&E sees little value in this for program for the ratepayer and
17 the future of this program should be considered.

18 SDG&E's PLS PIP is included in Appendix A. The Customer Application is
19 included in Appendix B of this testimony.

²⁸ See, R.13-09-011, *San Diego Gas & Electric Company (U 902 E) 2017 Demand Response Program Proposals Pursuant to the Assigned Commissioner and Administrative Law Judge's Ruling Providing Guidance for Submitting Demand Response Programs and Activities Proposal Filings* (February 1, 2016), at 36.

1 **3. PLS 2018-2022 Budget Proposal**

2 **EBM – TABLE 8**

	2018	2019	2020	2021	2022	TOTAL
PLS	\$1,613,299	\$1,616,298	\$1,619,298	\$1,622,298	\$1,625,298	\$8,096,491

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4 **B. Peak Time Rebate**

5 **1. Background**

6 SDG&E’s Peak Time Rebate Program, branded as “Reduce Your Use Rewards,” is
7 an opt-in rate overlay option that provides credit for customers who sign up for alerts and
8 reduce energy on Reduce Your Use event days. In its GRC Phase 2, A.15-04-012, SDG&E
9 proposed to reduce Peak Time Rebate (PTR) program incentives over a three-year period, as
10 SDG&E’s time of use rate offerings increase. SDG&E believes that continuing to offer PTR
11 beyond 2018 is now unnecessary given the current availability of optional residential time-
12 of-use rates, the expected implementation of residential default TOU in 2019, and other
13 offerings including CPP rates as well as AC Saver. Therefore, SDG&E requests to end the
14 PTR program as of December 31, 2018. Assuming that SDG&E’s proposal to step down
15 PTR incentive levels is approved in its GRC Phase 2 application, the effective PTR
16 incentive in 2018 would be reduced.

17 **2. Peak Time Rebate 2018 Budget Proposal**

18 The administrative budget being proposed to administer the program just for 2018 is
19 \$21,771. This covers maintenance and support for the program as it ramps down as
20 proposed herein. SDG&E is not proposing any administration costs for later years, but
21 similar funding amounts are needed if the Commission extends PTR beyond 2018.

1 **C. Technology Enabling Programs**

2 SDG&E proposes herein its technology enabling programs. These programs offer
3 incentives to both residential and commercial customers to obtain new technology, or
4 replace aging technology in order to aid or facilitate their participation in DR programs and
5 rates. These incentives are also offered in order to continue to help transform technology
6 markets over time, and to increase the accessibility of products customers might not
7 otherwise consider. Technology enabling programs can and do support both supply side and
8 load modifying DR. They are listed only as a component of load modifying demand
9 response (LDMR) because they themselves are not bid into the CAISO markets. SDG&E
10 suggests that this area may be an area of potential change in the future whereby the
11 Commission might consider technology enablement that works for both SS and LDMR as
12 program- definition neutral; *i.e.*, neither Supply Side DR nor Load Modifying DR.

13 **1. Technology Incentives Program**

14 **a. Background**

15 The Technology Incentives program (TI), often also referred to generically statewide
16 as “Auto DR” or “ADR”, provides qualified commercial customers with incentives to help
17 with installation of technologies that enable load reduction, through automated demand
18 response, at the customer’s location(s). Only Auto DR measures that meet open Auto DR
19 standards are eligible for incentives under this program.

20 In 2016, the TI program had approximately 8MW of enrolled demand response load
21 drop with 93 active ADR participants. The majority of these customers are enrolled in
22 SDG&E’s Capacity Bidding Program, with the balance enrolled in the Critical Peak Pricing
23 Default rate (CPP-D). The Commission ordered changes in D.16-06-029 to the 2017 TI
24 program. Starting in 2017, the program will offer up to two hundred dollars (\$200/kw) of

1 approved, installed and verified kW reduction from a load shed test or 75% of the eligible
2 costs of installing enabling devices, whichever is less for Automated Demand Response
3 (Auto-DR) measures. As ordered, SDG&E filed Advice Letter 2985-E on November 1,
4 2016 to update the TI Program Implementation Plan (PIP) Application and Project
5 Agreement to reflect these changes. SDG&E proposes to continue the program for 2018-
6 2020 as approved for 2017. SDG&E proposes that if needed, further statewide program
7 modifications can be proposed in the 2020 mid-cycle review once the utilities have enough
8 data to make a determination on the success of the program as it is.

9 **b. TI Proposal for 2018-22**

10 The Technology Incentives Program is currently marketed through the following
11 channels:

- 12 1) utility commercial account representatives (account executives) who serve as
13 the utility liaison specialists with large commercial or industrial customers,
- 14 2) SDG&E program managers,
- 15 3) Trade professionals (such as building contractors),
- 16 4) Third-party DR aggregators (aggregators nominate load on behalf the
17 enrolled customer into the open CAISO market),
- 18 5) Vendors of energy management controls for commercial purposes,
- 19 6) Engineering consultants, and
- 20 7) Utility-held workshops and business association meetings.

21 SDG&E will continue to offer the program and to market it through the above
22 channels as well as look for new opportunities. Customers receiving a Technical Incentive
23 will continue to be obligated to enroll and participate in at least one of SDG&E's Auto-DR
24 programs, including the eligible DRAM pilots, for three consecutive years. SDG&E will
25 verify the customer's enrolment and eligibility in all Demand Response programs before
26 making any incentive payments.

27 SDG&E's updated the Technology Incentives PIP is found in Appendix A. SDG&E
28 is also providing a redlined application and customer agreement based on the Approved

1 2012-14 versions in Appendix A.²⁹ The redlines changes in these documents reflect the
2 changes for program years 2015-17 in addition to redlined edits for 2018-22. Furthermore,
3 changes made pursuant to SDG&E AL 2985-E and based on verbal discussions with the
4 Energy Division staff are also shown in redlines. SDG&E AL 2985-E is suspended as the
5 time of filing this application. The updated documents in Appendix B include the TI
6 customer application and TI customer agreement that incorporate the revisions proposed in
7 AL 2985-E along with the changes requested verbally by the Energy Division. Changes
8 include date changes, incentive amounts and payment terms and conditions.

9 SDG&E is also providing a redline version of the application and agreement to
10 reflect changes for the 2018-22 cycle with the assumption that all changes as filed under
11 AL2985-E would be approved as filed. These documents are also found in Appendix B. At
12 a high level, these proposed changes for the 2018-22 TI customer application contain date
13 changes on pages 2, 3, 5; deleted references to third parties on page 3, and has reworded the
14 application check list items 1 & 5, page 4. Changes to the TI Agreement include date
15 changes on page 2, terms and conditions updates for sections 1, 3, 4, 6 (page 2) 8, 10, 13, 14
16 (page 3), 18 (page 4), page 5, signature terms and corrected grammar. While no further
17 program changes are being proposed herein, the updated PIP for TI with new dates and
18 budgets is found in Appendix A of this testimony.

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²⁹ SDG&E's 2012-2014 Demand Response Programs ("DRP") portfolio, and associated budgets, were approved in D.12-04-045, (as later corrected by D.12-08-023, for inadvertent and mathematical errors in D.12-04-045).

1 **c. TI Budget Proposal for 2018-2022**

2 **EBM – TABLE 9 – TI BUDGET**

	2018	2019	2020	2021	2022	TOTAL
TI	\$1,441,736	\$2,950,313	\$2,959,147	\$2,968,245	\$2,977,617	\$13,297,058

3
4 **2. Technology Deployment Program**

5 **a. Background**

6 SDG&E’s Small Customer Technology Deployment (SCTD) program was proposed
7 in SDG&E’s 2012-2014 program application, and approved in D.12-04-045. As of late
8 2016, approximately 13,000 residential and commercial customers have been provided with
9 13,000 and 15,000 thermostats, respectively, through a direct install approach resulting in
10 approximately 8 MW of load reduction.³⁰ SDG&E considers this a significant success.
11 SDG&E is particularly proud of the commercial segment and SDG&E received positive
12 customer feedback on the program. Beginning in December of 2016, SDG&E began
13 moving the program to a “bring your own device” structure for residential customers where
14 they earn an enrollment incentive by agreeing to allow SDG&E to signal their thermostat
15 during demand response events.

16 **b. TD Proposal for 2018-2022**

17 SDG&E is removing the previous “Small Customer” eligibility limit on the program
18 and will call it the Technology Deployment (TD) program going forward to reflect this

³⁰ Report of San Diego Gas & Electric Company on Interruptible Load and Demand Response Programs for September 2016 (submitted October 21, 2016 in A.08-06-001, *et al.*) and available at https://www.sdge.com/sites/default/files/regulatory/0916_DRP_Monthly.pdf.

1 change, as well as to reflect the changing market and to expand opportunities.³¹ The
2 proposed Technology Deployment program has the following characteristics:

- 3 • The program will be open to all customers regardless of size;
- 4 • The program will be a “Bring Your Own Device” offer for all customers;
- 5 • The program will be open to technologies that can curtail load other than
6 large energy management systems and upgrades that are already covered by
7 the TI program;
- 8 • The program will provide an incentive of up to \$100 per kW per device (up
9 to the cost of the device) where the load reduction is determined by
10 measurement and evaluation or engineering estimates;
- 11 • Technology may be signaled either by the utility or by the vendor with
12 appropriate vendor commitments; and
- 13 • Customers will have several options including the ability to enroll in a CPP
14 rate or in DR programs such as AC Saver

15 **i. Customer eligibility for the program is determined**
16 **by the type of technology the customer has rather**
17 **than the size of customer.**

18 SDG&E proposes that the Technology Deployment program be open to all
19 customers, regardless of size, with load curtailment technologies other than energy
20 management systems and energy management system upgrades which are covered by the
21 Technology Incentives program. Size limits are arbitrary in nature; a customer with an on-
22 peak demand of 200 kW is similar to a customer with an on-peak demand of 201 kW yet
23 only the first customer is eligible for programs with a size limit of 200 kW. Size limits also
24 pose difficulties for customers with multiple accounts when the majority but not all of the
25 accounts qualify for the program. Although the SCTD program was designed with small
26 customers in mind (both residential and small commercial), large commercial customers
27 have expressed interest in the thermostat provided by the program. Previously, these

³¹ As noted earlier, in this application and all testimony related to it, SCTD is used to reference the program in years 2012-2017, and TD is used to reference the newly proposed LMDR program for years 2018 and beyond.

1 customers have been turned away from the SCTD program, leaving some DR potential
2 untapped. But their interest indicates that market potential exists for larger customers. In
3 contrast, defining eligibility based on the type of technology is not arbitrary.

4 The program structure of the TI program, which requires on-site load shed tests, is
5 appropriate for energy management systems but not appropriate for less expensive
6 technology due to the expense of conducting the load shed tests. For this reason, SDG&E
7 wants to propose the TD program for different technology types than TI.

8 **ii. Technology Deployment will pay an upfront**
9 **enrollment incentive of up to \$100 per kW per**
10 **device.**

11 The load reduction criteria used to determine the enrollment incentive will be based
12 on the technology itself and the customer segment. The load reduction value will be
13 determined first by measurement and evaluation results, or, if the granularity of data is not
14 available, engineering estimates will be used. For simplicity, SDG&E is currently offering
15 the same incentive to all residential customers. However, in the future, the offer may be
16 differentiated by using load reduction estimates specific to subgroups such as a CEC climate
17 zone, zip code or by energy use.

18 **iii. Customer Enrollment Options**

19 In order to qualify for an enrollment incentive, the customer must agree to participate
20 in at least one of the options below. The technology will be signaled in accordance with the
21 event triggers for the program in which the customer is enrolled. For customers dually
22 participating in a day-of program and a CPP rate, the technology will be signaled according
23 to the triggers of the day-of program.

- 24 • CPP rate (*e.g.*, TOU-DR-P, TOU-A-P, CPP-D, CPP-D-AG)
- 25 • AC Saver program
- 26 • CBP program (after one year)

- DRAM resource (after one year)

SDG&E proposes that customers who receive TD technology not be permitted to enroll in DRAM or CBP until they have participated in a utility DR program for one year. SDG&E is concerned that allowing TD customers to participate in DRAM or CBP will result in similar problems that have occurred in the past with TI and CBP. In some cases third-party demand response providers teamed up with vendors and enrolled customers in CBP but did not actually nominate the customers. In other cases third-party demand response providers nominated the load of their TI customers for events but nominated far less than the loads the shed test amounts indicated should have been available. This has resulted in the ratepayers paying for a load reduction upfront that does not materialize. The TI program has some protections against these problems through the 60/40 rule (incentives are paid 60% up front, and 40% later if the customer performs). However, imposing a 60/40 rule for the TD program, which is expected to have thousands of customers, would increase administration costs significantly, and would likely confuse residential customers. Therefore, SDG&E proposes in TD not permitting these customers to participate in DRAM resources or CBP for one year after receiving their technology through the program. Customers will still have many options to participate in DR through the utility DR programs and CPP rates.

SDG&E proposes to continue the TD program as modified from the prior SCTD program because there are several benefits of continuing a utility enabling technology offering. An upfront technology investment by the utility facilitates customer choice since after receiving the technology the customer may then go on to a utility load modifying CPP rate, AC Saver program, or third-party demand response provider program. A utility enabling technology offering may be the only way customers on the load modifying Critical

1 Peak Pricing rates will have a technology option. Some devices with demand response
2 capabilities are currently under consideration for energy efficiency rebates and there are
3 benefits to offering the EE rebates and demand response enrollment incentives together to
4 entice more customer participation. In addition, the utility provides a stable demand
5 response option for customer participation. Third-party demand response providers (DRPs)
6 may enter and leave the market. If the upfront technology incentives for certain types of
7 devices are offered by SDG&E, the customer will be eligible to participate in SDG&E's TD
8 program. For customers who received SDG&E's TD incentives, and opt out after one year
9 of SDG&E's DR programs (to participate with a third-party demand response provider), but
10 then wish to return to participate in SDG&E's DR programs (such as AC Saver or CPP
11 rates), SDG&E will be able to transition such customers back into the program of their
12 choice.

13 SDG&E sees no conflict with the Commission's bifurcation policy in allowing a
14 customer who receives a TD incentive to participate in either a load modifying program,
15 such as a CPP rate, or supply resource program, such as the AC Saver program or the
16 DRAM. In SDG&E's view, enabling technology programs such as TD and TI that support
17 other programs but have no events of their own should not be classified as either load
18 modifying nor supply side. SDG&E asks the Commission to consider explicitly creating a
19 third Enabling Technology program category in addition to supply side and load modifying,
20 so that it is clear that customers who receive enabling technology through a utility program
21 have both supply side and load modifying participation options. Cost effectiveness
22 protocols could also be created for such programs that truly reflect the benefit the

1 technology installed provides. There is still great benefit for utilities to offering customers
2 incentives for the technology, while allowing the choice of programs and rates.

3 **c. TD 2018-2022 Budget Proposal**

4 The proposed budget for the Technology Deployment program is as follows:

5 **EMB – TABLE 10 – TD BUDGET**

	2018	2019	2020	2021	2022	TOTAL
Technology Deployment	\$838,250	\$847,198	\$834,420	\$843,253	\$852,351	\$4,215,472

6
7 The TD Program Implementation Plan in Appendix A of this testimony discusses
8 more fully the program plan and budget.

9 **IV. PILOTS**

10 **A. Armed Forces Pilot**

11 **1. Background**

12 The Armed Forces Pilot is a voluntary day-of-demand response product that offers a
13 monthly capacity payment to branches of the Armed Forces for reducing energy
14 consumption when requested by the utility. It was first proposed by SDG&E in its 2017
15 program year filing as a pilot for one year. SDG&E filed Advice Letter 2952-E on
16 September 1, 2016, to make the modifications to the pilot per the Commission’s direction in
17 D.16-06-029. The pilot is set to launch in 2017.

18 SDG&E has years of experience working with the U.S. Navy with DR. The Navy
19 (Region Southwest) owns and operates approximately 3,000 facilities in SDG&E’s service
20 territory that directly support the region’s military infrastructure. SDG&E provides energy
21 management expertise in areas such as housing, environmental services, base security,
22 military family services, port services, air services, supply, medical and logistical concerns
23 for hundreds of thousands of active-duty, reserve and retired military members in the area.

1 Over the past 10 years, the Navy has been steadily improving its Demand Response
2 capabilities by installing building controls systems with DR capabilities. In 2016, the Navy
3 completed its direct digital controls (DDC) program. This project enabled the Navy to
4 improve and install DDC at key San Diego area bases, including DR measures that would
5 enable the Navy to participate in ADR programs.

6 The Navy, looking to improve its energy resiliency, has developed a demand
7 response strategy for use in its smart grid program. The Armed Forces Pilot (AFP) is
8 designed as a “gateway pilot” that will test the ability of the Armed Forces to participate in
9 day-of ADR. Once tested to identify any possible necessary pilot design changes, SDG&E
10 believes this pilot will create a viable DR program for the Navy. It is possible that this pilot
11 could serve to demonstrate success giving other branches of the Armed Forces the impetus
12 to participate in DR. SDG&E looks forward to seeing the results from the first year, in
13 2017, and in subsequent years, 2018-2019.

14 **2. AFP Proposal for 2018-2022**

15 The Navy is the first branch of the Armed Forces that will be participating in this
16 pilot during 2017 as approved in D.16-06-029. This pilot is an ideal fit to the Navy’s energy
17 strategy, which is focused on energy security, energy efficiency and sustainability while
18 remaining the pre-eminent maritime power.

19 The Navy would like to develop full ADR capabilities and will be looking to
20 SDG&E for guidance in their transformation to ADR. Cybersecurity presents challenges
21 that must be overcome for the Armed Forces to be completely successful in ADR. Cyber
22 secure integration, monitoring, analytic and control capability being deployed provides a
23 secure infrastructure with potential benefits to all utility service recipients.

1 Currently there are 30 Navy facilities or buildings that have working ADR. Within
2 the Naval Facilities Engineering Command (NAVFAC) there are an additional 154 potential
3 building sites which have been identified as possible new sites for retro-fit with ADR
4 capability. In addition, the Marine Corps have identified an additional 100 buildings that
5 could potentially participate in ADR. Currently Marine Corps Air Station (MCAS) Miramar
6 is developing its own microgrid, and will have full ADR capability when completed.

7 This pilot, proposed to continue in 2018 and 2019, will allow the Armed Forces³² a
8 mechanism to participate on a more consistent basis in demand response programs. SDG&E
9 expects to bid this program into the CAISO market and expects the following benefits:

10 • SDG&E will provide a quantity of Auto DR that can be called on to mitigate
11 system peaks, transmission system emergencies or contribute to system reliability needs
12 during extreme emergencies, depending on which DR programs or rates the accounts
13 choose;

14 • SDG&E will provide an option by which these Armed Forces account
15 customers can contribute toward reducing peak energy consumption on the utility grid,
16 while at the same time managing and controlling their individual energy consumption and
17 costs;

18 • A reduction in the customers' energy costs while optimizing Auto DR and
19 realizing technology investment benefits within a reasonable payback period;

³² The Armed Forces Pilot is open to accounts held by the federal United States government in any branch of the military. The Pilot is not open to the personal accounts of those who serve in the Armed Forces. The Pilot aims to expand the opportunities for the military itself to become an active DR participant. SDG&E has other program offerings for its residential customers, which includes enlisted personnel.

- 1 • Encourage Integrated Demand Side Management activities by also
- 2 encouraging energy efficiency activities;
- 3 • Increase convenience by automating DR load reduction through the ADR
- 4 technology incented by the TI program; and,
- 5 • Increase customer engagement on their energy usage, which might also serve
- 6 as a model for other businesses and consumers.

7 SDG&E proposes to perform evaluation, measurement and verification (EMV) on
 8 the participants’ performance in 2 pilot years of 2018 and 2019. Assuming the pilot shows
 9 itself to be cost effective and delivers the load shed as forecast, SDG&E will file an advice
 10 letter to request that the pilot be transitioned into a program for 2020-2022. However, if the
 11 results show that the Armed Forces are unable to perform as expected, resulting in either
 12 poor DR performance, or by not realizing cost effectiveness, then SDGE will propose
 13 adjustments to the program using lessons learned from the pilot program.

14 The updated PIP for the Armed Forces Pilot is included in Appendix A of this
 15 testimony.

16 **3. 2018 -2022 Armed Forces Budget Proposals**

17 **EBM – TABLE 11 – AFP PROPOSED 2 YEAR PILOT BUDGET**

Pilot	2018	2019	2020	2021	2022	TOTAL
AFP	\$768,874	\$869,427	\$0	0	\$0	\$1,638,301

18 **EMB – TABLE 12 - AFP PROPOSED 3 YEAR PROGRAM BUDGET**

Program	2018	2019	2020	20121	2022	TOTAL
AFP	\$0	\$0	\$948,706	\$1,053,113	\$1,157,653	\$3,159,472

1 SDG&E is proposing increased incentives in this pilot in exchange for Automated
2 Demand Response that is more firm by adding a penalty structure for non-performance.
3 Because of this change, SDG&E anticipates the need for a larger budget than that D.16-06-
4 029 approved for the 2017 Armed Forces pilot. SDG&E plans to file pilot results with the
5 Commission at the mid-cycle review, with anticipation of turning this pilot into a program
6 starting in 2020 should it be viable as a program.

7 SDG&E has provided an updated Armed Forces Pilot PIP found in Appendix A
8 attached. SDG&E has provided an updated AFP customer contract, which includes date
9 changes on pages 1, and 2; the AFP Tariff contains no changes and is found in Appendix B
10 attached.

11 **B. Over Generation Pilot**

12 **1. Background**

13 On September 15, 2015, in R.13-09-011, the Commission issued its Joint Assigned
14 Commissioner and Administrative Law Judge's Ruling Providing Guidance for 2017
15 Demand Response Programs and Activities Proposal. In addition to the Commission's
16 guidance on general program modifications and improvements, the ruling also encouraged
17 the IOUs to propose pilots in the 2017 program year filing to address over generation
18 resulting from ever-increasing renewable energy being available in the middle of the day.
19 SDG&E filed for and received approval of its Over Generation Pilot for 2017 in D.16-06-
20 029.³³ The objective of SDG&E's proposed pilot is to determine whether distributed storage
21 facilities can effectively and economically address two major concerns associated with

³³ D.16-06-029 at 94, OP 25.

1 renewable over-generation: (1) excessive export of distributed solar to the grid during non-
2 peak periods; and (2) lack of flexible generation during demand response events.

3 SDG&E plans implementation of this pilot starting January 2017.

4 **2. Over Generation Pilot Proposal for 2018-2022**

5 In this application, SDG&E is asking for pilot funding for 2018 through 2019 and
6 program funds from 2020 to 2022 in anticipation of favorable pilot results. SDG&E will
7 examine the success of the pilot and if the pilot has met its objectives and the design
8 provides some benefit to the portfolio as a program, SDG&E will seek Commission
9 approval to convert the pilot to a program. If the pilot cannot be viable as a program,
10 SDG&E will seek the Commission’s permission to terminate the pilot. SDG&E will only
11 spend and subsequently recover funds if the pilot is successful and the Commission
12 approves the conversion or modifications. A Program Implementation Plan for the 5-year
13 cycle is included in Appendix A of this testimony.

14 **3. Over Generation 2018-2022 Budget Proposal**

15 **EMB- TABLE 13 – OVER GENERATION BUDGET**

	2018	2019	2020	2021	2022	TOTAL
Over-Gen Pilot	\$706,367	\$716,061	-	-	-	\$1,422,428

	2018	2019	2020	2021	2022	TOTAL
Over-Gen Program	-	-	\$726,045	\$736,330	\$746,922	\$2,209,297

16 This concludes the description of SDG&E’s Load Modifying DR program proposals.

1 **V. THIRD-PARTY DEMAND RESPONSE INCLUDING THE DRAM AND**
2 **RULE 32**

3 **A. Demand Response Auction Mechanism**

4 **1. Background**

5 D.14-12-024 approved the IOUs' two-year DR Auction Mechanism (DRAM) pilot
6 for 2016 and 2017. This pilot will enable third-party aggregators to participate directly in
7 the CAISO demand response marketplace. Later, D.16-06-029 extended the DRAM pilot
8 for an additional year, stating "we re-establish the DRAM working group to jointly develop
9 a proposal for the parameters of a third pilot to be held in 2017 with delivery in 2018."³⁴

10 This decision further established criteria to measure the effectiveness of the DRAM pilots.

11 The measures focus on these areas:

- 12 1) New Demand Response Providers (DRPs) and new customers added to the
- 13 market;
- 14 2) Competition by the bid price and offer price in the market;
- 15 3) Reliability of the resources dispatched; and
- 16 4) Capacity delivered when dispatched compared with the contracts.

17 SDG&E's Electric Rule 32 (Rule 32) governs how SDG&E interacts with third-party
18 Demand Response Providers (DRPs). The Commission, in D.15-03-042 and later in D.16-
19 06-008, authorized SDG&E to put into place certain processes and systems to facilitate
20 third-party DRPs' ability to bid demand response resources into the CAISO wholesale
21 market as Proxy Demand Resources (PDRs) and/or Reliability Demand Response Resources
22 (RDRRs).

23 The DRAM pilots are subject to Rule 32, which establishes certain processes, time
24 frames, and volume limits, plus any additional limitations authorized by the Commission.

³⁴ D.16-06-029 at 44.

1 Thus, the development of the two proceedings, Rule 32 Demand Response Direct
2 Participation (R.07-01-041) and Demand Response rulemaking (R.13-09-011) would
3 continue to shape the future of Demand Response Auction Mechanism. SDG&E
4 emphasizes that the inter-dependency of Rule 32 implementation and the future of DRAM
5 should be considered in determining the timeline of future DRAM implementation.

6 **2. Current DRAM Implementation**

7 Currently, the DRAM pilots are in the first year of delivery for those demand
8 response providers (DRPs) that bid on, and were selected to provide, demand response
9 services in SDG&E's territory. The second year auction was completed in the fall of 2016,
10 resulting in a total of 15 DRAM contracts for delivery in 2017. The Day-Ahead PDR is the
11 only available wholesale market product for the DRAM DRPs in 2016. Both PDR and
12 RDRR products are available to 2017 DRAM DRPs, allowing them to offer their resources
13 in the Day-Ahead, and Real-Time markets. The expanded products allow the DRPs to offer
14 demand response in the form of System, Local, and/or Flexible Capacity.

15 SDG&E's DRAM pilots have been implemented with a high level of transparency,
16 especially in the auction administration process. While the robust responses and
17 engagement of the third-party DRPs in the two DRAM auctions were considered successful,
18 SDG&E is encouraged by the Commission's decision that it is premature to transition the
19 DRAM pilot into a full program before a thorough analysis is conducted on the pilot
20 program.³⁵

³⁵ D.16-09-056 at 65.

1 **3. The Future of DRAM**

2 Before the determination of whether and when to transition DRAM from pilot to a
3 full program, the Commission has adopted a policy that the DRAM continue to be
4 administered by the Utilities and will serve as the main procurement mechanism for resource
5 adequacy capacity from all third-party demand response supply resources in the future.³⁶
6 SDG&E would urge the Commission to wait to determine if the DRAM should be the main
7 procurement method for supply DR until sufficient evaluation is complete. Further, the
8 Commission also ensures that the same penalty structures as resource adequacy contracts, as
9 well as the Resource Adequacy Availability Incentive mechanism, are applicable to the
10 DRAM contracts in both contract management level and the CAISO wholesale market
11 level.³⁷

12 The Commission further authorizes SDG&E to record contract and administration
13 expenses resulting from the administration of the demand Response auction mechanism in
14 the Advanced Metering and Demand Response Memorandum Account.³⁸ SDG&E requests
15 the Commission to consider a reasonable timeline for the Utilities and the interested parties
16 to work on the DRAM contract modifications, with a focus on introducing a penalty
17 structure to protect the ratepayers. This should be seen as a crucial next step in determining
18 whether the pilots should be transitioned to full program status.

19 SDG&E urges the Commission to consider granting IOUs the rights to bid into the
20 future DRAMs. This could be done through blind RFOs. The main benefit of allowing the

³⁶ *Id.*, section 4.3.2.2, at 67.

³⁷ *Id.*, section 4.3.2.2, at 67.

³⁸ *Id.*, section 4.3.2.2, at 75, *confirmed in* D.16-12-032 at 5, OP 1.

1 IOUs to participate in DRAM is that the enhanced competition should serve all ratepayers
2 by allowing all DR players to have the opportunity to compete in the same procurement
3 mechanism.

4 **4. DRAM's Information Technology Budget**

5 SDG&E provides, in AL 2796-E-A (filed February 8, 2016) a breakdown of the
6 administration cost of DRAM (p. 3, fn. 3):

7 The estimated administrative costs include costs that SDG&E expects to
8 incur to implement the DRAM Pilot including labor costs of the demand
9 response staff in the developing the pilot auction, in the administration of the
10 contract, and in all reporting to the CPUC; IE costs; scheduling coordinator
11 audit costs; to monitor the residential registrations for winning residential
12 bids, and to monitor the enabling technologies for those receiving a
13 qualitative bonus; and independent auditor costs.

14 D.16-06-029 authorizes a \$3 million budget for the 2018 DRAM delivery by
15 SDG&E, which is available for relevant expenditures starting in 2016 and 2017.³⁹ In this
16 application, SDG&E includes the approved \$3 million 2018 DRAM budget as an additional
17 component of its overall DR budget for awareness and tracking purposes since it has been
18 already approved. Although SDG&E is not asking for new budget dollars to be approved
19 for the 2018 DRAM, SDG&E requests the flexibility to expense the 2018 DRAM budget
20 into calendar year 2019. This is necessary in case any of the winning bids from the third
21 pilot auction cover 2018 and 2019 delivery, given the fact that the Commission has granted
22 the IOUs flexibility in entering into multiple year contracts.⁴⁰

23 The Electric Rule 24/32 Demand Response Direct Participation Intermediate
24 Implementation Step Decision (D.16-06-008) provides most automation functions to support

³⁹ D.16-06-029 at 45.

⁴⁰ D.16-09-056, section 4.3.2.2, at 71.

1 DRAM for IOUs, DRPs, and the customers. Thus the initial set up cost of DRAM
2 customers supported in the automatic system, Demand Response Management System
3 (DRMS) at SDG&E, is covered by the Rule 32 budget.

4 The total approved DRAM budget for 2018 delivery, and potentially extended to
5 2019 delivery also, is \$3 million. Only 10% of that can be allocated to the administration
6 cost. It will only be enough to cover the labor cost for the described activities in the
7 description of administration for DRAM.⁴¹ The bulk of the \$3 million DRAM budget is
8 reserved for the capacity payment to the DRPs. The actual cost of administration, given the
9 current approved size of DRAM, will exceed what was currently approved. Given the size
10 of the customer pool for DRAM, and the increased registrations, DRAM administration will
11 need to be automated which was not considered when this was contemplated at the time.
12 The automation of DRAM's specific functions requires additional information technology
13 implementation to continue to support DRAM in 2018 and beyond.

14 While the Commission directs the utilities not to include the DRAM related
15 expenditure in the capped Demand Response Portfolio Budget,⁴² SDG&E requests funding
16 of an additional \$1.78 million to implement the technology solution in support of DRAM for
17 the following reason: The contract management administration and the associated
18 functionality of what is needed for DRAM goes beyond SDG&E's Rule 32 implementation.
19 It should be noted that every auction results in multiple DRAM contracts, which will require
20 extensive activities, including:

21 A. Invoicing;

⁴¹ AL 2796-E-A at 3, n. 3.

⁴² D.16-09-056, section 4.3.2.2, at 67.

- 1 B. Auditing;
- 2 C. Communications between the Sellers and the Buyers, according to the
- 3 contracts;
- 4 D. Financial tracking and reporting; and
- 5 E. Other contract management activities.

6 The management of these contracts is not in the scope of SDG&E's Rule 32
7 implementation. SDG&E did not ask for cost recovery of the above-mentioned items in the
8 Rule 32 proceedings since they are not stemming from support of merely Rule 32.
9 Therefore, SDG&E believes these costs should be requested and authorized in this
10 application since there is no other cost recovery mechanism established for DRAM.

11 Due to the evolution of DRAM pilot and potential future changes, there are
12 uncertainties in DRAM pilot design and thus the potential for changes to IT system design
13 and implementation. SDG&E must plan for foreseeable IT changes in the next few years
14 and identify what changes are necessary.

15 Therefore, SDG&E requests authorization of a DRAM pilot IT budget specifically to
16 cover only DRAM related costs in 2018 and 2019 for the next level of implementation.
17 SDG&E estimates this cost at \$1,777,759. SDG&E seeks approval to spend up to its
18 allocated budget upon Commission approval.

19 **B. SDG&E Support for Direct Market Participation through SDG&E's**
20 **Electric Rule 32**

21 D.15-03-042 approved cost recovery by SDG&E for the Initial Implementation Step
22 of direct participation of demand response providers in the CAISO energy markets. The
23 decision also discussed the establishment of an Intermediate Implementation Step to be
24 determined in a second phase. D.15-03-042 also directed SDG&E to file, no later than
25 seven months following the issuance of the decision, comments on three metrics needed for
26 the Intermediate Implementation Step: (1) the number of participants to target and why; (2)

1 the services to be included and why; and (3) the data that should trigger moving to the
2 intermediate implementation step and why.⁴³

3 In compliance with the decision, SDG&E subsequently filed and received approval
4 in D.16-06-008 to implement an Intermediate Implementation Step of third party demand
5 response direct participation, to provide day-ahead, real-time and ancillary services in the
6 CAISO market. The decision ordered SDG&E to develop the capability to support a total of
7 30,000 customer registrations in the CAISO market and begin implementation immediately,
8 with a completion deadline of February 28, 2017.⁴⁴

9 Furthermore, D.16-06-008 ordered that SDG&E may request additional cost
10 recovery for advancements in the implementation of third-party demand response direct
11 participation through demand response program applications, beginning with the 2018
12 demand response program year.⁴⁵ In compliance with this order, SDG&E requests
13 incremental Rule 32 IT funding of \$278,083 to support licensing fees for its DRMS platform
14 to support up to 60,000 market participants for 2018-2022. This request is consistent with
15 the licensing fee structure discussed in SDG&E's application for the Intermediate
16 Implementation phase approved in D.16-06-008.

17 Additionally, SDG&E is requesting funding to provide operational and production
18 support for third party market participants, and Rule 32 information technology related
19 processes. The operational costs consist of program management and administrative
20 support. The annual distribution of these costs is outlined below.

⁴³ D.15-03-042 at 68, OP 15.

⁴⁴ D.16-06-008 at 34, OP 4.

⁴⁵ *Id.* at 35-36, OP 12.

EBM – TABLE 13 – RULE 32 BUDGET PROPOSAL 2018-2022

	2018	2019	2020	2021	2022	Total
Rule 32 (Distribution)	\$ 561,490	\$ 578,335	\$ 595,685	\$ 613,556	\$ 631,962	\$ 2,981,028
Licensing Fees (See Kutzler Testimony, Ch. 2)	\$ 72,000	\$ 49,260	\$ 50,737	\$ 52,259	\$ 53,827	\$ 278,083
Total	\$ 633,490	\$ 627,595	\$ 646,422	\$ 665,815	\$ 685,789	\$ 3,259,111

SDG&E notes that these costs are associated with SDG&E’s support for direct market participation by third parties and therefore should not count towards SDG&E’s budget cap. Furthermore, because these costs are for third-party support, they are not included in SDG&E’s cost-effectiveness analysis. The Commission should consider these costs as part of cost-effectiveness of third-party market participation in the future. Therefore, SDG&E did not include costs associated with Rule 32 direct market participation support within its budget cap, nor were they included in the cost effective analysis.

VI. RELATED DEMAND RESPONSE ACTIVITIES

A. The Emerging Technology Demand Response Program

1. Purpose and Background

The Emerging Technology DR (ET-DR) Program focuses on the challenging area of demand-reducing technologies and strategies with a focus on approaches best for the San Diego region. In today’s evolving market and changing policy landscape, the opportunity for creative, innovative, and cost effective demand response solutions has never been greater. Therefore, the ET-DR Program staff are looking forward to this opportunity, and will continue to research companies and technologies that promise significant demand reduction potential in the short or mid-term time horizon. The ET-DR Program will also seek to identify technologies that mirror the changes throughout our core Demand Response

1 Program portfolio such as Fast DR or Ancillary DR, Integrated Demand Side Management
2 (IDSMS) technologies, technologies that aid full market integration (D.13-12-024), permeant
3 load shifting technologies, and technologies that enhance the ratepayer value to the
4 Technology Incentive (TI) Program. Each evaluation project will address at least the
5 following, but not limited to:

- 6 • The technology's or strategy's overall merits;
- 7 • Applicability to existing SDG&E customer programs;
- 8 • Benefits to both demand reduction and energy efficiency;
- 9 • Possible adoption barriers;
- 10 • Cost-effectiveness per the updated E3 DR calculator (D.15-11-042) when
11 applicable;
- 12 • Risks; and
- 13 • Recommendation on the utilities' support and future involvement.

14 The ET-DR 2015-2016 bridge was very successful in the types of projects that were
15 able to be initiated and completed during the program budgeted period. Some of the
16 technologies researched throughout the 2015-2016 bridge year included: Open ADR 2.0 A
17 & B evaluation with a focus on sub 4 second telemetry, Electric Vehicle to Grid Integration
18 Platform, a 7 Megawatt Battery Load Shedding System, and a Whole Connected Home DR
19 Project. For more detailed information on these projects, please see the Demand Response
20 Emerging Technology SDG&E Semi-Annual Reports, submitted to the Commission, dated
21 March 31, 2015 and September 30, 2016.⁴⁶

22 **2. ET-DR Proposal for 2018-2022**

23 The ET-DR proposal for 2018-2022 stays consistent with the 2017 filing. However,
24 it will be prioritizing its focus on the targets mentioned above. The ET-DR Program
25 believes that by keeping the same structure and funding it will be fully capable to continue

⁴⁶ See, A.11-03-001. These reports are submitted as compliance filings pursuant to D.12-04-045 at 145-146 and 225, OP 59.

1 to scout out the desired technologies and approaches that aide the progression and evolution
2 of the Demand Response Portfolio per the CPUC’s guidance. The expected outcome for this
3 continued approach is the execution of 4 to 6 projects per year based on the 2015-2016
4 bridge year projects. The average turnkey project cost including labor, materials, and
5 necessary measurement and verification per the International Performance Measurement and
6 Verification Protocol (IPMVP) was approximately \$94,000 - \$100,000 per project.

7 **3. ET-DR Proposed 2018-2022 Budget**

8 **EBM-TABLE 14 – ET-DR BUDGET**

	2018	2019	2020	2021	2022	TOTAL
ET-DR	\$729,014	\$750,884	\$773,411	\$796,613	\$820,512	\$3,870,434

9
10 This budget will allow the ET-DR Program to function as stated above, while
11 keeping the minimum necessary staff to procure and execute DR projects to their objective
12 conclusions.

13 The updated PIP for ET-DR is included in Appendix A of this testimony.

14 **B. Demand Response Regulatory Policy and Support Activities**

15 **1. Background**

16 In order to provide continued program oversight and regulatory policy support
17 activities to the programs, including general administration, reporting requirements,
18 regulatory support for data requests, participation in regulatory proceedings, and similar
19 activities, SDG&E requests funding at the same levels as 2017 for each of the years of 2018-
20 2022, adjusted for inflation.

2. 2018-2022 Proposed Budget for Policy and Support

EBM- TABLE 15 – POLICY SUPPORT BUDGET

	2018	2019	2020	2021	2022
Policy Support	\$ 856,372	\$881,820	\$908,679	\$936,619	\$966,158

VII. CONCLUSION

SDG&E is pleased to make these Demand Response program proposals at this time, which support both the goals of California as well as SDG&E to create a cleaner environment. SDG&E looks forward to the Commission’s review and collaboration in moving DR forward in the future; to reduce GHG, to meet grid needs in the most cost effective manner, and to give customers choice.

VIII. WITNESS QUALIFICATIONS

My name is E Bradford Mantz. My business address is 8335 Century Park Court, San Diego, California 92123. I am employed by SDG&E as the Demand Response and Segmentation Manager for Customer Programs. My responsibilities include the design, implementation and management of demand response programs for SDG&E. I have been employed by SDG&E since 2010.

I graduated from University of Texas, Austin with a Bachelor’s of Arts in Business Administration with emphasis in Marketing and Petroleum Land Management and a minor in Geology.

I have testified previously before the California Public Utilities Commission.

This concludes my prepared direct testimony.

APPENDIX A

SDG&E Program Implementation Plans Demand Response 2018-2022

Chapter 1 Appendix A to

Testimony of E Bradford Mantz
SDG&E Program Implementation Plans
Demand Response

2018 -2022

Program Name

AC Saver (formerly Summer Saver)

Program Budget

	2018	2019	2020	2021	2022	TOTAL
AC Saver Day-Of	\$2,013,448	\$1,953,981	\$1,881,311	\$1,751,735	\$1,755,074	\$9,355,549
AC Saver Day-Ahead	\$485,120	\$529,033	\$570,362	\$649,751	\$722,342	\$2,956,608
Total	\$2,498,568	\$2,483,014	\$2,451,673	\$2,401,486	\$2,477,416	\$12,312,157

Projected Load Impacts by Year (MW)

Program Name	2018	2019	2020	2021	2022
AC Saver	21	21	23	25	27

Projected Cost Effectiveness for 2018 - 2022

Program Name	2018
AC Saver Day-Of	.7
AC Saver Day-Ahead	1.0

Program Descriptors

- **Market Sector:**
 - All customers with the exception of residential net energy metering (NEM) and Community Choice Aggregation (CCA) customers.

Program Classification

Supply Resource

- **Program Statement:**
 - The AC Saver program is an Air Conditioner (AC) curtailing/cycling program and is part of the Demand Response (DR) portfolio. It is designed to bid into the California Independent System Operator (CAISO) wholesale market as a Proxy Demand Response (PDR) supply resource.
 - The AC Saver program is offered to customers with enabling technology devices approved by SDG&E capable of reducing AC load and offers the customer a capacity payment incentive, based on the product.

- Customers may participate in both the AC Saver Day-Of product and a Critical Peak Pricing (CPP) rate per Rule 41 guidelines. The forecasted load for the AC Saver program will be available to bid into the CAISO wholesale market during the months of April through October. Customers will also be available for local dispatch for imminent local emergencies or local distribution constraints.
- The Technology Deployment (TD) program will be the primary sources of new enabling technology enrolled into the AC Saver program.
- **Program Fundamentals**
 - The forecasted load will be bid into the CAISO wholesale market following the guidelines of a PDR supply resource.
 - AC Saver participants will continue to have choices for enabling technology devices, cycling options, and override options that offer different incentives. The program event hours may be for a minimum of 2 hours and maximum of 4 hours between noon and 9 p.m.
- **Measures**
 - Air conditioner units

Program Rationale and Expected Outcomes

- **Implementation Design**
 - **Delivery mechanisms**
 - SDG&E customers will be contacted through multiple communication channels, cross program marketing and internet marketing/enrollment to ensure customers have multiple channels available for education and enrollment to participate in the AC Saver Program.
 - Events will be called based on the CAISO wholesale market established guidelines for a PDR supply resource.
- **Incentives**
 - Customers on AC Saver Day-Of product will receive an annual bill credit based on the tonnage of the customer's AC unit and customer elected cycling option. Customers must be enrolled on the program through October 31st and for at least 45 days in order to receive a bill credit. In addition, the customer's device must be active and capable of receiving a signal (e.g. online or meter connected) in order to qualify for the annual bill credit. Validation that the device is active may not be available for all technologies, in these cases customers will receive the bill credit as long as they meet the enrollment requirements.
 - Residential customers enrolled in the AC Saver Day-Ahead product whose technology is able to receive a load reduction signal will receive an annual capacity payment of \$25 per account in 2018 and \$20 per account in 2019-2022. Customers must be enrolled on the program through October 31st and for at least 45 days in order to receive a bill credit. In addition, the customer's device must be active and capable of receiving a signal (e.g. online or meter connected) in order to qualify for

the annual bill credit. Validation that the device is active may not be available for all technologies, in these cases customers will receive the bill credit as long as they meet the enrollment requirements.

- Commercial customers on the AC Saver Day-Ahead product will not receive an annual bill credit.
- **Delivery and coordination**
 - Customers on AC Saver Day-Of product will be encouraged to sign up for a courtesy event notification voice message.
 - Customers on AC Saver Day-Ahead product with PCTs enrolled from Small Customer Technology Deployment (SCTD) or TD are notified of DR events via thermostat display, customer portal, and/or mobile app or through additional channels, as necessary. Customers enrolled in AC Saver Day-Ahead product will have the option to opt out of AC Saver events.
 - Customers participating in both AC Saver Day-Of product and CPP will receive a courtesy voice message and will be notified of CPP events based on CPP program rules. Customers on both AC Saver Day-of product and CPP will be signaled only during AC Saver Day-Of events.
 - Participating customers will receive the following:
 - Customers on AC Saver Day-Of will receive an annual preseason reminder.
 - All new customers will receive information that describes the program design and highlights the positive contribution impacts for participating in the program.
- **Program Objectives**
 - To continue to maintain the forecasted load drop from SDG&E approved AC curtailing technologies.
 - Bid the program into the CAISO wholesale market as a PDR supply resource.
 - Increase program participation from customers with devices that qualify for the TD incentive.
 - Enabling technology devices for participants will continue to be essential in obtaining the forecasted load reduction minimizing the need for the customer to take actions to initiate load reduction strategies during an AC Saver event.
 - Customers will have choices that will help them meet their energy needs.
 - The key program goals are to:
 - Optimize DR program participation and awareness
 - Opening participation to other SDG&E approved AC load curtailing enabling technology
 - Achieve forecasted load reduction
 - Maintain a positive customer experience

- **Program cycle:**
 - 2018-2022

Program Strategy

- **Target Audience:**
 - Customers with enabling technology devices, i.e., Direct Load Control switch, Programmable Communicating Thermostat (PCT), etc. for air conditioner load reduction.
- **Marketing, Education & Outreach**
 - The AC Saver program advisors will coordinate with SDG&E's Customer Education Awareness and Outreach (CEAO) to create awareness of the program changes to our existing program participants and ensure that new customers are informed and aware of the importance of DR participation.
 - CEOA will develop marketing materials and messages that help inform and make it easy for customers to participate in the AC Cycling program.
 - SDG&E will communicate to the existing customers to educate and inform them of the new programs changes.
The effort to recruit new customers will be ongoing and will be targeted to customers who meet criteria to participate in the program and will be communicated to, through various communication channels.
- **Customer Research & Feedback**

The AC Saver Program will coordinate with CEOA to educate and inform the awareness about the importance of DR to our customers. Additional research may be employed to evaluate ongoing activities related to program design changes. These research tools may include:

 - Participant Surveys
 - Focus Groups
 - Smart Meter Interval Data Analysis
 - DR Event Participation Data
- **CAISO**
 - Program is designed to participate as a PDR supply resource
- **Statewide Coordination** N/A
- **Evaluation, Management, and Verification (EM&V)**
 - Annually a load impact evaluation of the program will be conducted in accordance with the load impact protocols including a ten year forecast based on ex-post event results. The load impact evaluation will be completed by April 1st each year and will be filed with the Commission. Additionally, other analysis related to program design (such as a baseline

analysis) will be conducted, as needed. Typically, one process/market evaluation for the program is planned during the three year cycle to be used to inform future program design and to evaluate and improve the operation of the program.

Program Name

Base Interruptible Program (BIP)

Program Budget

Program Name	2018	2019	2020	2021	2022	Total Budget
Base Interruptible Program	\$942,870	\$942,870	\$942,870.00	\$942,870	\$942,870	\$4,714,350

Projected Load Impacts by Year 2018-2022

Program Name	2018	2019	2020	2021	2022
Base Interruptible Program	6.7MW	6.8MW	6.9MW	7.0MW	7.1MW

Cost Effectiveness for 2018-2022

Program Name	Cost Effectiveness
Base Interruptible Program	1.4

Program Descriptors

- **Market Sector**
 - Non-Residential
- **Program Classification**
 - Core
- **Program Statement**
 - The Base Interruptible program offers a monthly capacity payment to customers that can commit to curtail at least 15% of Monthly Average Peak Demand, with a minimum load drop of 100 kW. BIP is an Emergency program available to be called year round, not to exceed four (4) hours for any calendar day, or 10 Interruption Periods per calendar month, or 120 hours during any calendar year.
 - BIP will use the CAISO’s Reliability Demand Response Resource (RDRR) in the 2018-2022 program years to bid into the wholesale market, in accordance with Commission Decision (D.) 10-06-

- 034, adopting the “Reliability-Based Demand Response Settlement Agreement” (Settlement Agreement) in Rulemaking R.07-02-041. The Settlement Agreement also caps emergency program enrollment and SDG&E will keep BIP below the level established in that proceeding.
- While BIP is and will continue to be a retail demand response product that enables emergency responsive demand response resources to state and local situations, modifications will be necessary to meet the requirements of the CAISO RDRR during the 2017 program year.
 - BIP program design:
 - Incentive payments will be differentiated by season to better reflect the capacity value of the program on a monthly basis and in alignment with SDG&E’s Resource Adequacy needs.
 - Require a least one test event annually if no event is triggered based on program criteria.
 - New Applicant pre-qualification consisting of a load reduction plan and a “pre-enrollment” test event that would be operated like an actual curtailment event to ensure notification equipment is operational and to verify the customer is able to reduce load to or below its proposed Firm Service Level. There would be no penalty for non-compliance with this “pre-enrollment” test, but the customer would not be allowed to enroll at that Firm Service Level. The customer would be allowed to participate in the program only after a successful “pre-enrollment” test of a proposed Firm Service Level and approval of their load reduction plan.
 - Participants who fail to comply with a curtailment or test event will have their Firm Service Level reset to the level achieved during the event.
 - Existing customers who want to change their Firm Service Level will be required to perform a re-test before the new Firm Service Level can be established. Changes to Firm Service Levels will only be accepted in November. The re-test must

confirm that the new Firm Service Level is achievable by the customer.

- **Program Fundamentals**
 - See Base Interruptible Program Tariff

Program Rationale and Expected Outcomes

- **Implementation Design**
 - **Delivery mechanisms**
 - BIP program can be called for multiple reliability-only events, including system emergencies (CAISO alerts and stages), Transmission emergencies (loss of resources), and Local transmission and distribution system (overload) emergencies.
 - Program participants are notified of a curtailment event via the SDG&E website, email and/or text if they provide a phone number or email and have 20 minutes from the time of receipt of notice to achieve their load drop.
 - **Incentives**
 - Customers receive a monthly capacity payment and are subject to Excess Energy Charges if they do not achieve their Firm Service Level during an event in the manner detailed in the tariff.
 - **Delivery and Coordination**
 - As an emergency program, BIP is designed to be responsive to the CAISO objective to avoid involuntary load shedding when all market based options have been exhausted.
 - **Program objectives**
 - Provide a highly dependable quantity of DR that can be called on to mitigate transmission system emergencies or contribute to system reliability needs during extreme emergencies.
 - **Program cycle**
 - 2018-2022

Program Strategy

- **Target Audience**
 - Medium to large Commercial and Industrial customers who can curtail up to 15% of their firm service level and minimum 100kW and Aggregators who can provide a minimum of 1MW of curtailable load.
- **Marketing, Education & Outreach**
 - The BIP outreach and marketing effort is limited and focused on educating existing

customers of program changes and marketing to a targeted group of potential new customers. We will leverage our existing Trade Professional trainings and other trainings provided at the Energy Innovation Center for DR programs.

- **Aggregator Considerations**
 - BIP is designed to enable participation of an Aggregator with large or small aggregated resources that may be configured to offer energy economically in response to a reliability event for the delivery of energy in a real-time emergency.

- **CAISO Relationship**
 - BIP is integrated into the California ISO market and operations and be dispatched by the CAISO real-time economic dispatch algorithm.

- **Statewide Coordination**
 - The CPUC, CAISO, Pacific Gas and Electric Company and Southern California Edison Company are parties to the Settlement Agreement and the modifications to BIP are consistent with the direction and efforts to modify other emergency DR programs throughout the State.

- **Integrated/coordinated DSM**
 - Participation in BIP does not interfere with a customer's ability to invoke Energy Efficiency measures. The use of a firm service level for event measurement and the Excess Energy Charge_create a need for an increased level of active energy management, providing an incentive for participants to seek additional tools and opportunities to manage their energy use.

EM&V

- Annually a load impact evaluation of the program will be conducted in accordance with the load impact protocols including a ten year forecast based on ex-post event results. The impact evaluation will be completed by April 1st each year and will be filed with the Commission. Additionally, other analysis related to program design (such as a baseline analysis) will be conducted as needed. One process/market evaluation for the program is planned during the three year cycle to be used to inform future program design and to evaluate and improve the operation of the program.

Pilots

- As an emergency program that is ultimately limited by the enrollment caps imposed by D.10 - 06-034, any pilot activity associated with the program would be for enabling technologies from other programs and not exclusive to BIP.

Program Name

Capacity Bidding Program (CBP)

Program Budget

The budget dollars listed below reflect the administrative, capacity and energy incentive cost.

Program Name	2018 Budget	2019	2020	2021	2022
Capacity Bidding Program	\$2,184,406	\$2,088,798	\$2,153,047	\$2,057,889	\$2,138,552

Projected Load Impacts by Year

Program Name	2018	2019	2020	2021	2022
Capacity Bidding Program	12.2	12.9	13.7	14.4	15.3

Projected Cost Effectiveness by Year

Program Name	2018-2022 Cost Effectiveness
Capacity Bidding Program	CBP Day-Ahead = 0.9; CBP Day-Of 20 Minute = 0.8

Program Descriptors

- **Market Sector:**
 - Non-Residential

Program Classification:

- Supply Resource

• **Program Statement:**

The 2018-2022 Capacity Bidding Program offers customers various product options by which participants can earn incentives to participants who reserve power reduction capacity with the availability and capability to meet requested load reductions during an emergency or abnormally high demands for power. This program is available to commercial/industrial customers receiving bundled service, Direct Access service or Community Choice Aggregation service, and being billed on a commercial, industrial or agricultural rate schedule. Participation in this program must be taken in combination with the customer’s otherwise applicable rate schedule. This program is also available to “Demand Response Providers,” a third party entity that combines the loads or one or more customers for the purpose of participating in this program.

For multiple program participation, see Electric Rule 41.

The Technical Incentive /TI program is available to customers to help enable their participation in DR programs and events.

Capacity Program participants will be surveyed about enabling technology installations, DR events, and technology and online presentment preferences to better determine best practices and lessons learned for future implementation.

This program will focus on event communication and marketing to increase the ease of participation.

Program Term

Enrolled participants are expected to remain in the program for a minimum of 12 calendar months and must have the required metering and operable communication equipment while participating in the program. Participants may opt out of the program any time after their 12 month term.

1. Eligibility

The Capacity Bidding Program allows individual customers or third-party Demand Response Providers who sign up customers into a load reduction portfolio. This program will primarily be marketed to commercial/industrial customers, receiving bundled service, Direct Access service or Community Choice Aggregation service, and being billed on a commercial, industrial or agricultural rate schedule. Program participation criteria will include the following:

1. Non-Residential Customers
2. A fifteen-minute interval data recording meter with related telecommunications capability, compatible with the Utility's meter reading, time-of-use billing, and telecommunications systems.

2. Operating Months

The program will operate May through October (6 months). Weekends and holidays are excluded.

3. Curtailment Window

There will be two curtailment windows for an event on weekdays between the hours of 11:00 a.m. to 7:00 pm and 1:00 p.m. to 9:00 p.m. There is a limit of one event per day and maximum of 24 hours per month.

4. Event Triggers

Events may be called if the following event triggers are met at the utilities' discretion:

Day-Ahead Event:

Price trigger is \$75 MWh for the Day-Ahead or as utility system conditions warrant. Day-Ahead market price is defined as CAISO Default Load Aggregation Point (DLAP) or applicable pnode SDGE-APND Day-Ahead market locational marginal price (DAM LMP) Whenever the California Independent System Operator has issued an alert or warning notice, the California Independent System Operator shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule. The utility may call two test events per year at its discretion.

Day-Of Event:

Price trigger is \$140 MWh for the Day-Of or as Utility system conditions warrant. Real time price is defined as the CAISO DLAP or applicable pnode SDGE-APND average hourly real time market locational marginal price (LMP). Whenever the CAISO has issued an alert or warning notice, the CAISO shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule.

The utility may call two test events per year at its discretion.

5. Notification Time

Day-Ahead Event: Customers will be notified of an event no later than 3:00 p.m. the day before. For example utility may notify customers and aggregators on Sunday by 3:00 p.m. for a Monday Event.

Day-Of Event 20 Minute: Customers will be notified of an event no later than 20 minutes before event.

- **List measures:** There are various incentive levels provided in this program. For incentive credit rates available through CBP for both the "Day-Ahead" and "Day-Of" options refer to Schedule CBP tariff under the Rate section. Direct enrolled customers will receive 80% of the capacity incentive rates below; Demand Response Providers will receive 100% of the incentive amount.
- **List non-incentive customer services:**
 - Online Interface
 - Call center help lines
 - IDSM referrals

Program Rationale

The CBP allows participation by individual customers or through third-party Demand Response Providers who sign up customers into a load reduction portfolio. The program provides the

participant with a summer capacity payment in order to reserve their load reduction capacity. This provides the participant with a revenue stream for having this capability. The program also has a non-performance penalty.

The Demand Response Providers recruit participants, help them develop demand reduction strategies, handle notifications of load shedding events, and distribute payments. Demand Response Providers have the flexibility to customize their offering to individual customers and to diversify the portfolio sufficiently to hedge the risk. Customer contracts with Demand Response Providers can include various elements such as a reservation payment, an energy payment, a penalty, or response requirements, among other things, that provide a different reward/risk proposition than SDG&E may be able to offer.

In addition, the CB program purpose is to:

- Automate DR load reduction through the Technical Incentive TI program.
- Reduce peak-time electric load.
- Educate customers on participation benefits:
 - Receive incentives for saving energy during temporary critical times.
 - Serve as a model for other businesses and consumers.
 - Public relations benefits.
 - Participation incentives whether or not events are called.
 - Participation can be through a Demand Response Provider to mitigate risk of penalties.

Objectives

- Provide an option by which customers can contribute toward reducing peak energy consumption on the utility grid, while at the same time managing and controlling their individual energy consumption and costs.
- Reduce energy costs through customer participation which helps the state as well as the SDG&E community by the reduction of peak energy demands, as well as reducing the likelihood of rolling blackouts and rotating outages.
- Provide customers with tools to better manage their consumption and demand, maximize potential energy savings and participation in demand response programs.
- Target customers with maximum load reduction potential.

• **Implementation Design**

The CBP is open to any commercial, industrial or agricultural customer with an interval meter. Working directly through SDG&E or through an Aggregator, customers choose the event product that best fits with their operational needs. CBP Products

Notice	Limit	Hours
Day-Ahead	2 to 4 hours	11:00 a.m. to 7:00 p.m.
Day-Ahead	2 to 4 hours	1:00 p.m. to 9:00 p.m.
Day-Of – 20 min.	2 to 4 hours	11:00 a.m. to 7:00 p.m.
Day-Of – 20 min.	2 to 4 hours	1:00 p.m. to 9:00 p.m.

Customer participation is limited to no more than one event per day and 24 hours each month May through October. Curtailment hours are between 11:00 am to 7:00 pm and 1:00 p.m. to 9:00 p.m. Monday through Friday, and exclude weekends and holidays. Customers must remain on the program for a minimum of 12 calendar months.

The Capacity Bidding Program will hold at least one program event per year in order to maintain consistency with the requirements on other sources of Qualifying Capacity.

SDG&E may call an event whenever the day ahead market price is \$75/MWh or as utility system conditions warrant. Day-Ahead market price is defined as CAISO DLAP or applicable pnode SDGE-APND day-ahead market locational marginal price (DAM LMP).

Program Triggers Day-Of Product:

The Utility may call an Event whenever the forecasted real time price is \$140/MWh or as Utility system conditions warrant. Real time price is defined as the CAISO DLAP or applicable node_SDGE-APND average hourly real time market locational marginal price (LMP).

Whenever the CAISO has issued an alert or warning notice, the CAISO shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule.

The utility may call two test events per year at its discretion.

For customers participating directly with SDG&E, the CBP incentive will be calculated based on the customer's actual load reduction. Directly enrolled customers receive eighty percent (80%) of the hourly incentive rate whereas Demand Response Providers receive the full incentive. In no case will a customer receive a credit payment for a given hour if it does not meet the minimum energy reduction threshold, as nominated in the monthly load reduction nomination. The billing and payment of incentive payments, as well as all other amounts, charges, penalties and fees due to or from customers will be made in the course of customer's normal billing for services.

For customers participating through Demand Response Providers, the billing and payment of incentive payments, as well as all other amounts, charges, penalties and fees due will be made according to SDG&E's Rule No. 30, the Aggregator contract.

- **Incentives (program benefits)**
 - Participants will receive a monthly capacity payment and energy incentives during events in return for reducing load when requested.
- **Program cycle:** 2018-2022
- **Program budget:**
 - Total Administrative Cost

- Managerial and Clerical Labor, Human Resource Support and Development, Travel and Conference Fees, and General and Administrative Overhead (labor and materials).
- Total Direct Implementation Cost
 - Includes all financial incentives used to promote participation in a program and the cost of all direct labor, installation and service labor, hardware and materials, and rebate processing and inspection used to promote participation in a program.
- Total Marketing & Outreach
 - Includes all media buy costs and labor associated with marketing production.
- Integrated Budget Allocated to Other Programs
 - Includes budget utilized to coordinate with other DR programs.

Program Strategy

- **Target audience:** Non-Residential
- **Marketing, Education & Outreach**
- **Internal Training Efforts and Activities**
Internal groups will be educated about the CBP program details and customers' eligibility. The CBP Program will work internally to develop cross-program marketing collateral to educate and recruit customers. Communication to aggregators will become a primary focus to improve participation.
- **Program Delivery**
We expect participation in this program to increase due to the simplified products, streamlined price trigger, reduced hours, increased incentives and available hours improved.
- **Customer Research & Feedback**
The CBP Program will utilize the following tools for research and feedback:
 - Smart Meter Data
 - DR Participation Data
 - Impact evaluations
 - Measure event and non-event changes in energy use due to the program
 - Provide estimates of gross and net energy and demand saving
 - Process evaluations
 - Provide recommendations to improve program effectiveness
 - Document program procedures and activities

- Measure customer satisfaction
 - Often include surveys and/or interviews of program personnel, trade allies and contractors who help implement the program, and customers
- **Key stakeholders**
 - Retailers/Manufacturers (POS)
 - Technology Installers
 - Energy Innovation Center
 - Energy Information Center
 - Public Relations
 - Public Affairs
 - Smart Meter Group
 - Smart Grid Group
 - CAISO
- **Program issues and risks**
 - There are “unknowns” about the technology and protocols
 - Customers don’t understand DR/Pricing, etc.
 - Retailers entering into the market
 - CPUC/CAISO Demands
 - Customer confusion on types of events
 - Customer satisfaction
 - Event fatigue
- **Statewide coordination** (with other Investor-Owned Utilities (IOUs), Demand Response Providers, Stakeholder groups, and others)

Program Attributes

The CBP allows participation by individual customers or through third-party Demand Response Providers who sign up customers into a load reduction portfolio. Installed technologies will empower customers to improve DR participation and manage their business electric energy usage.

Installed technologies may be expected to:

1. Automate load reduction during demand response events
2. Notify participants that a DR event is pending, terminated, underway, or completed
3. Provide off-peak load shifting capabilities
4. Allow remote connectivity and controllability of technologies
5. Be reliable long-term solutions to DR

The enabling technologies provided to participants will be essential to automate load reduction within the business, alleviating the need for the customer to take actions to initiate DR strategies during an event. Automated Demand Response (ADR) enabled technologies can increase their CBP participation incentive. Participants will be provided

conservation tips to maximize their CBP incentive. The CBP Program may also promote community competitions with prizes for customers that reach high levels of DR participation.

SDG&E long-term goals:

- Partner marketing and promote DR capable technologies.
- Provide additional incentives that encourage program enrollment.
- Provide technology features and capabilities allowing for maximum utilization of DR components.

Program Design Barriers to Overcome

Multiple Participation

Multiple participation creates confusion for customers who are notified for multiple events.

Education and Awareness

The general lack of awareness about the program, in particular, needs to be addressed. Greater outreach efforts, through workshops, association affiliations, larger assigned accounts, communication and improved relationships with aggregators plus enhanced website presentations will be developed.

Addresses strategic drivers

- DR Integration with CAISO Wholesale Markets
- SDG&E will utilize a portion of the Capacity Bidding Program load to participate in the CAISO wholesale markets. As it stands, this program is most closely aligned with the PDR CAISO product.

Innovation

Allowing automated DR lessens the need for customer action to respond to DR events. Allowing customer choice and preferences ensures that customer satisfaction remains high.

EM&V

EM&V will be performed and reported per usual protocols including load impacts.

Program Name

Permanent Load Shifting Program (PLS)

Program Budget

The budget dollars listed below reflect the administrative, capacity and energy incentive cost.

2018	2019	2020	2021	2022	TOTAL
1,613,299	1,616,298	1,619,298	1,622,298	1,625,298	8,096,491

Projected Load Impacts by Year

Program	2018	2019	2020	2021	2022
PLS	2.3	2.9	3.7	4.7	6.0

Cost Effectiveness by Year

Program	Cost Effectiveness
PLS	0.3

Program Descriptors

- **Market Sector:**
 - Non-Residential and Residential
- **Program Classification:**
 - Load Modifying
- **Program Statement:**

Program provides a onetime incentive to customers who install Thermal Energy Storage equipment and shift all or a portion of their cooling load from on-peak to off-peak hours.

Program Term

TOU rates provide incentive to reduce on-peak electrical demand and peak usage through the utilization of a thermal energy storage (TES) system during peak hours. Customers who receive incentives under this program will be required to be on a time-of-use (TOU) rate for a minimum of 5 years (starting once the customer receives the incentive).

Eligibility

All customers of the utilities, including industrial, commercial, agriculture, residential, Community Choice Aggregation, and direct access customers, are eligible to apply for the PLS Program.

- **List of eligible measures:**

The following types of TES systems are eligible for this program. This is not an exhaustive list and can change over time by consensus from PLS statewide team working with a third-party facilitator.

- o Chilled water or other fluid;
- o Ice-on-coil (external melt);
- o Ice-on-coil (internal melt);
- o Encapsulated Ice or Phase Change Material;
- o Ice Harvester/Chiller;
- o Ice Slurry; and
- o TES system types not listed above will be reviewed on a case by case basis during the application process.

Program Rationale

PLS Program is designed to help customers shift electricity use by offering a one-time upfront incentive, based on designed kW shift to offset initial investments in a mature TES system. Customers will be required to shift energy usage during the summer peak hours as defined by each utility.

Providing an incentive to invest in a PLS technology helps the utilities reduce the need for peak generation investments, reduce the likelihood of shortages during peak periods, and lower system costs overall by reducing the need for peaking units.

TOU rates further encourage PLS because customers can reduce their energy bills by shifting cooling load from peak periods when rates are higher to off-peak periods when rates are lower. Transferring demand and energy consumption out of the most costly periods of the day can help achieve large bill savings.

Objectives

- Provide an incentive for customers to reduce their peak energy
- Reduce energy costs through customer participation which helps the state as well as the SDG&E community by the reduction of peak energy demands.
- Provide customers with tools to better manage their consumption and demand in order to maximize potential energy savings.
- Increase awareness for customers with large cooling loads.
- Identify energy efficiency opportunities for the customer as part of the TES system design. This will lead to maximization of the customer benefit from program participation.

- **Implementation Design**

Program implementation was designed by the three IOUs. By the order of the Commission, the program design and implementation was filed and subsequently approved by the Commission in D.16-09-056 (as corrected by D.16-12-032).

- **Incentives (program benefits)**

Upon meeting all customer and equipment eligibility requirements, the customer or the customer's designee shall be eligible for a one-time incentive per actual utility measured and approved kW shift.

Full payment of the approved incentives for each project will be made once the TES system installation is complete. A TES system is considered "complete" when it is completely installed, interconnected, and capable of shifting cooling load in the manner and in the amounts for which it was designed. A Commissioning Report must be submitted by the customer and approved by the utility before installation is considered complete.

Customers will be able to reserve incentives for PLS projects on a first-come, first-served basis, as long as funding is available.

- **Program cycle:** 2018-2022

Program Strategy

- **Target audience:** Non-Residential (Residential is also eligible, but based on the cost of the technology, it is cost prohibitive for most if not all residential customers.)

- **Marketing, Education & Outreach:**

This program is marketed through third party vendors. Program is also promoted at the industry-wide events, such as American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) annual meetings.

- **Internal Training Efforts and Activities**

Internal groups, especially the Account Executive teams will be educated about the PLS program details and customers eligibility.

- **Customer Research & Feedback**

The PLS Program will utilize the following tools for research and feedback:

- Smart Meter Data
- Participation Data
- Impact evaluations
 - Measure event and non-event changes in energy use due to the program
 - Provide estimates of gross and net energy and demand savings

- Process evaluations
 - Provide recommendations to improve program effectiveness
 - Document program procedures and activities
 - Measure customer satisfaction
 - Often include surveys and/or interviews of program personnel, trade allies and contractors who help implement the program, and customers.

- **Key stakeholders**
 - SDG&E Engineering team
 - Retailers/Manufacturers
 - Technology Installers

- **Program issues and risks**
 - Technology costs are high and potentially a barrier to entry for most customers. The program requires significant financial investment by the customer.

- **Statewide coordination**
 - PLS program is a statewide program. IOUs meet on a monthly basis to discuss the program, and share information about projects with an aim to find any potential program improvements.

EM&V

EM&V is conducted by SDG&E internal engineering teams. PLS has a budget reserved for third-party engineering review if there is a need in the future.

Program Name

Technology Incentives (TI)

Program Budget

Program Name	2018	2019	2020	2021	2022	Total
Technology Incentives	\$1,441,736	\$2,950,313	\$2,959,147	\$2,968,245	\$2,977,617	\$13,297,058

Program Descriptors:

Market Sector:

- Non-Residential

Program Cycle:

- 2018-2022

Program Statement:

The Technology Incentive program provides qualified commercial customers with incentives to help with installation of technologies that enable load reduction, through automated demand response, at the customer’s location(s). The program now offers up to two hundred dollars (\$200.00/kw) of approved, installed and verified kW reduction from a load shed test or 75% of the eligible costs of installing enabling devices, whichever is less for Automated Demand Response (Auto-DR) measures. Only Auto-DR measures that meet open Auto DR Standards will be considered eligible for incentives under this program.

The Technology Incentives Program is primarily driven through utility Account Executives, Program Advisors, Trade Professionals, Third Party Aggregators, Controls Vendors, and Engineering Consultants. It is also promoted through utility held workshops and business associations. SDG&E Account Executives will be involved in promoting the Technology Incentives program to their customers and directing them to an appropriate Demand Response Program.

Non-incentive customer services:

The program offers free workshops to both end-use customers and vendors, who might be implementing identified ADR technologies.

Program Guidelines:

Customers receiving a Technical Incentive will be obligated to enroll and participate in at least one of SDG&E Auto-DR programs, pilot or eligible third-party program, for three consecutive years.

Customers participating in Demand Response Auction Mechanism (DRAM) are responsible for providing proof of registration with CAISO by their aggregator and SDG&E must be able to verify their aggregator was awarded a DRAM contract by SDG&E to constitute proof of participation. The customer must provide details for all awards/dispatches for purposes of calculating the 40% performance payment.

For years 2 and 3 of a three-year DR participation, the customer need only to demonstrate their participation in an aggregator's program, registration with CAISO, as well as verification from SDG&E that the aggregator received DRAM contracts from SDG&E for the years in question.

SDG&E will verify the customer's enrolment and eligibility in all Demand Response programs before any incentive payments are made. The incentive includes a performance based component based upon the customer's actual achieved load reduction using the installed auto-DR device(s).

- Incentive Payments cannot exceed 75% of the eligible Project Cost.
- Installation Payment: Sixty percent (60%) of the total eligible incentive will be given after installation, load shed test, and upon enrollment in a qualified DR program or rate.
- Performance Payment: The remaining 40% of the eligible incentive is paid at the end of the first DR season or calendar year as applicable to the program or rate, following the payment of the 60% payment referenced above and is based on the actual rate of participation as determined during the DR season. The full 40% incentive balance will be paid if the customer's average load reduction is equal to or greater than the load reduction at the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be prorated based on actual performance.

Example of the 60/40 percent split:

- TI Load Shed tested and approved for 100 kW
- Customers can receive up to \$200/kW of approved reduction (eligible for up to \$20,000 incentive)
- The total incentive payment cannot exceed 75% of the total project cost. For example if the total project cost is \$35,000 the eligible incentive amount would be \$26,250. However since the project cost is greater than the eligible incentive, the incentive payment is limited to \$20,000, the approved load shed amount.
- The Installation Payment equal to 60% of the total incentive is paid upon installation, load shed test, and enrollment (in this case \$20,000 is eligible for incentive) $60\% = \$12,000$.
- After one year of eligible program participation, the customer's participation rate averaged 70kW ($70/100 = 70\%$). The Performance Payment would thus equal to a quarter of the 40%. In this example the customer would receive an additional \$2,000.

All projects and/or measures must be installed within six (6) months of a signed agreement and fully operational within one (1) year from approval date to be eligible for incentive payments. SDG&E reserves the right to cease making Incentive payments, require the return of Incentive payments and/or terminate this Agreement if the Project(s) is not installed and fully operational one (1) year from the approval date, unless an extension is granted by SDG&E, at its sole discretion.

Target Audience:

- The Technology Incentives Program is geared to any commercial, industrial or agricultural customer with a monthly on-peak demand of 20 kW or greater. Its purpose is to enable/incentivize measures that were identified by the Technical Assistance audit.
- Potential customers are those that can or are participating in one of the following programs; Critical Peak Pricing Default, Capacity Bidding or any authorized pilot.
- Customers may choose to use a contractor for work, but customers must be the applicants, sign the application, and incentives are paid only to customers and not third-party contractors.

Marketing, Education & Outreach:

- The program is typically marketed through utility Account Executive, for the larger assigned customers. Aggregators, Segment Advisors, Program Advisors, controls vendors and auditors are utilized to reach smaller customers.
- Utility sponsored workshops will be held to educate and direct customers toward automation.
- The TI program marketing effort focuses on creating program specific material highlighting the benefits to relevant customers with expressed interest and a call to action and develops marketing materials and messages that make it easy for the customer to engage in the enrollment process.

Customer Research & Feedback:

- A customer survey will be requested following the installation and enrollment in a DR program to evaluate the process and their experience with the program.

Innovation:

- The TI program is going to leverage findings from the Comprehensive Audit Program (CAP) with the goal of enrolling qualifying customers into the TI program.

EM&V:

Analysis related to program design (such as a baseline analysis) will be conducted as needed. One process/market evaluation for the program is planned during the three year cycle to be used to inform future program design and to evaluate and improve the operation of the program.

Pilots: Not Applicable

Budgets:

The incentive portion of the budget averages around \$2,200,000 per year. The incentive budget remains within the portfolio budget cap as set forth by the Commission in D. 16-09-056 and was based upon a \$300kW incentive and 100% project cost cap. The commission approved the 2017 budget as proposed however

ordered SDGE to reduce the incentive to \$200/kW and a 75% project cap thus resulting in a higher incentive budget for 2018-2022.

Program Name

Technology Deployment (TD)

Projected Program Budget

Program	2018	2019	2020	2021	2022	Total 2018-2022
Technology Deployment	\$838,250	\$847,198	\$834,420	\$843,253	\$852,351	\$4,215,472

Projected Load Impacts by Year

Program	2018	2019	2020	2021	2022
Technology Deployment	N/A	N/A	N/A	N/A	N/A

Projected Cost Effectiveness by Year

Program	2018	2019	2020	2021	2022
Technology Deployment	N/A	N/A	N/A	N/A	N/A

Program Descriptors

- **Market Sector:**
 - Residential & Commercial
- **Program Statement:**
 - SDG&E will offset enabling technology costs by offering incentives for load curtailing technology, not installed by SDG&E, in the homes or businesses of residential and commercial customers with energy usage attributed to air conditioning and other loads that could provide demand response.
 - Large energy management systems will not be eligible under the TD program as these technologies are covered under the TI program.
 - TD enabling technologies will allow SDG&E or third-party vendors to send a signal to reduce the electric use of specific equipment. The intent of these enabling technologies is to make it easier for customers to participate in current and future SDG&E Critical Peak Pricing (CPP) rates¹ or demand response programs, and to make the load reduction more reliable by automating load reduction. Tailored deployment strategies will help to

¹ Current CPP rates include CPP-D, CPP-D-AG, TOU-A-P, TOU-PA-P, TOU-DR-P.

maximize the level of customer participation, use, and acceptance of commercially available demand response technologies.

- The TD Program will give participants and the utility the ability to manage various end use electric loads year round through the use of certified enabling technology. These technologies will empower customers who are currently less likely to engage in demand response and energy actions to improve these activities by using the automated solutions provided by this program.

Program Fundamentals

- TD incentives will be offered under a “Bring Your Own Device” model
- Residential and commercial customers will have the option to participate in current and future SDG&E CPP rates or the AC Saver program, to receive the offered incentives. After one year, residential and commercial customers will also have the option to participate in third-party programs such as DRAM resources, or CBP.
- The curtailment window and triggers for Demand Response (DR) events for both residential and commercial customers who receive TD incentives will be based on the SDG&E option they choose to participate in, such as either CPP rates or the AC Saver program. Technology may be signaled either by the utility or by the vendor with appropriate vendor commitments.

- Customers will be offered an incentive of up to \$100 per kW per installed device (up to the cost of the device). The expected load reduction for a given technology and customer segment will be determined by SDG&E in advance, first by using measurement and evaluation results, or, if not available, engineering estimates.
- In 2018 SDG&E plans to offer the same incentive to all residential customers. However, in the future, the incentives may be differentiated by using load reduction estimates specific to subgroups such as a CEC climate zone, zip code or by energy use.
- Customers will receive the applicable ongoing incentives or bill savings from the program or rate they choose to participate in.
- Customers must comply with dual participation rules contained in MPP Rule 41
- During program years 2018-2019, residential and commercial customers who obtained technology through SCTD or TD and who are not enrolled in a load modifying CPP rate will be automatically transitioned into the AC Saver Day-Ahead program.
- New customers participating in the TD program who do not select to either be on a CPP rate or the AC Saver program upon enrollment will be auto-enrolled into the AC Saver Day-Ahead program.

Program Rationale and Expected Outcomes

- **Delivery mechanisms**
 - SDG&E customers may be recruited through a variety of channels including load curtailment technology vendors and manufacturers, contractors, cross-program marketing, internet marketing, and highly targeted direct mail or e-mail.

 - The TD program is designed to facilitate participation in existing and future CPP rates and DR programs for which the customer qualifies. Residential and commercial customers will need to enroll in either CPP rates or the AC Saver program to receive

the offered TD incentives. Commercial customers will be required to remain on either the CPP rate or the AC Saver program for a minimum of 1 year.

- After 1 year of enrollment in a CPP rate or the AC Saver program, customers may elect to move to a third-party program or contract such as DRAM resources, and CBP.
- Customers will have access to online information about how to participate in DR events.
- **Demand Response Incentives**
 - Eligible customers will receive incentives of up to \$100 per kW per installed device (up to the cost of the device) to subsidize the cost of their load curtailing technology under the “Bring Your Own Device” model.
- **Program Objectives**
 - TD will analyze available technology and offer incentives for customers who have not already received installation of enabling technology from SDG&E, to empower customers to automate load reduction, and to minimize the need for the customer to take action to initiate load reduction during a DR event.
 - TD will provide an option for residential and commercial customers who have not had the opportunity to participate in DR programs with automation from devices they already own, or plan to purchase.
 - The key program goals are to:
 - Optimize DR program participation and awareness, and participation through enabling technology.
 - Achieve a predictable load reduction.
 - Deliver a positive customer experience during a demand response event.
 - Leverage installed customer-owned devices with demand response enabling technology Continue to take lessons learned and put in place best practices for continuous improvements.

Program cycle:

- 2018-2022

Program Strategy

- **Target Audience:**
 - SDG&E residential and commercial customers
- **Marketing, Education & Outreach**
 - Marketing efforts for TD will educate new and existing customers about options available to them, peak hours, energy management and pricing plans.
 - The TD program will coordinate with Customer Education and Outreach efforts to direct customers to enroll in DR programs or CPP rates in order to create an understanding and awareness of DR. SCTD residential and commercial customers will receive notifications of program changes.
 - The new TD incentives will be communicated in order to increase customer participation and requirements of the program will be part of the customer education process.
 - Marketing tactics may include social media, digital advertising, and direct marketing efforts such as email campaigns.

- SDG&E plans to work with vendors to identify and recruit customers who have enabling technology already installed.
- **Implementation**
 - TD will take lessons learned from the 2017 “Bring Your Own Device” participation
 - Based on 2017 and 2018 results, SDG&E will determine if the incentive structure may need to be updated or revised by using load reduction estimates specific to subgroups such as a CEC climate zone, zip code or by energy use.
 - Incentive amounts may need to vary by location to reflect local system constraints. TD may offer additional incentives for locally constrained areas.
 - The estimated load reduction used to determine the enrollment incentive will be determined first by the measurement and evaluation results, or, if not available, engineering estimates.
- **Customer Research & Feedback**
 - The TD Program will utilize all pertinent process and program impact research data collected from Measurement Evaluation studies. Additional research may be employed to evaluate ongoing activities related to program implementation. These research tools may include:
 - Participant Surveys
 - Focus Groups
 - Smart Meter Interval Data Analysis
 - DR Event Participation Data
- **EM&V**
 - An annual load impact evaluation of the program will be conducted in accordance with the load impact protocols including a ten year forecast based on ex-post event results.
 - The impact evaluation will be completed by April 1st each year and will be filed with the Commission.
 - Other analysis related to program design (such as a baseline analysis) will be conducted as needed.
 - The 2017-2018 program evaluation will help inform changes/adjustments that can be made in future years to improve the customer experience.

Pilot Name:

Armed Forces Pilot (AFP)

Projected Pilot Budget:

Pilot Name	2018	2019	2020	2021	2022	Total
Armed Forces Pilot	\$768,874	\$869,427	N/A	N/A	N/A	\$1,638,301

Projected Load Impacts by Year:

Pilot Name	2018	2019	2020	2021	2022	Total
Armed Forces Pilot	2.37MW	3.02MW	N/A	N/A	N/A	5.39MW

Program Descriptors:

Market Sector

- Armed Forces installations

Pilot Cycle:

- May 1st through October 31st, annually.

Pilot Statement:

The Armed Forces Pilot is a Day-Of voluntary demand response pilot that offers a monthly capacity payment to branches of the Armed Forces for reducing energy consumption when requested by the Utility. Participation in this program must be taken in combination with the customer's otherwise applicable rate schedule.

Pilot Objectives:

The goal of this pilot will be to provide the Armed Forces a mechanism to participate on a more consistent basis rather than just during declared emergencies. The following objectives will be tested:

- To test the ability of the customer to provide a quantity of Day-Of Auto DR.
- To test the feasibility of customer installed ADR technologies.
- To test the feasibility of third-party control over customer systems.

Program Fundamentals:

- See Schedule AFP for the Armed Forces Pilot Tariff.

Pilot Design:

The pilot is open to any branch of the Armed Forces with an interval meter. Enrolled participants are required to have the required metering and operable communication equipment (Auto DR) while participating in the Pilot.

The pilot is a Day-Of program that can be called Monday thru Friday (weekends and national holidays excluded), May 1st through October 31st. Customer participation is limited to no more than one event per day (not to exceed four [4] hours for any calendar day), or six Interruption Periods per calendar month, or 24 hours during a calendar month, or 120 hours during the length of the pilot. The curtailment periods are one to four hours in duration and are between 1:00 pm and 9:00 pm.

The pilot will hold at least one event in order to maintain consistency with the requirements on other sources of Qualifying Capacity.

SDG&E may call an event whenever the electric system supply portfolio reaches a resource dispatch equivalence of 19,000 Btu/kWh heat rate, or as system conditions warrant by the Utility. AFP events are due to such factors as weather conditions, power plant outages or transmission bottlenecks.

The pilot incentive will be calculated based on the customer's actual load reduction. In no case will a customer receive a credit payment for a given hour if it does not meet the minimum energy reduction threshold, as nominated in the monthly load reduction nomination. Any Incentive Payments, as well as all other amounts, charges, penalties and fees due and payable in respect of this pilot, to or from customers participating in the pilot will be paid by the Utility within 60 days after the end of the event operating season.

The pilot has a non-performance penalty.

Delivery Mechanisms:

- The pilot can be called for multiple reliability-only events, including system emergencies (CAISO alerts and stages), Transmission emergencies (loss of resources), and Local transmission and distribution system (overload) emergencies.
- Pilot participants are notified of a curtailment event via the SDG&E website, email and/or text if they provide a phone number or email and have 180 minutes from the time of receipt of notice to achieve their subscribed load drop.

Incentives:

Customers receive a monthly capacity payment and are subject to penalties if they do not achieve their committed load reduction Level during an event in the manner detailed in the tariff.

Load Reduction Capacity Incentive Payment, Day-Of Program (\$/kW-month):

Product	May	Jun	Jul	Aug	Sep	Oct
4 hour	\$2.33	\$6.28	\$13.64	\$16.86	\$11.13	\$3.36

Event Triggers:

An AFP event may be triggered when the heat rate is greater than or equal to 19,000 btu/kWh, or whenever the CAISO has issued an alert or warning notice, the CAISO shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule. AFP

events may also be triggered as warranted by extreme system conditions, local emergencies, or local transmission and distribution needs.

- Market price => 19,000 btu/kWh heat rate
- Local Emergency:
 - Transmission or Distribution Emergency
 - Overloaded Equipment
 - Emergency Grid Maintenance
 - Fire or Fire Prevention Emergency
 - Extreme Weather

Pilot Strategy:

- **Target Audience**
 - The U.S. Navy shall be the focus of the pilot. If successful, the pilot could be expanded to include other branches of the Armed Forces that are ADR equipped.
- **Marketing, Education & Outreach:**
 - The pilot outreach and marketing efforts will be limited and focused on educating members of the Armed Forces, especially holders of Navy accounts in San Diego of the benefits of Demand Response participation.
- **Aggregator Participation:**
 - Aggregators shall be subject to all applicable tariff rules and regulations including, but not limited to, the rates, terms and conditions set forth in Electric Rule No. 29 and Schedule AFP Pilot, as such rules and regulations may be amended from time to time.
- **Integrated/coordinated DSM:**
 - Participation in the pilot does not interfere with a customer's ability to invoke Energy Efficiency measures and counts towards the Demand Response program participation requirement if Technology Incentives program were used to grow ADR capabilities.
 - Participation in the pilot qualifies towards the 3 year Demand Response program requirement if any of the meters nominated participated in the Technology Incentive Program.

EM&V:

Annually a load impact evaluation of the pilot will be conducted in accordance with the load impact protocols including a ten year forecast based on ex-post event results. The impact evaluation will be completed by April 1st each year and will be filed with the Commission. Additionally, other analysis related to program design (such as a baseline analysis) will be conducted as needed. One process/market evaluation for the pilot is planned during the three year cycle to be used to inform future program design and to evaluate and improve the operation of the pilot.

Program Name

Over-generation Pilot

Projected Program Budget

Program	2018	2019	2020	2021	2022	TOTAL
Over-Gen Pilot	\$706,367	\$716,061	-	-	-	\$1,422,428

Program	2018	2019	2020	2021	2022	TOTAL
Over-Gen Program ²	-	-	\$726,045	\$736,330	\$746,922	\$2,209,297

Projected Load Impacts by Year

Program	2018-2022
Over-Generation Pilot	N/A

Projected Cost Effectiveness for 2018-2022

Name	2018-2022
Over-Generation Pilot	N/A

Program Descriptors

Market sectors:

- Non-Residential

Program Classification:

- Pilot

Pilot Design:

SDG&E will install a distributed storage unit at 10 commercial customer facilities to effectively capture excess generation from on-site solar. SDG&E will dispatch the stored energy in two different ways depending on whether it is DR season or not.

² See *Budget Development* section of this PIP.

During the traditional demand response season (May through October), SDG&E will use the distributed storage at the customer's facilities to address the system peaks. During non-DR months, SDG&E will charge each customer's storage unit to help mitigate the impact of over-generation, which tends to occur early to mid-day, and will discharge the battery later in the day to potentially reduce the customer's daily peak loads.

Reducing the customer's daily peak is intended to reduce customer's demand charges. The greatest customer benefit is estimated to be in the winter and spring months³ when over-generation is expected to be the greatest. This approach has the flexibility to provide a dual benefit to both the customer and the grid.

SDG&E will also enroll the customers selected for the pilot in the updated AL-TOU rate that reflects proposed updates to time-of-use periods pending approval.⁴ Adding the revised AL-TOU rate to the over-generation pilot in conjunction with facility demand charge management with the distributed storage will allow us to study the overall financial impact to the customer.

Pilot Objectives are to determine:

- Whether distributed storage systems can effectively and economically address the concerns associated with renewable over-generation;
- Feasibility of limiting excessive export of distributed solar to the grid during non-peak periods; and
- Quantify and extrapolate the potential customer and system benefits of the stored renewable energy.

Target Customers:

SDG&E will obtain 10 customers that have over-generation due to solar. The ideal customer will have enough over-generation to be able to fully charge the distributed storage unit per the manufacturer's specifications to maximize its benefits. SDG&E will analyze the load profile of customers and the amount of hours spent feeding energy back into the grid. If the customer has enough over-generation to maximize the utilization of the distributed storage unit then the customer can be enrolled into the pilot.

Implementation:

An outline of the implementation process is shown below:

- Customer Application
- Load Profile and Over-generation Analysis Conducted
- Customer Enrollment

³ Application 15-04-012, *Prepared Direct Testimony of Robert B. Anderson Chapter 3 On Behalf of San Diego Gas & Electric Company*.(date?)

⁴ Application No. 15-04-012 (filed April 13, 2015), *Amended Application of San Diego Gas & Electric Company for Authority to Update Marginal Costs, Cost Allocation and Electric Rate Design*.

- Vendor Installation & Commissioning Report of the Distributed Storage
 - Includes charge/discharge testing.
- Rate verification (must be on current AL-TOU rate)
- 1 Year Bill Protection
- Program Triggers (Inside Demand Response Season Only):
 - The utility may call an event whenever the utility’s electric system supply portfolio reaches a resource-dispatch equivalence of 15,000 Btu/kWh heat rate, or as Utility system conditions warrant.
 - Whenever the CAISO has issued an alert or warning notice.

Evaluation Measurement & Verification:

To be able to accurately calculate the financial benefits to the customer, SDG&E will have to provide sub-metering on the following:

- Solar Panels Output in 15 minute intervals
- Distributed Storage Inlet & Outlet in 15 minute intervals

The trending of the equipment listed above paired with the utility meter will provide the verification needed to display the efficacy of the pilot program.

Budget Development:

SDG&E requested funding to run this pilot for 2018 and 2019 as a pilot. SDG&E will examine the success of the pilot and if the pilot has met its objectives and the design provides some benefit to the portfolio as a program, SDG&E will seek Commission approval to convert the pilot to a program. If the pilot cannot be viable as a program, SDG&E will seek the Commission’s permission to terminate the pilot.

Program Name

Emerging Technologies Demand Response (ET – DR)

Projected Program Budget

Program	2018	2019	2020	2021	2022	2018-2022
Emerging Technology Demand Response	\$729,014	\$750,884	\$773,411	\$796,613	\$820,512	\$3,870,434

Projected Load Impacts by Year

Program	2018-2022
Emerging Technology Demand Response	N/A

Projected Cost Effectiveness for 2018-2022

Program Name	2018-2022
Emerging Technology Demand Response	N/A

Program Descriptors

- **Market sectors**
 - Non-Residential
 - Residential
- **Program Classification**
 - Core
- **Program Statement**
 - The ET-DR Program consists of evaluating demand-reducing technologies and strategies that are applicable to the SDG&E region and market. The focus is on technologies and strategies that promise significant, cost-effective demand reduction in the short and/or mid-term time horizon, and that hold promise to be sufficiently reliable and scalable for market-wide implementation. Each evaluation project will address:
 - The technology’s or strategy’s overall merits
 - Applicability to demand reduction and related factors such as energy efficiency
 - Applicability to our region, market and frameworks such as CAISO
 - Applicability to existing SDG&E programs

- Possible adoption barriers
- Cost effectiveness per the updated E3 DR calculator (D.15-11-042) when applicable
- Risks
- Recommendation about the utility's further support and involvement
- The program's evaluation projects may include techniques and methods that may not be exclusively technology-driven. The emphasis of each project will vary on case by case basis, and may include:
 - Technology Assessments
 - Scaled Field Placements
 - Demonstration Showcases
 - Technology Development
 - Business Incubation
 - Market / Behavior Studies
- Technologies or strategies found to be viable may subsequently be integrated into existing utility programs or become the basis for new programs in support of market introduction.
- **Program Fundamentals**
 - Eligibility- All Bundled and Direct Access customers
 - Months of Operation – Year round
 - ET-DR doesn't provide direct incentives. Instead, the program shares the pilot implementation cost at a rate between 0% and 100%. The actual rate and dollar contribution is determined on a case-by-case basis, and depends on the following factors:
 - Total project cost to pilot customer, consisting of
 - Parts
 - Installation
 - Customer Eagerness to Participate
 - Financial viability for the pilot customer (payback time)
 - Anticipated load reduction.
- **Measures:**
 - HVAC - Significant demand reduction potential exists for HVAC technologies, in particular related to space cooling in the SDG&E service territory climate. Some projects will explore this potential by evaluating promising HVAC control technologies, including standalone controls as well as those that integrate with the smart grid. Special emphasis will be placed on technologies that are easy to retrofit into existing systems and buildings as these make up the majority of the untapped market.
 - Energy Storage - Decentralized energy storage can contribute to flattening the load curve by shifting demand from peak times to when inexpensive energy is abundant. Also, energy storage will support grid operations to balance local power supply and demand. Several innovative storage methods will be explored, with particular emphasis on practicality and cost effectiveness.
 - Advanced Controls - A large amount of energy is wasted in unoccupied rooms or buildings that are fully conditioned or have their lights on, or have other active consumers of electricity that do not need to be running when not actively in use. A subset of projects will focus on advanced controls that allow for intelligently curtailing, disabling or shifting this

energy use such that impact to building occupants is minimal. Priority will be given to technology that integrates with existing, enabling infrastructure such as internet connections, Wi-Fi networks, BMS, AMI, home automation, etc.

- Whole Home Connected Appliances/Devices – With the market penetration of various common home appliances it is important to understand their efficacy related to Demand Response as well as interoperability potential. The utility DR programs and Homeowners have many questions around this emerging market and the ET program is well suited to run various field demonstrations to highlight the overall potential. There are several networking hierarchy complexities to be tested to define which approach may be the most cost effective.
- Electric Vehicles – With an increase in EV vehicles in the marketplace, there is a need to identify technologies and rate structures that enable EV charging with consideration to both consumer desires and grid reliability. There will be continued studies on equipment that enables start/stop and rate-of-charge controls to enable demand response capabilities. There is also an interest in understanding the effects of dynamic pricing options on consumer charging behavior.
 - Some of our projects will have desirable secondary impacts that go beyond Demand Response. These impacts include, but are not limited to:
 - Energy Efficiency
 - Integration of Security with Controls
 - Individual Customer Education
 - Market-wide Customer Education

Program Rationale and Expected Outcomes

- **Implementation Design**

- Emerging Technology starts by identifying technologies from a continued scan and screening process. Implementation, or technology transfer, occurs after a product has been evaluated and reported on.

- **Delivery and coordination**

- The Emerging Technology Program is driven through the utility Account Executives, Program Advisors, Segment Advisors, aggregators, controls vendors, and engineering consultants.
- Installation may be done in multiple instances if scalability needs to be evaluated, and/or if there is reason to believe that results may vary significantly from instance to instance.
- Evaluation of the pilot by an independent third-party, with focus on relevant factors identified in the Program Statement. The third-party produces a report for publishing on the Emerging Technologies Coordinating Council (ETCC) website.
- Program management expresses a recommendation about the utility's further support and involvement, and if applicable, next steps.

- **Program Cycle**

- 2018-2022

Program Strategy

- **Target Audience:**

- Emerging Technologies will target Residential, Commercial, and Industrial customers

- **Education and Outreach**
 - New DR capable technologies will be displayed at highly visible locations around SDG&E's territory through demonstration showcases. Additionally, all emerging technology project reports will be published on the ETCC Website.
- **Customer Research and Feedback**
 - Emerging Technology will identify potential participants using customer surveys, Smart Meter interval data, and DR participation data. Emerging Technologies will use Process evaluations to get customer feedback and improve the engagement process.
- **Aggregator considerations** N/A
- **CAISO Relationship**
 - Some products/projects that Emerging Technology investigates may interface with the CAISO wholesale market. The necessary considerations will be developed in more detail when planning each project.
- **Statewide Coordination**
 - SDG&E is a member of the Emerging Technologies Coordinating Council (ETCC). Reports on all projects will be published on the ETCC website.
 - The statewide ET-DR team also conducts monthly conference calls to facilitate information sharing and collaboration opportunities.
- **Integrated/coordinated DSM**
 - DSM integration and coordination will take place on a project by project basis. In addition to Demand Response, ET projects can include: Energy Efficiency, Energy Storage and Renewable Energy Generation.
 - Projects incorporating Integrated Demand Side Management (IDSM) will be reported on the IDSM Quarterly reports.
- **EM&V** N/A
- **Pilots** N/A

APPENDIX B

SDG&E Tariffs, Contracts, Applications, and Change Forms 2018-2022

Chapter 1 – Appendix B

Testimony of E Bradford Mantz
SDG&E Tariffs, Contracts, Applications and
Change Forms
2018-2022

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SCHEDULE AC SAVER
AIR CONDITIONER (AC) SAVER

Sheet 1

APPLICABILITY

AC Saver is a voluntary demand response program available to all customers with air conditioner (AC) units installed at their premise with SDG&E approved technology capable of curtailing the customers' AC unit. Residential customers with Net Energy Metering are not eligible for this schedule. This schedule is available to customers receiving Bundled Utility Service or, Direct Access (DA) service and billed by the Utility. Service on this schedule must be taken in combination with the customer's otherwise applicable rate schedule.

Electric Rule 41 will apply to this tariff.

TERRITORY

Within the entire territory served by the Utility.

RATES

All charges and provisions of a participating customer's otherwise applicable rate schedule shall apply. The tables below set forth the rates that will be paid to Participants under this schedule for each Product Special Condition 8. for a further description of the calculation of the incentive payment.

Annual Capacity Incentive Day-Of Product

Residential Day-Of	Per Ton	Non-residential Day-Of	Per Ton
100% cycling	\$27.00	50% Cycling	\$ 7.50
50% cycling	\$11.50	30% Cycling	\$ 4.50

Annual Capacity Incentive Day-Ahead Product

	<u>Annual Capacity Payment</u>
<u>Residential Day-Ahead</u>	<u>\$25</u>
<u>Non-Residential Day-Ahead</u>	<u>\$0</u>

SPECIAL CONDITIONS

1. **Definitions:** The Definitions of terms used in this schedule are found either herein or in Rule 1, Definitions.
2. **Qualifying Customer:** Service under this schedule is available to all customers receiving bundled Utility service or Direct Access (DA) service. and being billed by the Utility. Customers electing to participate in the Program must meet and comply with all of the available to bundled, Direct

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SCHEDULE AC SAVER

AIR CONDITIONER (AC) SAVER

SPECIAL CONDITIONS (Continued)

2. **Qualifying Customer** (Continued)

requirements for such participation as set forth in this Schedule. Residential NEM customers are excluded from this schedule.

3. **Program Operation:**

- a. The Program's operational season is from April 1 through October 31.
- b. Each operational month of the Program begins and ends at the beginning and ending of such calendar month.
- c. The Program's operational days are Monday through Sunday during the Program's operational season.
- d. The Program's operational hours are from noon to 9:00 p.m. during each of the Program's operational days.
- e. The maximum number of event hours that can be called per year is 80.
- f. The maximum number of consecutive days that events can be called is three.
- g. The maximum number of event hours that can be called per month is 24.
- h. The maximum number of events per day is one.

4. **Interruptible Period:** Each interruptible period ("Event") shall be the period of time during which the Utility has sent a signal to the devices for cycling the AC unit for a minimum of two (2) hours and a maximum of four hours (4). Customers on the day-ahead product will have the option to override the event.

5. **Interruptible Period Termination.** An Event will terminate at the end of the scheduled load reduction period not to exceed four (4) hours unless canceled sooner by SDG&E.

6. **Program Trigger:**

The trigger for the AC Saver program is as follows:

- a. The utility may call an Event whenever the Utility's electric system supply portfolio reaches a resource dispatch equivalent to the heat rates Btu/kWh listed in the table below. .
- b. Whenever the California Independent System Operator has issued an alert or warning notice, the California Independent System Operator shall be entitled to request that the Utility, at its discretion, call a program event pursuant to this Schedule.

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SCHEDULE AC SAVER
AIR CONDITIONER (AC) SAVER

SPECIAL CONDITIONS (Continued)

6. **Program Trigger:** (Continued)

- c. SDG&E may call events for imminent local emergencies or local system needs.
- d. SDG&E may call two test events per year.
- e. SDG&E may trigger all or only part of the program, as warranted.

AC Saver Trigger Heat Rates (Btu/kwh)							
	April	May	June	July	August	September	October
Day-Ahead Product	30,000	30,000	30,000	21,000	21,000	21,000	30,000
Day-Of Product	130,000	130,000	130,000	60,000	60,000	60,000	130,000

7. **Program Availability:** An Event may be called during the Program's operational season, operational days and operational hours as defined above.

8. **Incentive Payments:**

a. AC Saver Day-Of Product

An annual bill credit will be paid based on the AC unit's tonnage and the customer-elected cycling option as set forth in the annual capacity incentive day-of product table above. If the tonnage is unknown SDG&E will calculate an estimated tonnage. The customers must be enrolled on the program through October 31st and for at least 45 days in order to receive a bill credit. In addition, the customer's device must be active and capable of receiving a signal (e.g. online or meter connected) in order to qualify for the annual bill credit. Validation that the device is active may not be available for all technologies, in these cases customers will receive the bill credit as long as they meet the enrollment requirement

b. AC Saver Day-Ahead Product

An annual bill credit will be paid as set forth in the annual capacity incentive day-ahead product table above. The customer must be enrolled in the program through October 31st and for at least 45 days in order to receive a bill credit. In addition, the customer's device must be active and capable of receiving a signal (e.g. online or meter connected) in order to qualify for the annual bill credit. Validation that the device is active may not be available for all technologies, in these cases customers will receive the bill credit as long as they meet the enrollment requirement

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SCHEDULE AC SAVER

AIR CONDITIONER (AC) SAVER

SPECIAL CONDITIONS (Continued)

- 9. Event Notification: AC Saver Day-Of participants are encouraged to sign up for a courtesy event notification voice message through SDG&E's website at www.summersaverprogram.com. AC Saver Day-Ahead participants are notified of events via thermostat display, customer portal and/or mobile app and other channels, as warranted.

- 10. Emergency Generation Limitations: Participating customers are prohibited from achieving energy reduction by operating backup or onsite standby generation.

- 11. Dispute Resolution: Any dispute arising from the provision of service under this schedule or other aspects of the Program will be handled as provided for in the Utility's Rule 10, Disputes L

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

APPLICABILITY

The Base Interruptible Program (BIP) offers a monthly capacity payment to non-residential customers who can commit to curtail at least 15% of Monthly Average Peak Demand, with a minimum load drop of 100 kW and who request service on this schedule.

BIP enrollment will be capped in accordance with CPUC Decision (D.)10-06-034, adopting the "Reliability-Based Demand Response Settlement Agreement" in Rulemaking (R.) 07-02-041.

TERRITORY

Within the entire territory served by the Utility.

RATES

Committed Load Incentive and Excess Energy Usage Charges are set forth in Table 1.

Table 1 - Committed Load Incentives and Excess Usage Charges

Month/s	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Term	B	B	B	B	A	A	A	A	A	A	B	B
Monthly Incentive Per kW	\$1.80	\$1.80	\$1.80	\$1.80	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80	\$1.80	\$1.80
Excess Energy Usage Charge Per kWh	\$1.20	\$1.20	\$1.20	\$1.20	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	\$1.20	\$1.20

SPECIAL CONDITIONS

1. Definitions: The Definitions of terms used in this schedule are found either herein or in Rule 1, Definitions.
2. Qualifying Customer: Applicable to all non-residential time-of-use metered customers who can commit to curtail at least 15% of Monthly Average Peak Demand, with a minimum load reduction of 100 kW and who request service on this schedule and comply with Special Condition 3. This tariff is available to bundled, Direct Access, and Community Choice Aggregation (CCA) customers. Qualifying customers are required to complete a Base Interruptible Program Contract with SDG&E in order to participate in this Schedule BIP.
 - a. Third-Party Aggregators: Customers can participate in this Schedule BIP directly with SDG&E or via a Third-Party Aggregator. Customer participation in this Schedule BIP via a Third-Party Aggregators shall be subject to the terms and conditions of this Schedule BIP and Rule No. 29, Third-Party Aggregators for BIP.

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

SPECIAL CONDITIONS (Continued)

2. Qualifying Customer (Continued)

b. New Customers: New applicants to the BIP program will have to meet pre- enrollment qualifications in order to participate in the program. Applicants will be required to submit a load reduction plan with their enrollment applications. BIP application screening will also include testing the customer's ability to comply with curtailment event requirements, before enrollment is effective and without financial penalty.

3. Program Operation

a. Interruptible Period: Shall be the period of time during which the Utility has informed the customer to interrupt load by use of a communications process utilizing equipment as described in Special Condition 14. The Utility will coordinate with the customer the manner of communications and provision of the interruption notice to the customer. Customer is responsible for assuring that any communications process is not interfered with in any manner. Customer is responsible to respond to the communications in a manner consistent with this tariff. If the Utility initiates communications indicating that an interruption period is occurring and other customers have received the communications then the customer shall be deemed to have received the communications if the Utility can verify that it initiated the communications to the customer.

b. Interruptible Period Termination. An interruptible period will terminate upon notification that the Stage 2 or other emergency has ended.

c. Committed Load: Is the difference between the customer's or aggregator's group recorded Monthly Average Peak Demand less the customer's selected Firm Service Level, as shown in the Customer's Base Interruptible Program Contract (Form 142-05207).

d. Excess Energy Usage: Is the amount of energy used by the customer or aggregator's group during any 15 minute interval of an Interruptible Period that is in excess of the customer's or aggregator's group selected Firm Service Level.

e. Resetting Non-Complying Participants' Firm Service Level (FSL): Customers who fail to comply with a curtailment or test event will have their FSL set to the level achieved during the event by the Utility. The Utility shall notify the customer of the FSL change within 15 business days of the event occurring. The customer will be required to accept or reject the adjusted FSL within 15 business days of receiving notification. In the event of the customer rejecting the FSL update, the customer will be required to provide a FSL or may request a re-test without financial penalty. If a customer fails to respond, the FSL will default to the reset value. The adjusted FSL will take effect on the first business day of the following program month.

f. Changes to Firm Service Level: Customers that want to change their FSL will be required to perform a re-test, without financial penalty to the customer, before the new FSL can be established. FSL changes are only accepted in the month of November.

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

SPECIAL CONDITIONS (Continued)

3. Program Operation (Continued)

- g. Monthly Average Peak Demand: Solely for the purpose of this tariff, Monthly Average Peak Demand is the average hourly demand recorded between the hours of 1:00 p.m. and 6:00 p.m. Monday through Friday, excluding holidays, or when BIP events were called during a calendar month during the months of May through October. The Monthly Average Peak Demand is recalculated on a monthly basis, using historical demand.
- h. Firm Service Level: Customer's or aggregator's group maximum expected level of demand, as specified by the customer in the Base Interruptible Program Contract (Form 142-05207), during any 15 minute interval of an Interruptible Period.
- i. Additional Group Aggregation Requirements: To calculate the aggregate Monthly Average Peak Demand, the Utility will sum the Monthly Average Peak Demand for each participating meter. The Monthly Average Peak Demand is recalculated on a monthly basis, using historical demand.

4. Program Triggers: A BIP Event can occur by one or more of the following:

- a. After the California Independent System Operator (CAISO) has (i) forecasted a Stage 1 Emergency and publicly issued a Warning notice; (ii) has taken all necessary steps to prevent the further degradation of its operating reserves; and (iii) notified SDG&E that a Stage 1 Emergency is imminent; or
- b. After the CAISO has declared a Stage 2 Emergency.
- c. CAISO calls for Interruptible Load. The Utility may call for an Interruptible Period provided the Interruptible Period commences within 20 minutes after the Utility initiates communications to the customer.
- d. Extreme temperature conditions impacting system demand.
- e. SDG&E discretionary events for test purposes, program evaluation or system contingencies. SDG&E expects that actual events would normally, under most circumstances, eliminate the need for a test. In the absence of an actual event, there will be at least one program test event per year. Pre-qualification test for new customers and retest for existing customer do not count toward event limits.

Special One-Time Opt-Out Window: Beginning fifteen (15) days after the date of Commission approval of Advice Letter 2040-E, modifying the Program Trigger provisions above, and for a period of 30 days thereafter, customers receiving service under this Schedule may upon written notice to SDG&E exercise one of the following options:

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Regulatory Affairs

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

SPECIAL CONDITIONS (Continued)

4. Program Triggers: (Continued)

- (1) Terminate service under Schedule BIP and return to the otherwise applicable tariff (OAT). Requests to terminate service under this Schedule and to return to the OAT will be effective on the next regularly scheduled meter read date after a timely receipt of request, or;
- (2) Increase or decrease the Firm Service Level. Increases or decreases in the Firm Service Level will be effective at the beginning of the next calendar month after timely receipt of the signed Amendment to Base Interruptible Program Contract (Form 142-05207).

5. Program Availability. BIP is available to be called year round. BIP shall be limited as to its availability to customers based on any limitations the Utility has in getting communications systems in place. The Utility will staff up as quickly as practical to provide this service to as many customers as quickly as practical so long as communications are in place before service commences.

a. Limitation of Interruptible Period:

- i. The Interruptible Periods shall not exceed four (4) hours for any calendar day, nor 10 Interruption Periods per calendar month, nor 120 hours during any calendar year.

6. Customer Specific Baseline: As written, Customer Specific Baseline does not apply to the Base Interruptible Program tariff.

7. Incentive/Energy Payment:

- a. Committed Load Incentive Payment: Is determined by multiplying Committed Load by Committed Load Incentive. This credit will be applied to the bill of the customer on their otherwise applicable rate within 90 days of the Interruptible Period. The customer's total bill for service, including the Committed Load Incentive Payment, shall always be a positive value, or zero. Committed Load Incentive shall be zero if the Committed Load is less than 100kW or less than 15% of the customer's recorded Monthly Average Peak Demand.
- b. Excess Energy Usage Charge: Customer shall pay a charge multiplied by Excess Energy Usage Rate. This charge will be applied to the bill of the customer on their otherwise applicable rate within 90 days of the Interruptible Period.

8. Actual Demand Reduction: Actual Demand Reduction equals the difference between the customers Monthly Average Peak Demand and the Firm Service Level.

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Lee Schavrien
Senior Vice President

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

SPECIAL CONDITIONS (Continued)

9. Event Notification/Communication: Customers, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, all customers must have, at their expense, an alphanumeric pager that is capable of receiving a text message sent via the Internet. A customer cannot participate in the Program until all of these requirements have been satisfied. Customers participating in BIP with a third party aggregator will be notified by the aggregator using the agreed upon notification method.

In the event of a Program curtailment operation, customers on the Program will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the participant. Once notified, the customer is expected to log into the Program's Internet web site within 20 minutes of event notification and acknowledge participation in the curtailment. Failure to acknowledge a curtailment notice does not release the customer from its obligation to participate. The Utility does not guarantee the reliability of the pager system, e-mail system or Internet site by which the customer received notification.

a. Advance Notification: Event notification will be sent as follows:

i. Customers will be notified 20 minutes in advance of the Base Interruptible Program Event.

10. Event Cancellation: Once a BIP event has been initiated, the subsequent event will not be cancelled, however, the event can be terminated based on termination of the emergency situation.

11. Contract Requirement: A customer must complete a Base Interruptible Program Contract (Form 142-05207) in order to receive service on this Rate Schedule.

a. Insurance. Insurance may not be used to pay Excess Energy Usage Charge for willful failure to comply. Each customer must provide the utility with an executed declaration that states "I do not have, and will not obtain, insurance to compensate me in any way for any portion of the bills associated with the Excess Energy Usage Charge." Such declaration (Form 142-05209) must be on file with the Utility within 30 days of the effective date of the tariffs or the customer will immediately be terminated from service under Schedule BIP.

b. Contract Termination. Customers may change their Firm Service Level or discontinue participation in the Program only once per year by written notification to the Utility, and during the month of November, except as specified in SC 20. Such changes will become effective January 1 of the following year. Non-compliant participants would be allowed to make adjustments to Firm Service Limits after they have been re-tested or the participant can choose to de-enroll from BIP within 15 days of the non-compliant event performance.

12. Multiple Program Participation: Under no circumstance will a customer taking service under this schedule receive more than one incentive payment for the same interrupted/curtailed load. Eligibility for Multiple Program Participation is defined in Rule 41.

13. Termination of Schedule: This Schedule is in effect until modified or terminated in the rate design phase of SDG&E's next general rate case or similar proceeding.

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SCHEDULE BIP

BASE INTERRUPTIBLE PROGRAM

SPECIAL CONDITIONS (Continued)

- 14. Metering Requirement: Customer's electric meter must be an interval data recorder with related telecommunications capability, compatible with the Utility's meter reading and telecommunications systems. Metering and telephone equipment must be in operation for at least a full calendar month prior to participating in the program to establish a Monthly Average Peak Demand. If required, the Utility will provide and install the metering equipment at no cost to the customer.
 - a. Metering equipment must be in operation for at least a full calendar month prior to participating in the program to establish a Monthly Average Peak Demand.
 - b. For Direct Access and CCA customers, BIP compliance shall be determined from a telephone accessible electric revenue interval meter that can be read remotely by the Utility, and/or from alternative metering and telecommunications acceptable to the Utility. Direct Access and CCA customers are required to allow the Utility telecommunication access to its electric revenue meter for the purposes of determining BIP compliance.
- 15. Utility Testing: At the Utility's discretion, BIP participants may be requested to participate in up to two program tests per year demonstrating their ability to reduce load to their contracted Firm Service Level. During a BIP program test, penalties will apply. The Utility may request the customer demonstrate to Utility's satisfaction that the customer has the capability to reduce load to their Firm Service Level during a BIP event.
- 16. Utility Reporting: Utility will provide the Commission with a monthly report on the economics of this Rate Schedule. The monthly report may contain information on individual customer performance. Customers on this tariff must agree to allow the Utility, the California Energy Commission (CEC) or its contracting agent to conduct a site visit for measurement and evaluation, and agree to complete any surveys needed to evaluate the BIP program. Furthermore, customer shall provide all load data and background information, under appropriate confidentiality protections needed to complete this evaluation. The data will also be made available to academic researchers, under appropriate confidentiality protections, to facilitate the understanding of demand response.
- 17. Failure to Reduce Energy: As per the BIP tariff, Special Condition 7 (b), failure to comply with a BIP load reduction event will result in the applicable rate being applied to all excess energy used above the Firm Service Level.
- 18. Emergency Generation Limitations: Customers are prohibited from achieving load reduction by operating backup or onsite standby generation.
- 19. Dispute Resolution: Any dispute arising from the provision of service under this schedule or other aspects of the Base Interruptible Program will be handled as provided for in the Utility's Rule 10, Disputes.
- 20. Special Termination Condition: Pursuant to CPUC Resolution E-4728. Customers participating in the Base Interruptible Program may un-enroll from the program in the calendar year 2016 in order to participate in the Demand Response Auction Mechanism ("DRAM") Pilot. The participating customer shall inform Utility in writing, of their intention to leave the program. The customer may be un-enrolled as soon as their first billing cycle subsequent to Utility receipt of the customer request. Utility reserves the right to verify that Customer is enrolled in the DRAM Pilot. Customer's noncompliance with provisions of the DRAM Pilot may result in Customer being reenrolled under Schedule BIP until Customer chooses to opt-out of Schedule BIP during the standard annual window. If Customer terminates service under the 2016 DRAM Pilot, Customer may choose to return to service under Schedule BIP at any time. These special DRAM provisions will sunset on December 31, 2016.

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BASE INTERRUPTIBLE PROGRAM CONTRACT

This Base Interruptible Program Contract (the "Contract") is made and entered into by and between San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E" and _____, hereinafter referred to as "Customer" on this _____ day of _____, 20___. SDG&E and Customer shall each be referred to herein as a "Party" and collectively as the "Parties." This Contract shall become effective when signed by both parties. Capitalized terms not defined herein shall have the definitions assigned to them in "Schedule BIP," attached hereto as Attachment A and incorporated by this reference.

I. BIP ENROLLMENT

The Base Interruptible Program ("BIP") offers a monthly capacity payment to non-residential customers who can commit to curtail at least fifteen percent (15%) of their Monthly Average Peak Demand with a minimum load reduction of at least 100kW during energy curtailment events as called by the California Independent Systems Operator (CAISO) or SDG&E.

By entering into this Contract, Customer is enrolling in and hereby agrees to comply with the terms of this Contract, which by this reference also includes the terms of that certain BIP Tariff approved by the California Public Utilities Commission ("CPUC").

Customer's enrollment in BIP shall be conditional until (a) SDG&E approves Customer's BIP enrollment application in writing, and (b) SDG&E determines, in its sole discretion, that Customer is able to meet certain energy load reduction requirements, which may include, without limitation, review and testing of Customer's ability to meet its Firm Service Level (as defined below) during a real or simulated curtailment event, in all cases without financial penalty to Customer until enrollment is confirmed. Once Customer has met both of these requirements to SDG&E's satisfaction, Customer shall be fully enrolled in BIP.

II. PROGRAM REQUIREMENTS

Once Customer is fully enrolled, upon notification of a curtailment event, Customer shall have twenty (20) minutes to reduce its energy usage to the "Firm Service Level" set forth on Attachment B attached hereto and incorporated by reference. Each time Customer reduces its energy usage to its Firm Service Level (or below) during a curtailment event, Customer shall earn a Committed Load Incentive Payment as a credit on their bill, but in no event shall such credit be more than the total bill amount and credits shall not carry over to subsequent bills. Customer may adjust its Firm Service Level without penalty once a year during the month of November by submitting a written request to SDG&E, which shall be approved or denied by SDG&E in its sole but reasonable discretion. Customer shall provide written notification of such changes to: Attention: BIP Manager, SDG&E, 8335 Century Park Court, CP 12E, San Diego, CA 92123.

The first time Customer is unable to meet its Firm Service Level during a curtailment event (real or simulated), Customer's Firm Service Level will be adjusted according to the actual Firm Service Level achieved during the curtailment event, or Customer may request a re-test. Customer may discontinue its participation in BIP; provided, however, if Customer cannot (a) commit to a Firm Service Level of less than fifteen (15%) of its Monthly Average Peak Demand with a minimum load reduction of at least 100kW, (b) reduce its minimum load by at least 100kW during a re-test, or (c) meet its adjusted Firm Service Level in any subsequent curtailment event, Customer shall be immediately discontinued from participation in the Program. All testing by SDG&E to determine Customer's ability to participate in the program (excluding curtailment events, real or simulated) shall be performed without financial penalty to Customer.

Once Customer is fully enrolled in BIP, if a curtailment event is called (real or simulated, except for re-testing) and Customer is unable to meet its Firm Service Level, Customer shall be charged an Excess Energy Usage Charge based on the amount of excess energy above its Firm Service Level used during the Interruptible Period. Such Excess Energy Usage Charge shall be charged to Customer's account independent of whether Customer's Firm Service Level is eventually adjusted or Customer chooses to discontinue its participation in BIP.

III. ASSIGNMENT

Customer shall not assign this Contract without prior written consent of SDG&E, and any assignment of this Contract without prior written consent shall be void ab initio.

IV. DISPUTE RESOLUTION

Any dispute that cannot be resolved between the Parties shall be settled by the means set forth in Schedule BIP. In any action in litigation to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses (including expert testimony) and reasonable attorneys' fees (including fees and disbursements of in-house and outside counsel) incurred therein by the prevailing party, to the extent permissible by law or authorized by specific federal statutory authority, as applicable.

V. DISCLAIMER OF WARRANTY

No promise, representation, warranty, or covenant not included in this Contract has been, or is relied on by either Party. Each Party has relied on its own examination of this Contract, the counsel of its own advisors, and the warranties, representations, and covenants in the Contract itself.

VI. TERM

This Contract shall be effective as of the date first written above. Unless otherwise cancelled or terminated in accordance with the terms herein, this Contract shall be terminable by SDG&E in its discretion at any time upon thirty (30) days' prior written notice and terminable by Customer in its discretion during the month of November only.

VII. INDEMNIFICATION AND LIMITATION OF LIABILITY

Customer shall indemnify, defend and hold SDG&E and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns ("SDG&E Parties") harmless for, from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses including without limitation, reasonable attorneys' fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever (collectively, "Claims") directly or indirectly resulting from or arising out of this Contract or Customer's participation in BIP, whether based upon negligence, tort, strict liability or otherwise, including but not limited to third party Claims of any kind. This indemnification obligation shall not apply only to the extent that any such Claims are caused by either the willful misconduct of SDG&E or by SDG&E's sole negligence. This indemnification obligation shall survive the termination of this Contract.

In no event shall any SDG&E Party be liable to Customer for any indirect, consequential, special, incidental, exemplary or punitive damages, business interruption or loss of profits, anticipated savings, or the like under any theory, including, but not limited to, tort, contract, breach of warranty or strict liability for any Claims arising under this Contract, including but not limited to the design, manufacture, installation, operation, maintenance, performance or demonstration of the Utility System.

The "Utility System" includes any metering, meter communication equipment, internet communication software, energy demand management software or related goods and services used by Customer for participation in BIP. SDG&E shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the Utility System to operate.

Notwithstanding the foregoing, if Customer is a **federal governmental authority or agency**, each Party's liability to the other for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be determined in accordance with applicable law.

VIII. COMPLIANCE WITH LAWS

Customer shall comply with all of the terms and conditions of this Contract, Schedule BIP, and all applicable rules, regulations and laws in effect on the effective date or at any time during the term of this Contract, including, but not limited to, all orders and rulings of any governmental authority with jurisdiction over BIP, SDG&E or this Contract.

IX. CPUC CONTINUING AUTHORITY

This Contract shall at all times be subject to the jurisdiction and authority of the CPUC and to any changes or modification that the CPUC may, from time to time, direct in the exercise of its jurisdiction.

Notwithstanding any other provision of this Contract, either Party shall have the right to unilaterally file with the CPUC, pursuant to the CPUC's rules and regulations, an application for a change in rates, charges, classification, or any rule, regulation, or agreement relating thereto.

X. NO ORAL MODIFICATIONS

No modification of any provisions of this Contract shall be valid unless in writing and signed by duly authorized representatives of both Parties. Representatives of both Parties internally authorized to execute such documents pursuant to its corporate policies shall sign any amendments to this Contract.

XI. ESSENTIAL CUSTOMER DECLARATION

I hereby warrant and represent that I am the _____ (title) of _____ (company), and am duly authorized to make this declaration on behalf of my company at the following location.

Address _____

City _____

State California Zip _____

To the best of my knowledge, I understand that my company is considered an essential customer at the location stated above under the CPUC’s rules and is exempt from rotating outages. I declare that I have voluntarily elected to participate in an SDG&E interruptible program for all or part of my electrical load based on adequate back-up generation or other means to interrupt load when requested by SDG&E, while continuing to meet my essential needs.

IN WITNESS WHEREOF, SDG&E and Customer have executed this Contract as of the date first written above:

Customer:

San Diego Gas & Electric Company:

By _____

By _____

Title _____

Title _____

Date _____

Date _____

The following attachments are attached hereto and incorporated by reference:

- Attachment A: Schedule BIP
- Attachment B: Customer’s Firm Service Level
- Attachment C: Customer Contact Information
- Attachment D: Customer Account Information

ATTACHMENT A
Schedule BIP

[Attached]

ATTACHMENT B
Firm Service Level

By executing this Contract, Customer hereby agrees, accepts and acknowledges that Customer shall maintain a Firm Service Level of _____ during the term of Customer's enrollment in the BIP. Customer hereby acknowledges that the above Firm Service Level may only be adjusted once a year during the month of November or when customer fails to meet their FSL during a curtailment or test event. In no event may such Firm Service Level (a) equal less than fifteen (15%) of Customer's Monthly Average Peak Demand or (b) represent a minimum load of reduction of less than 100kW.

Customer Signature:

Date: _____

ATTACHMENT C
Customer Contact Information

Primary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Secondary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

ATTACHMENT D
Customer Account Information

Site #1

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #2

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #3

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #4

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #5

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Attach additional Customer Account Information sheets to this contract if required. (Sheet ___ of ___)

**THIRD-PARTY MARKETER AGREEMENT
FOR BASE INTERRUPTIBLE PROGRAM**

This Third-Party Marketer for Base Interruptible Program Agreement (“Agreement”) is made and entered into this _____ day of _____, 20 __ (the “Effective Date”), by and between San Diego Gas & Electric Company (“Utility”), a corporation organized and existing under the laws of the State of California, and _____ (“Marketer”), a _____ organized and existing under the laws of the State of _____. Utility and Marketer may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (“CPUC”) has authorized the Base Interruptible Program (“BIP”) as set forth in Schedule BIP, Base Interruptible Program (“Schedule BIP”), which is attached hereto as Attachment A and incorporated herein by this reference, whereby Utility pays participating Utility customers a monthly incentive payment in return for pre-determined load reduction; and

WHEREAS, the CPUC has authorized the participation of third-party marketers in BIP to act as representatives for participating Utility customers, and Marketer desires to participate in BIP subject to the applicable Utility tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. MARKETER STATUS

1.1 Status. Marketer’s status under this Agreement shall be as a “Marketer” under Electric Rule No. 29, “Third-Party Marketers for Base Interruptible Program” (“Electric Rule No. 29”), which is attached hereto as Attachment B and incorporated herein by this reference. Marketer shall be subject to all applicable tariff rules and regulations (which rules and regulations are hereby incorporated herein as an integral part of this Agreement), including, but not limited to, the rates, terms and conditions set forth in Electric Rule No. 29 and Schedule BIP, as such rules and regulations may be amended from time to time.

1.2 Representation of Utility Customers. Marketer shall represent those Utility customers eligible to participate in BIP and who have elected to participate in BIP through Marketer with respect to such customer’s service account by entering into and maintaining signed contracts with each such eligible customer whereby such customer authorizes Marketer, as its representative, to receive incentive payments and to pay penalty charges on behalf of such customer in connection with such customer’s participation in BIP (“Customer Contract”). The Utility shall not be responsible for monitoring, auditing, reviewing or enforcing such Customer Contracts between the Marketer and such customers. Once Marketer has entered into a Customer Contract with an eligible customer, Marketer shall deliver a “Notice by Third-Party Marketer to Add or Delete Customers,” in the form attached hereto as Attachment C and incorporated herein by this reference, adding such customer. Marketer may also drop customers from its representation by delivering to Utility the same “Notice by Third-Party Marketer to Add or Delete Customers” dropping such customer. Marketer’s delivery of such “Notice by Third-Party Marketer to Add or Delete Customers” shall be a condition precedent to both Marketer’s representation of an eligible customer and Marketer’s termination of its representation of a customer, as the case may be. Marketer acknowledges that each customer it represents is subject to the terms and conditions of Schedule BIP.

1.3 Eligibility. The customers represented by Marketer in BIP pursuant to a Customer Contract shall have committed, in the aggregate, to provide Utility with the Minimum Load Reduction (as defined in Electric Rule No. 29). If Marketer is unable to achieve or otherwise maintain the Minimum Load Reduction at any time, Marketer shall have fourteen (14) calendar days from the date of such inability to make up the committed load capacity in order to achieve the Minimum Load Reduction. If Marketer fails to achieve the Minimum Load Reduction within such fourteen (14) day period, this Agreement may be terminated, at Utility's sole discretion, and the terms and provisions for such termination as set forth in Electric Rule No. 29 shall apply.

1.4 Definitions. Except where explicitly defined herein, the capitalized terms used in this Agreement shall have the meanings set forth in Electric Rule No. 29 or Schedule BIP.

II. REPRESENTATIONS

2.1 Representations and Warranties. Each Party represents and warrants, individually for itself, as follows:

2.1.1 Such Party is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

2.1.2 Each person executing this Agreement for such Party has the full power and authority to execute and deliver this Agreement and bind the entity on whose behalf this Agreement is executed.

2.1.3 The execution, delivery and performance of this Agreement have been duly authorized by all necessary action by such Party, and this Agreement constitutes such Party's valid and binding obligation, enforceable against such Party in accordance with its terms.

2.1.4 All duties under this Agreement shall be performed by such Party in accordance with applicable recognized professional standards.

2.2 Additional Representations of Marketer.

2.2.1 With each submission of a "Notice by Third-Party Marketer to Add or Delete Customers" adding a customer with respect to a service account, Marketer represents and warrants, at the time of submission thereof and from time to time until Marketer submits such notice for the removal of such customer from its representation, that:

(a) Such customer is eligible to participate in BIP and has elected to participate in BIP through Marketer;

(b) Such customer has (i) entered into a Base Interruptible Program Contract (Form No. 142-05207) with Utility, (ii) completed a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) and delivered such notice to Utility, and (iii) completed, executed and delivered to Utility all such other documents, instruments, consents and agreements as any be required for such participation in BIP and designation of such Marketer (including, without limitation, an "Authorization To: Receive Customer Information or Act on a Customer's Behalf"); and

(c) Marketer has entered into a Customer Contract with such customer whereby such customer has authorized Marketer to receive incentive payments from and to pay

penalty charges to Utility on behalf of such customer in connection with such customer's participation in BIP.

2.2.2 With each submission of a "Notice by Third-Party Marketer to Add or Delete Customers" dropping a customer with respect to a service account, Marketer represents and warrants that:

(a) Such customer has elected, or has been deemed to have elected, to terminate its participation in BIP through Marketer with respect to such service account; and

(b) Such customer has (i) completed a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) and delivered such notice to Utility, and (ii) delivered all such other documents, instruments, consents and agreements as any be required for terminating Marketer's representation of such customer in BIP with respect to such service account.

III. SECURITY

Marketer acknowledges that it has provided, prior to the execution of this Agreement, any and all financial information of Marketer required by Utility. Marketer acknowledges that Marketer shall have a continuing obligation to provide such additional financial information to Utility upon the Utility's written request. Concurrently with the execution of this Agreement, and from time to time thereafter, Marketer shall deliver any security required by Utility pursuant to Electric Rule No. 29. Additionally, Marketer represents and warrants that there has been no materially adverse change in its financial position from the date of the latest available and provided financial statements to the date hereof. In the event that (a) Utility determines that a material financial change in Marketer has adversely affected Marketer's creditworthiness subsequent to the execution of this Agreement, or (b) Marketer does not provide the financial information or security requested by Utility, Utility may terminate this Agreement as of the day written notice is given or require Marketer to provide additional security as provided in Electric Rule No. 29.

IV. BILLING AND PAYMENT

4.1 **Billing and Payment Terms.** During the term of this Agreement, each Party shall make the payments or credits to the other Party as provided in Electric Rule No. 29.

4.2 **Billing Address.** Statements, invoices and billings shall be by first class U.S. mail to the following addresses:

If to Marketer:

If to Utility:

San Diego Gas & Electric Company
Billing Collections Manager

4.3 Payment Address. Payments shall be submitted electronically or by wire transfer to the following accounts:

If to Marketer:

If to Utility:

4.4 Disputed Bills or Charges. Marketer agrees to resolve any disputed bills and/or charges in accordance with Electric Rule No. 29.

V. TERM

The term of this Agreement shall commence on the Effective Date and shall terminate three (3) years from the Effective Date, unless terminated earlier pursuant to Section 6 below.

VI. TERMINATION

6.1 Termination by Utility. If payment is not received within seven (7) days of the issuance of a past due notice, or upon any other breach of this Agreement by Marketer, Marketer's participation in BIP pursuant to this Agreement will be subject to termination by Utility as set forth in Electric Rule No. 29. In addition, if Utility receives any notification that Marketer has filed or will be filing any type of bankruptcy, or is closing its business, Marketer's participation in BIP pursuant to this Agreement shall be terminated immediately, subject, however, to any bankruptcy laws that take precedence of the rules set forth in Electric Rule No. 29 in respect of such bankruptcy. Utility's termination rights set forth in this Section 6.1 shall be in addition to any rights and remedies as may be provided by law or in equity as a result of Marketer's failure to pay, breach, bankruptcy or other actions or omissions.

6.2 Rights and Responsibilities. The Parties' rights and responsibilities following termination of this Agreement are set forth in Electric Rule No. 29.

VII. LIMITATION OF LIABILITY

Utility's liability to Marketer for any loss, cost, claim, injury, liability or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in Utility's performance of this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall Utility be liable to Marketer for any indirect, special, consequential or punitive damages of any kind whatsoever, whether in contract, tort or strict liability.

VIII. INDEMNIFICATION

8.1 Indemnification of Utility. To the fullest extent permitted by law, Marketer shall indemnify, defend and hold harmless Utility, and its current and future parent company, subsidiaries, affiliates and their respective shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses, including

without limitation reasonable attorneys' fees (a "Claim"), resulting from (a) any breach of the representations, warranties, covenants and obligations of Marketer under this Agreement, (b) any act or omission of Marketer, whether based upon Marketer's negligence, strict liability or otherwise, in connection with the performance of this Agreement, or (c) any third party claims of any kind, whether based upon negligence, strict liability or otherwise, arising out of or connected in any way to Marketer's performance or nonperformance under this Agreement. This indemnification obligation shall not apply to the extent that such injury, loss or damage is caused by the willful misconduct of Utility or Utility's sole negligence.

8.2 Defense of Claim. If any Claim is brought against the Indemnified Parties, Marketer shall assume the defense of such Claim, with counsel reasonably acceptable to the Indemnified Parties, unless in the opinion of counsel for the Indemnified Parties a conflict of interest between the Indemnified Parties and Marketer may exist with respect to such Claim. If a conflict precludes Marketer from assuming the defense, then Marketer shall reimburse the Indemnified Parties on a monthly basis for the Indemnified Parties' defense costs through separate counsel of the Indemnified Parties' choice. If Marketer assumes the defense of the Indemnified Parties with acceptable counsel, the Indemnified Parties, at their sole option and expense, may participate in the defense with counsel of their own choice without relieving Marketer of any of its obligations hereunder.

8.3 Survival. Marketer's obligation to indemnify Utility under this Section 8 shall survive the termination of this Agreement.

IX. NOTICES

9.1 Mailing Address. Except for statements, invoices and bills, which shall be submitted pursuant to Section 4 above, any formal notice, request, or demand concerning this Agreement shall be given in writing by Utility or Marketer, and shall be (a) mailed by first-class mail, (b) mailed by registered, certified or other overnight mail, (c) delivered in hand, or (d) faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the parties may designate by written notice.

If to Marketer:

Fax : _____

If to Utility:

Fax : _____

9.2 Notices. Notices delivered by hand shall be deemed received when delivered. Notices sent by facsimile shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the U.S. mail, or if certified, registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

X. CONFIDENTIALITY

10.1 Confidentiality. Marketer shall not disclose any Confidential Information obtained pursuant to this Agreement to any third party, including any affiliates of Marketer, without the express prior written consent of Utility. As used herein, the term “Confidential Information” means proprietary business, financial and commercial information pertaining to Utility, customer names and other information related to customers, including energy usage data (“Customer Information”), any trade secrets and any other information of a similar nature, whether or not reduced to writing or other tangible form. Confidential Information shall not include: (a) information known to Marketer prior to obtaining the same from Utility; (b) information in the public domain at the time of disclosure by Marketer; (c) information obtained by Marketer from a third party who did not receive the same, directly or indirectly, from Utility; or (d) information approved for release by express prior written consent of an authorized representative of Utility.

10.2 Use of Confidential Information. Marketer hereby agrees that it shall use the Confidential Information solely for the purpose of performing under this Agreement. Marketer agrees to use at least the same degree of care Marketer uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care to prevent unauthorized use or disclosure of the Confidential Information.

10.3 Authorized Disclosure. Notwithstanding any other provisions of this Section 10, Marketer may disclose any of the Confidential Information in the event, but only to the extent, that, based upon advice of counsel, Marketer is required to do so by the disclosure requirements of any law, rule, regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or regulatory authority. Prior to making or permitting any such disclosure, Marketer shall provide Utility with prompt written notice of any such requirement so that Utility (with Marketer’s assistance if requested by Utility) may seek a protective order or other appropriate remedy.

10.4 Term. The confidentiality provisions set forth in this Section 10 shall remain in full force and effect with respect to any Confidential Information until the date that is five (5) years after the date of disclosure of such Confidential Information; provided, further, that such confidentiality provisions shall remain in full force and effect with respect to any Customer Information in perpetuity.

10.5 Remedies. The Parties acknowledge that the Confidential Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section 10 and the obligations of Marketer are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section 10 by Marketer, Utility, its parent company(ies), subsidiaries and/or affiliates, who shall be third party beneficiaries of this Agreement, shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, monetary damages or any other legal or equitable remedy available to Utility, its direct and indirect parent company(ies), subsidiaries or affiliates.

XI. MISCELLANEOUS

11.1 Assignment. This Agreement, and the rights and obligations granted and/or obtained by Marketer hereunder, shall not be further transferred or assigned by Marketer without the prior written consent of Utility. Any assignment in violation of this Section 11.1 shall be void.

11.2 Independent Contractor. Marketer shall perform its obligations under this Agreement as an independent contractor, and no principal-agent or employer-employee relationship or joint venture or partnership shall be created with Utility.

11.3 Choice of Law. This Agreement shall be carried out and interpreted under the laws of the State of California, without regard to any conflict of law principles thereof. Except for matters and disputes with respect to which the CPUC is the proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Diego County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder. The Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

11.4 Resolution of Disputes. Any dispute arising between the Parties relating to the interpretation of this Agreement or to the performance of a Party's obligations hereunder shall be reduced to writing and referred to the Parties' designated representative for resolution. The Parties shall be required to meet and confer in an effort to resolve any such dispute. Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after discussion between the Parties shall be submitted to the CPUC for resolution. If Marketer disputes a Utility bill, the resolution of such dispute shall be as set forth in Electric Rule No. 29.

11.5 Waiver. Any failure or delay by either party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

11.6 Governmental Actions. This Agreement shall be subject to the continuing jurisdiction of the CPUC and all orders, rules, regulations, decision or actions of any governmental entity (including a court) having jurisdiction over Utility or this Agreement. The Agreement is subject to such changes or modifications by the CPUC as it may direct from time to time in the exercise of its jurisdiction.

11.7 Entire Agreement. This Agreement, including the Attachments listed below, sets forth the entire understanding of the Parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct or usage of trade.

Attachment A: Schedule BIP

Attachment B: Electric Rule No. 29 – Third-Party Marketers for Base Interruptible Program

Attachment C: Notice by Third-Party Marketer to Add or Delete Customers

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.9 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and shall not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the authorized representatives of Utility and Marketer have executed this Agreement as of the Effective Date.

UTILITY:
SAN DIEGO GAS & ELECTRIC COMPANY

MARKETER:

By: _____ By: _____

Signature: _____ Signature: _____

Name: _____ Name: _____

Title: _____ Title: _____



SCHEDULE CBP

CAPACITY BIDDING PROGRAM

APPLICABILITY

The Capacity Bidding Program (“Program”) is a voluntary demand response program that offers customers various product options by which participants can earn incentive payments in exchange for reducing energy consumption when requested by the Utility. This schedule is available to commercial and industrial Utility customers receiving Bundled Utility service, Direct Access (“DA”) service or Community Choice Aggregation (“CCA”) service, and being billed on a Utility commercial, industrial or agricultural rate schedule. Service on this rate schedule must be taken in combination with the customer’s otherwise applicable rate schedule. This schedule is also available to “Aggregators”, defined herein as a third party entity that combines the loads or one or more Utility customer service accounts for the purpose of participating under this schedule. “Participant” as used in this schedule shall mean Utility customers participating in the Program or Aggregators participating in the Program.

TERRITORY

Within the entire territory served by the Utility.

RATES

All charges and provisions of a participating customer’s otherwise applicable rate schedule shall apply. All charges and provisions of a customer participating through an Aggregator shall apply. Customers who elect to sign up directly with the Utility for participation in the CBP will be paid at a maximum of 80% of the available capacity payment. Aggregators will receive 100% of the capacity payment for the amount of load reduction received in any given month. The tables below set forth the rates that will be paid to Participants under this schedule for each Product type and will be fixed for a three year program cycle.

1. Load Reduction Incentive Payment, Day-Ahead Program Option (\$/kW-month):

Product	Hours	May	Jun	Jul	Aug	Sep	Oct
2 to 4 hours	11am to 7pm	2.86	7.61	16.51	20.41	13.52	4.10
2 to 4 hours	1pm to 9pm	3.43	9.13	19.81	24.49	16.22	4.91

2. Load Reduction Incentive Payment, Day-Of Program 20 Minute Option (\$/kW-month):

Product	Hours	May	Jun	Jul	Aug	Sep	Oct
2 to 4 hours	11am to 7pm	3.26	8.66	18.81	23.24	15.40	4.66
2 to 4 hours	1pm to 9pm	3.87	10.30	22.35	27.63	18.30	5.54

(Continued)

1C0
Advice Ltr. No. _____
Decision No. _____

Issued by
Dan Skopec
Vice President
Regulatory Affairs

Date Filed _____
Effective _____
Resolution No. _____



SCHEDULE CBP

CAPACITY BIDDING PROGRAM

RATES (Continued)

3. Energy Usage Reduction Incentive Payment, All Program Options (cents/kWh):

The applicable rate to be applied in calculating the Energy Usage Reduction Incentive Payment is \$75 per MWh for the CBP Day-Ahead Product and \$140 per MWh for the CBP Day-Of Product. See Energy Usage Reduction Incentive Payment Special Condition 6.b., for a further description of the calculation of the Energy Usage Reduction Incentive Payment, the development of the payment amount, and any payment amount adjustments.

SPECIAL CONDITIONS

1. Definitions: The Definitions of terms used in this schedule are found either herein or in Rule 1, Definitions.
2. Qualifying Customer: Service under this schedule is available to commercial and industrial Utility customers receiving Bundled Utility service, Direct Access ("DA") service or Community Choice Aggregation ("CCA") service, and being billed on a Utility commercial, industrial or agricultural rate schedule. Customers electing to participate in the Program must meet and comply with all of the requirements for such participation as set forth in this Schedule. Participating customers must have the required metering and operable communications equipment installed prior to and while participating in the Program. See Metering Requirement Special Condition 13, for additional details. Participating customers must have the required notification equipment in place prior to participation in the Program. See Event Notification/Communication Special Condition 8, for additional details.
 - a. Aggregators: In the event customers elect to participate in the Program via an Aggregator, such participation, and such Aggregator's participation in the Program, are subject to the terms and conditions of this schedule and Rule 30, Aggregators for the Capacity Bidding Program (CBP). Customers participating in the Program may designate only one Aggregator at a time for each participating meter and may change such designation only after the expiration of the Minimum Term in respect of such participating meter (unless terminated earlier, as set forth in Term, Special Condition 19). Prior to any changes in the designation or any termination of an Aggregator, a customer shall deliver to the Utility a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 142-05302) notifying the Utility of such change or termination.
 - b. Direct Access and Community Choice Aggregation Customers: The Utility will not provide energy payments to Participants or Aggregators for load reductions from DA or CCA customers during CBP events (\$0/kWh). Customers and Aggregators will still receive capacity payments from the Utility for DA or CCA customers' load as applicable under this Schedule. This provision does not prevent DA or CCA customers from entering into arrangements with their respective ESPs or CCAs to receive part or all of the energy benefits derived from the DA or CCA customers' load reductions during CBP events.

(Continued)

2C0
Advice Ltr. No. _____
Decision No. _____

Issued by
Dan Skopec
Vice President
Regulatory Affairs

Date Filed _____
Effective _____
Resolution No. _____



SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

3. Program Operation: Participants may nominate from among the following product types (“Products”) under the Program:

<u>Day-Ahead Products</u>	<u>Hours</u>	<u>Minimum Duration per Event</u>	<u>Maximum Duration per Event</u>	<u>Maximum Cumulative Event Duration Per Operational Month</u>	<u>Maximum Events Per Day</u>
2 to 4 Hour	11:00 a.m. to 7:00 p.m.	2 hours	4 hours	24	1
2 to 4 Hour	1:00 p.m. to 9:00 p.m.	2 hours	4 hours	24	1

<u>Day-Of 20 Min Products</u>	<u>Hours</u>	<u>Minimum Duration per Event</u>	<u>Maximum Duration per Event</u>	<u>Maximum Cumulative Event Duration Per Operational Month</u>	<u>Maximum Events Per Day</u>
2 to 4 Hour	11:00 a.m. to 7:00 p.m.	2 hours	4 hours	24	1
2 to 4 Hour	1:00 p.m. to 9:00 p.m.	2 hours	4 hours	24	1

Customers and Aggregators may nominate a different Product for each month of the Program’s operational season (as set forth below). Aggregators may nominate any combination of Products for each such operational month in respect of the Nominated Load Reduction for such operational month. Each nominated Product must specify the portion of Nominated Load Reduction associated thereto without overlap between nominated Products for such operational month. Customer participation in within Day-Ahead and/or Day-Of 20 Minute product types is defined in Rule 41.

The Program’s operational season is from May 1 through October 31.

(Continued)

3C0

Advice Ltr. No. _____

Issued by
Dan Skopec
Vice President
Regulatory Affairs

Date Filed _____

Effective _____

Decision No. _____

Resolution No. _____



SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

3. Program Operation: (Continued)

Each operational month of the Program begins and ends at the beginning and ending of such calendar month.

The Program's operational days are Monday through Friday during the Program's operational season, excluding Utility holidays, as defined in Rule 1.

The Program's operational hours are from 11:00 a.m. to 9:00 p.m. during each of the Program's operational days. Products offered are 11:00 a.m. to 7:00 p.m. and 1:00 p.m. to 9:00 p.m.

- a. Interruptible Period: Each interruptible period ("Event") shall be the period of time during which the Utility has informed the Participant to curtail energy consumption by use of a communications process utilizing equipment described in the Event Notification/Communication Special Condition 8.
- b. Interruptible Period Termination: An Event will terminate upon notification by the Utility that the Event has ended, provided that an Event shall not continue longer than the duration prescribed therefore for the Product nominated by the Participant as described in the table above.
- c. Load Reduction Nominations:
 - i. Generally: Participants must submit monthly nominations for the reduction of load ("Load Reduction Nominations") to the Utility no later than fifteen (15) calendar days prior to each Program operational month. All Load Reduction Nominations must allocate the amount of load reduction nominated among each Product nominated for such operational month (such nominated amount, the "Nominated Load Reduction"), without overlap of such Nominated Load Reduction among any such selected Product during such operational month. All Load Reduction Nominations are fixed for their associated operational month, but may change from operational month to operational month. Participants may not submit Load Reduction Nominations unless all requirements specified in this schedule have been met.
 - ii. Additional Aggregation Requirements: Load Reduction Nominations submitted by Aggregators must differentiate the amount of Nominated Load Reduction for each nominated Product therein between Bundled customers and DA/CCA customers. A participating customer may be included in only one Aggregator's aggregated group/portfolio for a given operational month. No later than fifteen (15) calendar days prior to the first day of the operational month, each Aggregator must specify which participating customers are to be included in each Product set forth in such Aggregator's Load Reduction Nomination for that operational month. The aggregated group of participating customers for each nominated Product will be used to determine the Baseline (see Customer-Specific Baseline Special Condition 5) and associated Program performance during that operational month.

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Lee Schavrien
Senior Vice President

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

3. Program Operation: (Continued)

d. Cancellation of Nominations: Any changes or cancellations of Load Reduction Nominations for an operating month must be submitted by the Participant to the Utility not later than fifteen (15) calendar days prior to such operating month. If a Participant fails to nominate a load reduction for a Product for a particular operational month, then the default Nominated Load Reduction therefore shall be zero (0).

e. Third-Party Coordinators: Utility may contract with one or more third parties ("Coordinators") to assist Utility in the administering, coordination and/or scheduling of the Program and may designate such Coordinators as the sole point of contact in respect of such services by notifying the applicable Participants of such designation.

f. Program Triggers Day-Ahead Product:

i. The Utility may call an Event whenever the day ahead market price is \$75/MWh or as utility system conditions warrant. Day-ahead market price is defined as California Independent System Operator (CAISO) DLAP or applicable pnode SDGE-APND day-ahead market locational marginal price (DAM LMP).

ii. Whenever the California Independent System Operator has issued an alert or warning notice, the California Independent System Operator shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule.

iii. The utility may call two test events per year at its discretion.

g. Program Triggers Day-Of 20-Minute:

i. The Utility may call an Event whenever the forecasted real time price is \$140/MWh or as Utility system conditions warrant. Real time price is defined as the CAISO DLAP or applicable pnode_SDGE-APND average hourly real time market locational marginal price (LMP).

ii. Whenever the California Independent System Operator has issued an alert or warning notice, the California Independent System Operator shall be entitled to request that the utility, at its discretion, call a program event pursuant to this Schedule.

i. The utility may call two test events per year at its discretion.

4. Program Availability: An Event may be called during the Program's operational season, operational days and operational hours as defined above. The Program shall be limited as to its availability to Participants based on any limitations that the Utility has in getting communications systems in place. The Utility will staff as quickly as practical to provide this service to as many Participants as quickly as practical so long as communications are in place before service commences.

a. Limitation of Interruptible Periods: Events shall be limited as follows:

i. Day Ahead: For Participants selecting Day-Ahead Products, Events shall be called by the Utility with

(Continued)

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Vice President
Regulatory Affairs

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San Diego Gas & Electric Company
San Diego, California

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SCHEDULE CBP

Sheet 5

CAPACITY BIDDING PROGRAM

notice to such Participants not later than 3:00 p.m. on the day prior to the Event day. For example, Utility may notify Participants on Sunday by 3:00 p.m. for a non-holiday Monday Event. The Events shall not exceed the maximum duration (in hours) corresponding with the Product nominated by the Participant as set forth in the table above. The maximum cumulative duration of an Event during any operational month shall not exceed 24 hours.

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San Diego Gas & Electric Company
San Diego, California

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SCHEDULE CBP

Sheet 5

CAPACITY BIDDING PROGRAM

(Continued)

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

4. Program Availability: (Continued)

a. Limitation of Interruptible Periods: (Continued)

ii. Day Of 20 Minute: For Participants selecting Day-Of 20 Minute. Products, Events shall be called by the Utility with notice to such Participants no later than Twenty (20) Minutes prior to the commencement of the Event. The Events shall not exceed the maximum duration (in hours) corresponding with the Product nominated by the Participant as set forth in the table above. The maximum cumulative duration of an Event during any operational month shall not exceed 24 hours in May; 24 hours in June; 32 hours in July; 44 hours in August; 32 hours in September; 24 hours in October.

5. Customer Specific Baseline: In order to participate in the Program, Participants must have a valid baseline ("Baseline") for each Product nominated each hour of an operational month, which Baseline must be established no later than fifteen (15) calendar days prior to the first day of such operational month of the Program. Baselines shall be established as follows:

a. Customers: The baseline is equal to the average electricity consumption (in MWh) of the participant during the applicable Program Event hour over the ten (10) immediately preceding similar days prior to the Program Event day. Similar days exclude weekends, holidays, and days when load reductions were requested or when outages were called.

b. Aggregators: For Aggregators, the hourly load profile for the aggregated group of participating accounts on such day shall be determined by summing the hour by hour interval metering data for each participating account. The Baseline Hourly Energy Usage is equal to the average electricity consumption (in MWh) of the aggregated group of Participating Accounts during the applicable Program Event hour over the ten (10) immediately preceding similar days prior to the Program Event day. Similar days exclude weekends, holidays, and days when load reductions were requested or when outages were called.

c. Day-Of Adjustment: Participants and Aggregators may choose to have their baselines calculated using a Day-Of Adjustment. The Day-Of Adjustment is calculated using the first three of the four hours prior to the event divided by the average load for the same hours using the last 10 weekdays for CBP participants. This Day-Of Adjustment shall not exceed plus or minus 40% of the Participant's calculated baseline. Participants must elect or opt-in to receive this adjustment. The Participant/Aggregator may select a baseline or a baseline with a day-of adjustment for each service account when they nominate for the operating month.

6. Incentive/Energy Payment and Non-Performance Penalties:

a. Load Reduction Incentive Payment:

i. If the Utility does not call an Event during an operational month, the amount of the Load Reduction Incentive Payment for such operational month is calculated by summing, for each Product nominated in such operational month, the product of the Nominated Load Reduction for such nominated Product and the Load Reduction Incentive Payment rate as set forth in the table above for such nominated Product.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

6. Incentive/Energy Payment and Non-Performance Penalties: (Continued)

a. Load Reduction Incentive Payment: (Continued)

- ii. If the Utility calls one or more Events during an operational month, the amount of the Load Reduction Incentive Payment for such operational month is calculated by summing the Adjusted Event Capacity Payment Amounts for each Product nominated in such operational month, which is calculated as follows: The "Unadjusted Hourly Event Capacity Payment Amount" for each Product nominated in such operational month is equal to the product of the Nominated Load Reduction for such nominated Product and the Load Reduction Incentive Payment rate as set forth in the table above for such nominated Product, divided by the number of Event hours called during such operational month, and the "Adjusted Event Capacity Payment Amount" for each such Product nominated in such operational month is calculated based on the Actual Load Reduction (as defined in the Actual Load Reduction Special Condition 7) for such Product in such operational month:

<u>Actual Load Reduction for such Product</u>	<u>Adjusted Event Capacity Payment Amount for such Product</u>
More than 100 percent of Nominated Load Reduction for such Product	Payment equal to 100 percent of Unadjusted Event Capacity Payment Amount for such Product
75 – 100 percent of Nominated Load Reduction for such Product	Payment calculated by prorating between 75 and 100 percent of Unadjusted Event Capacity Payment Amount for such Product
50 – 74.99 percent of Nominated Load Reduction for such Product	Zero (0)
Less than 50 percent of Nominated Load Reduction for such Product	Penalty equal to (.50 minus Actual Reduction divided by Nominated Load reduction) multiplied by the Unadjusted Event Capacity Payment Amount.

If the Load Reduction Incentive Payment amount as calculated above yields an amount less than zero (i.e. a penalty amount), then such penalty amount shall be payable by Participant to the Utility in accordance with the Disbursement of Payments Special Condition 6.c. below.

b. Energy Usage Reduction Incentive Payment:

- i. If the Utility does not call an Event in respect of a Product during an operational month, no monthly Energy Usage Reduction Incentive Payment in respect of such Product is payable for such operational month.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

6. Incentive/Energy Payment and Non-Performance Penalties: (Continued)

b. Energy Usage Reduction Incentive Payment: (Continued)

ii. If the Utility calls one or more Events during an operational month in respect of a Product, bundled customers enrolled directly with SDG&E or through Aggregators are eligible to receive an Energy Usage Reduction Incentive Payment for such Product that is equal to the Actual Load Reduction for such Product multiplied by \$75/MWh for the Day-Ahead Product or multiplied by \$140 MWh for the Day-Of Product and adjusted as follows:

(a) Shortfall Energy Amount: In the event of a Shortfall Energy Amount (as defined in the Actual Load Reduction Special Condition 8) in respect of such Product for such operational month, the monthly Energy Usage Reduction Incentive Payment amount for such Product will be reduced by an amount equal to the product of such Shortfall Energy Amount and the greater of (i) the price used to calculate the Energy Usage Reduction Incentive Payment or (ii) real time price as defined in special condition 3f. If such calculation of Energy Usage Reduction Incentive Payment amount for such Product yields an amount less than zero (i.e. a penalty amount), then such penalty amount shall be payable by Participant to the Utility in accordance with the Disbursement of Payments Special Condition 6c.

(b) Excess Energy: In the event that the Actual Load Reduction for such Product during an Event in such operational month exceeds the Nominated Load Reduction for such Product in such operational month (such excess amount, "Excess Energy Amount"), then the Energy Usage Reduction Incentive Payment amount for such Product will be increased by an amount equal to the product of such Excess Energy Amount and \$75 MWh for the Day-Ahead Product or \$140 MWh for the Day-Of Product during the Event; provided, however, that, for purposes of calculating the Energy Usage Reduction Incentive Payment amount, the Excess Energy Amount for a Product cannot exceed 50 percent of the Nominated Load Reduction for such Product.

Direct Access and Community Choice Aggregation are not eligible for the Energy Usage Reduction Incentive payments nor subject to Energy Usage Reduction penalties.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

6. Incentive/Energy Payment and Non-Performance Penalties: (Continued)

c. Disbursement of Payments:

- i. Customers: For customers participating directly with the Utility, the CBP incentive will be calculated based on the customer's Actual Load Reduction. In no case will a customer receive a credit payment for a given hour if it does not meet the minimum energy reduction threshold, as nominated in the monthly Load Reduction Nomination. The billing and payment of Load Reduction Incentive Payments and Energy Usage Reduction Incentive Payments, as well as all other amounts, charges, penalties and fees due and payable in respect of this Program, to or from customers participating in the Program will be paid by the Utility no more than 60 days after the end of the event operating month.
- ii. Aggregators: The billing and payment of Load Reduction Incentive Payments and Energy Usage Reduction Incentive Payments, as well as all other amounts, charges, penalties and fees due and payable under this schedule, Rule 30 or the Aggregator Contract, to or from Aggregators are set forth in Rule 30.

d. Failure to Pay: In the event a participating customer fails to pay any amounts to the Utility as and when due, the rules governing such failure to pay, and the Utility's and such customer's rights and obligations therewith, as set forth in the Utility's tariff will apply. The Aggregator Contract will set forth the rights and obligations of the Utility and the Aggregator party thereto in respect of any failure to pay amounts as and when due to the Utility.

e. Customer Liability for Aggregator Failure to Pay. If, due to a Shortfall Energy Amount which results in a penalty to be paid by an Aggregator to Utility in respect of Load Reduction Incentive Payments and/or Energy Usage Reduction Incentive Payments, such Aggregator fails (or is deemed to have failed) to fully pay to Utility such penalty amounts, and any security provided by such Aggregator is insufficient to cover such outstanding penalty amounts, then each customer represented by such Aggregator under the applicable Aggregator Contract will be liable for its pro rata share of such outstanding penalty amounts, which pro rata share will be based upon such customer's contribution to such Shortfall Energy Amount.

7. Actual Load Reduction: A Participant's "Actual Load Reduction" during an Event for each Product nominated by such Participant is equal to:

- a. In the case that such Participant is a customer participating directly with the Utility, the extent that the actual energy usage of such customer during such Event for such Product is less than such customer's Baseline for such Product.
- b. In the case that such Participant is an Aggregator, the extent that the actual energy usage of the aggregated group of customers during such Event for such Product is less than such aggregated group of customer's Baseline for such Product.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

7. Actual Load Reduction: (Continued)

In the event the Actual Load Reduction for such Product during an Event in such operational month is less than the Nominated Load Reduction for such Product in such operational month, such deficient amount is the "Shortfall Energy Amount" for such Product in such operational month.

8. Event Notification/Communication: Participating entities (customers, aggregators, ESPs) must, at their own expense, have access to the Internet and an e-mail address to receive Event notifications via the Internet. In addition, Participants must have, at their own expense, an alphanumeric device that is capable of receiving a text message sent via the Internet. Participants will be notified via the Utility's designated Internet website. As a courtesy, notification may also be given via text, e-mail, or telephone; however, the official notification shall be posted to the Utility's designated Internet website in accordance with the time parameters set forth herein. No Participating entity may participate in the program until all of these requirements have been met.

9. Event Cancellation: Once an Event has been initiated in accordance with the provisions herein, the Event will not be cancelled; however, the Event may be terminated as provided in the Interruptible Period Termination Special Condition 3.b.

10. Contract Requirement: Participating customers and Aggregators must execute all applicable agreements prescribed by the Utility prior to participation under this schedule. Necessary agreements may include the following:

a. For Utility customers, a Capacity Bidding Program Customer Contract (Form 142-05300) ("Customer Contract");

b. For Aggregators, an Aggregator Agreement for Capacity Bidding Program (CBP) (Form 142-05301) ("Aggregator Contract").

11. Multiple Program Participation: Eligibility for Multiple Program Participation is defined in Rule 41.

12. Termination of Schedule: This schedule is in effect until modified or terminated through the Utility's Demand Response Programs portfolio Application proceeding, or through the annual program evaluation and modification process most recently adopted by the Commission in D. 06-03-024.

13. Metering Requirement: Each participating customer must have a SDG&E Smart Meter installed. In certain circumstances an approved interval meter and approved meter communications equipment will be installed and read by SDG&E. The Utility must have access to the customer's meter data on a daily basis for a period of no less than ten (10) calendar days to establish a valid customer specific baseline.

An approved interval meter is capable of recording usage in 15-minute intervals and being read remotely by the Utility.

For customers with billed maximum demand of 20 kW or greater during one of the past 12 billing months, the Utility will, if required, provide and install the metering and communication equipment at no cost to the customer.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

- 14. Utility Testing: At the Utility’s discretion, up to two (2) Events may be called during each operational season for the purpose of testing of the Program (“Test Events”). All notification protocols, as well as all applicable payments and penalties, will apply during Test Events. A Test Event may be scheduled on a day-ahead/or day-of/or a day-of 20 Minute basis on any applicable weekday, within the operational parameters contained herein. If an actual event is not initiated by late summer a test event will be called during the peak months of August or September.
- 15. Utility Reporting: The Utility will provide the Commission with a periodic report on the performance results of this schedule. The report may contain information on individual Participant performance, which will be provided to the Commission under applicable confidentiality protections. Participants must agree to allow the Utility, the California Energy Commission (“CEC”) and their respective agents, employees, contractors, representatives and designees to conduct a site visit for measurement and evaluation, and agree to complete any surveys needed to evaluate the Program. Furthermore, Participants shall provide all load data and background information, under appropriate confidentiality protections needed to complete this evaluation. The data may also be made available to academic researchers, under appropriate confidentiality protections, to facilitate the understanding of demand response.
- 16. Failure to Reduce Energy: A failure to comply with an Event will result in the applicable penalty provisions (including the payment therefore by the Participant incurring such penalty) being applied as described herein.
- 17. Emergency Generation Limitations: Participating customers are prohibited from achieving energy reductions by operating backup or onsite standby generation.
- 18. Dispute Resolution: Any dispute arising from the provision of service under this schedule or other aspects of the Program will be handled as provided for in the Utility’s Rule 10, Disputes.
- 19. Term: Except as set forth below, each Participant must remain in the Program for a minimum of 12 calendar months (“Minimum Term”) unless (a) the Program expires earlier, or (b) such Participant’s Program contract with the Utility (that is, the Customer Contracts in the case of customers and Aggregator Contracts in the case of Aggregators) expires or terminates earlier, or (c) pursuant to CPUC Resolution E-4754, where a customer participating directly with the utility in calendar year 2017, may opt out of the program to participate in the Demand Response Auction Mechanism (“DRAM”). After the expiration of the Minimum Term, Participants may terminate its Program contract with the Utility and its participation in the Program by submitting to the Utility written notification of such termination, which termination shall be effective on the date that is the later of (i) the beginning of the calendar month that is immediately after the expiration of the Minimum Term, and (ii) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after the Utility receives such notification.

Opt outs under CPUC Resolution E-4754 exception shall be effective on the beginning of the calendar month that is immediately after the date when Utility receives written customer notification for the opt out.

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SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

19. Term: (Continued)

Utility reserves the right to verify that Customer is enrolled in the DRAM Pilot. Customer's noncompliance with the provisions of the DRAM Pilot may result in Customer being reenrolled under Schedule CBP until the customer satisfies obligations under Special Condition 19 of this schedule. If Customer terminates service under the 2017 DRAM Pilot. Customer may choose to return to service under Schedule CBP at any time. These special DRAM provisions will sunset on December 31, 2017.

In the event of termination of an Aggregator Contract between an Aggregator and Utility, the customers whom such Aggregator represented under such Aggregator Contract will have fourteen (14) days from the date of receipt of notice of such termination by Utility in which to continue their participation in the Program in respect to the represented service meters through another Aggregator or directly with Utility without the designation of an Aggregator. Customers electing the foregoing must submit a "Notice to Add, Change or Terminate an Aggregator" (Form 142-05302) setting forth their election. If such customer does not submit such form by such 14-day period, such customer will be deemed to have elected to continue its participation in the Program with respect to such service meters directly with the Utility without being represented by an Aggregator.

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Capacity Bidding Program Customer Contract

This Customer Contract ("Contract") is made and entered into by and between the following parties:

San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E" and _____, hereinafter referred to as "Customer", and jointly, or individually, referred to as "Parties" or "Party".

I. RECITALS

WHEREAS, Customer is herein requesting to take service pursuant to Schedule CBP, the Capacity Bidding Program ("Program"), a copy of which is attached hereto as Attachment C and incorporated herein by reference. Capitalized terms used herein but not defined herein shall have their meanings ascribed thereto in Schedule CBP.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

II. ELIGIBILITY

As a condition to participating in the Program, Customer shall meet the eligibility and qualification requirements set forth in Schedule CBP.

III. TERM

This Contract shall become effective when signed by both Parties, and remains effective unless terminated sooner by the terms herein. Customer must remain in the Program for a minimum of twelve (12) calendar months ("Minimum Term"), unless (a) the Program or this Contract expires earlier or (b) as set forth in Section VI below. After the expiration of the Minimum Term, Customer may terminate this Contract and its participation in the Program by submitting to SDG&E written notification of such termination, which termination shall be effective on the date that is the later of (i) the beginning of the calendar month that is immediately after the expiration of the Minimum Term, and (ii) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after SDG&E receives such notification. Any such notification shall be delivered to SDG&E at the following address: SDG&E, 830635 Century Park Court, CP 12E42K, San Diego, CA 92123.

IV. MONTHLY NOMINATION

Customer shall submit monthly Load Reduction Nominations whereby Customer shall nominate the amount of load reduction for each operational month of the term and shall allocate such Nominated Load Reduction among one or more Products, all as set forth in and in accordance with Schedule CBP. Customer commits to reduce energy use as nominated by Customer pursuant to each such monthly Load Reduction Nomination.

V. PAYMENT

The Parties shall invoice one another, and make such payments to one another, as set forth in and in accordance with Schedule CBP.

VI. AGGREGATOR

Customer may, at any time, elect to participate in the Program via an Aggregator by submitting a "Notice to Add, Change or Terminate a Third-Party Aggregator for Capacity Bidding Program" (Form 142-0530405302) and designating an Aggregator therein. Customer must remain in the Program and with such designated Aggregator for the Minimum Term unless and until (a) the Program or this Contract expires or terminates prior to

the expiration of the Minimum Term or (b) the Aggregator Contract to which such designated Aggregator is a party with SDG&E terminates prior to the expiration of the Minimum Term, in which case the provisions of Rule 30 providing for such early termination of such Aggregator Contract shall control. Any change or termination of a designation of an Aggregator shall become effective the following month after receipt of a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 142-~~0530~~05302) setting forth such change or termination.

Participation in the Program via an Aggregator, including the designation and termination of such Aggregator and its services, shall be subject to the terms and conditions of Schedule Capacity Bidding Program (CBP) and Electric Rule -30, Aggregators for Capacity Bidding Program.

SDG&E must receive a signed "Authorization To: Receive Customer Information or Act on a Customer's Behalf" from Customer prior to releasing Customer's electric usage data to any designated Aggregator. Subject to Customer authorization, for each request to release customer-specific electric usage data, SDG&E will provide a maximum of the most recent twelve (12) month's customer electric usage data (or all data available if Customer has less than twelve (12) month's usage history) to Customer, or such designated Aggregator. If Customer, or its designated Aggregator, requests this historic usage more than two (2) times per year for a specific service account, SDG&E shall have the ability to assess a processing charge if approved by the Commission.

To the extent Customer's designated Aggregator fails (or is deemed to have failed) to make a payment of any penalty amounts owed by such Aggregator to SDG&E in connection with the Program, Customer will be liable for its pro rata share any such amount, which pro rata share shall be based upon Customer's contribution to the Shortfall Energy Amount related to such failure.

VII. ASSIGNMENT

Customer shall not assign this Contract without prior written consent of SDG&E.

VIII. DISPUTE RESOLUTION

Any dispute that cannot be resolved between the Parties shall be settled by the means set forth in Schedule CBP. In any action in litigation to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses (including expert testimony) and reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) incurred therein by the prevailing party.

IX. DISCLAIMER OF WARRANTY

No promise, representation, warranty, or covenant not included in this Contract has been, or is relied on by either Party. Each Party has relied on its own examination of this Contract, the counsel of its own advisors, and the warranties, representations, and covenants in the Contract itself.

X. LIMITATION OF SDG&E'S LIABILITY

The limitations of liability set forth below in this Section X shall not apply to errors or omissions caused by willful misconduct, fraudulent conduct, or violations of law.

In no event shall SDG&E, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the Utility System) (collectively "SDG&E Parties") be liable to Customer for any claims, losses, liabilities or damage (including direct, indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability) for (i) the design, manufacture, installation, operation, maintenance, performance or demonstration of the Utility System, or (ii) the acts or omissions of, or the performance or non-performance under any agreement with Customer by, any Aggregator designated by Customer pursuant to Section VI above. The "Utility System" includes any metering, meter communication equipment, Internet communication software, energy demand management software and related goods and services. SDG&E shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the Utility System to operate.

XI. COMPLIANCE WITH LAWS

The Parties shall comply with, and this Contract shall be subject to, the terms and conditions of Schedule CBP, and all applicable local, state and federal rules, regulations and laws, including, without limitation, if Customer designates an Aggregator pursuant to Section VI above, Rule 30, Aggregators for Capacity Bidding Program (CBP).

XII. COMMISSION CONTINUING AUTHORITY

This Contract shall at all times be subject to the Commission and to any changes or modification that the Commission may, from time to time, direct in the exercise of its jurisdiction.

Notwithstanding any other provision of this Contract, either Party shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for a change in rates, charges, classification, or any rule, regulation, or agreement relating thereto.

XIII. CONTACT INFORMATION

Customer's contact information for purposes of Customer's participation in the Program (including, without limitation, for purposes of Event notification) is set forth in Attachment A attached hereto and incorporated herein by reference.

XIV. ESSENTIAL CUSTOMER DECLARATION

I hereby state that I am the _____ (title) of _____ (company), and am authorized to make this declaration on behalf of my company at the following location:

Address _____

City _____

State California Zip _____

To the best of my knowledge, I understand that my company is considered an essential customer at the location stated above under the California Public Utilities Commission's rules and is exempt from rotating outages. I declare that I have voluntarily elected to participate in an SDG&E interruptible program for all or part of my electrical load based on adequate back-up generation or other means to interrupt load when requested by SDG&E, while continuing to meet my essential needs. I acknowledge that I have not committed more than 50% of my average peak load under the interruptible program.

IN WITNESS WHEREOF, SDG&E and Customer have executed this Contract:

Customer	San Diego Gas & Electric Company
By _____	By _____
Title _____	Title _____
Date _____	Date _____

The following attachments are attached hereto and incorporated by reference:

- Attachment A: Customer Contact Information
- Attachment B: Customer Account Information
- Attachment C: Schedule CBP

ATTACHMENT A
Capacity Bidding Program
Customer Contact Information

Primary Contact:

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

~~Pager-Cell~~ Number: _____

Email Address: _____

Secondary Contact:

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

~~Pager-Cell~~ Number: _____

Email Address: _____

Additional Contact:

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

~~Pager-Cell~~ Number: _____

Email Address: _____

Additional Contact:

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

~~Pager-Cell~~ Number: _____

Email Address: _____

Additional Contact:

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

~~Pager-Cell~~ Number: _____

Email Address: _____

ATTACHMENT B
Capacity Bidding Program
Customer Account Information

Site #1

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #2

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #3

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #4

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #5

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Attach additional Customer Account Information sheets to this contract if required. (Sheet ___ of ___)

ATTACHMENT C
Capacity Bidding Program
Schedule CBP



Notice to Add, Change or Terminate Aggregator for Capacity Bidding Program

Instructions: Customers participating in the Capacity Bidding Program must use this form to officially notify San Diego Gas & Electric Company (SDG&E) of your intent to add, change or terminate a designated Third-Party Aggregator. Type or print the information requested in the appropriate boxes, sign it, then submit it to SDG&E's Demand Response Programs Department. The Form must be submitted by U. S. mail, fax or e-mail; however, SDG&E may require that you mail the original as soon as possible, if you have faxed or e-mailed the Form.

Fax to: Demand Response Programs
 Attn: CBP Manager
 858-636-5745

Mail signed original to: Demand Response Programs
 Attn: CBP Manager
 San Diego Gas & Electric Company
 8335 Century Park Court CP12C
 San Diego, CA 92123

E-mail: drp@semprautilities.com

SDG&E may give notice of its receipt of this Form to Aggregator.

Customer Name:

Customer Account Number(s):

Aggregator:
 Specify Add/Change or Termination:

month/day/year

Effective date:

With respect to the addition or change of an Aggregator, Customer hereby designates the above named Aggregator to act as its Aggregator pursuant to applicable SDG&E tariff rules and rate schedules and the written contract between Customer and such Aggregator. Customer understands that notification of the designation of the Aggregator to represent Customer in the Capacity Bidding Program must also be submitted by the Aggregator in order for such designation to become effective.

Customer understands that this designation may be changed or terminated by Customer, in its sole discretion, by providing official written notice of change or termination to SDG&E.

A copy of this notice is being sent to the other party. Such designation shall be subject to the Aggregator complying with applicable tariff and contractual provisions. This request is submitted by the following:

Signature: Date:

Name:

Title:

Company:

AGGREGATOR AGREEMENT
FOR CAPACITY BIDDING PROGRAM (CBP)

This Aggregator Agreement for Capacity Bidding Program (“Agreement”) is made and entered into this _____ day of _____, 20__ (the “Effective Date”), by and between San Diego Gas & Electric Company (“Utility”), a corporation organized and existing under the laws of the State of California, and _____ (“Aggregator”), a _____ organized and existing under the laws of the State of _____. Utility and Aggregator may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (“CPUC”) has authorized the Capacity Bidding Program (CBP) (“Program”) as set forth in Schedule CBP, which is attached hereto as Attachment A and incorporated herein by this reference, whereby Utility pays participating Utility customers monthly incentive payments in return for pre-determined load reduction; and

WHEREAS, the CPUC has authorized the participation of third-party aggregators to aggregate the load reductions of one or more participating Utility customers, and Aggregator desires to participate in the Program as such a third-party aggregator, subject to the applicable Utility tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. AGGREGATOR STATUS

1.1 Status. Aggregator’s status under this Agreement shall be as an “Aggregator” under Schedule CBP and Electric Rule 30, which is attached hereto as Attachment B and incorporated herein by this reference. Aggregator shall be subject to, and shall comply with, all applicable tariff rules and regulations (which rules and regulations are hereby incorporated herein as an integral part of this Agreement), including, but not limited to, the rates, terms and conditions set forth in Rule 30 and Schedule CBP, as such rules and regulations may be amended from time to time.

1.2 Eligibility. As a condition to participating in the Program as an “Aggregator,” Aggregator shall meet the eligibility and qualification requirements set forth in Rule 30.

1.3 Definitions. Except where explicitly defined herein, the capitalized terms used in this Agreement shall have the meanings set forth in Rule 30 or Schedule CBP.

II. REPRESENTATIONS

2.1 Representations and Warranties. Each Party represents, warrants and covenants, individually for itself, as follows:

2.1.1 Such Party is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

2.1.2 Each person executing this Agreement for such Party has the full power and authority to execute and deliver this Agreement and bind the entity on whose behalf this Agreement is executed.

2.1.3 The execution, delivery and performance of this Agreement have been duly authorized by all necessary action by such Party, and this Agreement constitutes such Party's valid and binding obligation, enforceable against such Party in accordance with its terms.

2.1.4 All duties under this Agreement shall be performed by such Party in accordance with applicable recognized professional standards.

2.2 Additional Representations of Aggregator.

2.2.1 With each submission of a "Notice by Aggregator to Add or Delete Customers" (Form 142-05303), which is attached hereto as Attachment C and incorporated herein by reference, adding a customer with respect to a service account to its representation, Aggregator represents and warrants, at the time of submission thereof and from time to time until Aggregator submits such notice for the removal of such customer from its representation, that:

(a) Such customer is otherwise eligible to participate in the Program and has elected to participate in the Program through Aggregator;

(b) Such customer has (i) entered into a Customer Contract (Form 142-05300) with Utility, (ii) completed a "Notice to Add, Change or Terminate a Third-Party Aggregator for Capacity Bidding Program" (Form 142-05302) and delivered such notice to Utility, and (iii) completed, executed and delivered to Utility all such other documents, instruments, consents and agreements as any be required for such participation in the Program and for the designation of such Aggregator (including, without limitation, an "Authorization To: Receive Customer Information or Act on a Customer's Behalf"; and

(c) Aggregator has entered into an Aggregator/Customer Contract with such customer consistent with the requirements of this Agreement.

2.2.2 With each submission of a "Notice by Aggregator to Add or Delete Customers" (Form 142-05303) dropping a customer with respect to a service account from its representation, Aggregator represents and warrants that:

(a) Such customer has elected, or has been deemed to have elected, to terminate its participation in the Program through Aggregator with respect to such service account; and

(b) Such customer has (i) completed a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 142-05302) and delivered such notice to Utility, and (ii) delivered all such other documents, instruments, consents and agreements as any be required for terminating Aggregator's representation of such customer in the Program with respect to such service account.

III. SECURITY

Aggregator acknowledges that it has provided, prior to the execution of this Agreement, any and all financial information of Aggregator required by Utility. Aggregator acknowledges that Aggregator shall have a continuing obligation to provide such additional financial information to Utility upon the Utility's written request. Concurrently with the execution of this Agreement, and from time to time thereafter, Aggregator shall deliver any security required by Utility pursuant to Rule 30. Additionally, Aggregator represents and warrants that there has been no materially adverse change in its financial

position from the date of the latest available and provided financial statements to the date hereof. In the event that (a) Utility determines that a material financial change in Aggregator has adversely affected Aggregator's creditworthiness subsequent to the execution of this Agreement, or (b) Aggregator does not provide the financial information or security requested by Utility, Utility may terminate this Agreement as of the day written notice is given or require Aggregator to provide additional security as provided in Rule 30.

IV. BILLING AND PAYMENT

4.1 Billing and Payment Terms. During the term of this Agreement, each Party shall make the payments or credits to the other Party, and in such amounts, as provided in Schedule CBP.

4.2 Billing Address. Statements, invoices and billings shall be by first class U.S. mail to the following addresses:

If to Aggregator:

If to Utility:

San Diego Gas & Electric Company
Billing Collections Manager

4.3 Payment Address. Payments shall be submitted electronically or by wire transfer to the following accounts:

If to Aggregator:

If to Utility:

4.4 Disputed Bills or Charges. Aggregator agrees to resolve any disputed bills and/or charges in accordance with Rule 30.

V. TERM

This Agreement shall become effective on the date that this Agreement is signed by both Parties ("Effective Date"), and remains effective unless terminated sooner by the terms herein. The term of this Agreement shall continue for at least twelve (12) calendar months after the Effective Date ("Minimum Term"), unless (a) the Program expires earlier (which is expected to occur on December 31, 2008 unless the Program is extended by the CPUC), or (b) this Agreement terminates earlier as set forth in this

Agreement. After the expiration of the Minimum Term, either Party may terminate this Agreement by written notification to the other Party of such termination, which termination shall be effective on the date that is the later of (i) the beginning of the calendar month that is immediately after the expiration of the Minimum Term, and (ii) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after the non-terminating Party receives such notification.

VI. EVENTS OF DEFAULT

- 6.1 Events of Default. An “Event of Default” shall mean:
- (a) if Aggregator defaults on the due and timely payment of monies when the same shall become due and payable, and such default shall continue for a period of seven (7) days after written notice thereof by Utility to Aggregator; or
 - (b) if Aggregator defaults in the performance or observance on its part of any other covenant, obligation or agreement contained in this Agreement to be performed by Aggregator (other than the payment of monies, which is governed by clause (a) above), and such default shall continue for a period of sixty (60) days after written notice thereof to Aggregator by Utility; provided, however, that if such default shall be such that it cannot be remedied by Aggregator within such sixty (60) day period, it shall not constitute an Event of Default if corrective action to cure such default is commenced by Aggregator within such sixty (60) day period and Aggregator diligently pursues the cure of such default until the default is remedied; or
 - (c) if Aggregator (i) makes an assignment or any general arrangement for the benefit of creditors, or (ii) files a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it which is not dismissed within thirty (30) days of such filing.
- 6.2 Remedies. If an Event of Default occurs and is continuing, Utility may terminate this Agreement and exercise any other remedies available to it at law, in equity, by statute or otherwise, subject, however, to the dispute resolution procedures set forth in Section 11.4 below. In addition, if an Event of Default for the payment of monies occurs and is continuing where Aggregator is the Defaulting Party, then the Utility may make a draw under any security provided by Aggregator for any such outstanding amounts due and payable from Aggregator.
- 6.3 Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to Utility is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute.
- 6.4 Rights and Responsibilities Following Termination. The Parties’ rights and responsibilities following termination of this Agreement are set forth in Rule 30.

VII. LIMITATION OF LIABILITY

Utility's liability to Aggregator for any loss, cost, claim, injury, liability or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in Utility's performance of this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall Utility be liable to Aggregator for any indirect, special, consequential or punitive damages of any kind whatsoever, whether in contract, tort or strict liability. In addition, in no event shall Utility, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the Utility System) (collectively "Utility Parties") be liable to Aggregator for any claims, losses, liabilities or damage (whether direct, indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability) for (i) the design, manufacture, installation, operation, maintenance, performance or demonstration of the Utility System, or (ii) the acts or omissions of, or the performance or non-performance of, Aggregator or any customer under any Aggregator/Customer Contract to which such customer is party. The "Utility System" includes any metering, meter communication equipment, Internet communication software, energy demand management software and related goods and services. Utility shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the Utility System to operate.

VIII. INDEMNIFICATION

8.1 **Indemnification of Utility.** To the fullest extent permitted by law, Aggregator shall indemnify, defend and hold harmless Utility, and its current and future parent company, subsidiaries, affiliates and their respective shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses, including without limitation reasonable attorneys' fees (a "Claim"), resulting from (a) any breach of the representations, warranties, covenants and obligations of Aggregator under this Agreement, (b) any act or omission of Aggregator, whether based upon Aggregator's negligence, strict liability or otherwise, in connection with the performance of this Agreement, or (c) any third party claims of any kind, whether based upon negligence, strict liability or otherwise, arising out of or connected in any way to Aggregator's performance or nonperformance under this Agreement. This indemnification obligation shall not apply to the extent that such injury, loss or damage is caused by the willful misconduct of Utility or Utility's sole negligence.

8.2 **Defense of Claim.** If any Claim is brought against the Indemnified Parties, Aggregator shall assume the defense of such Claim, with counsel reasonably acceptable to the Indemnified Parties, unless in the opinion of counsel for the Indemnified Parties a conflict of interest between the Indemnified Parties and Aggregator may exist with respect to such Claim. If a conflict precludes Aggregator from assuming the defense, then Aggregator shall reimburse the Indemnified Parties on a monthly basis for the Indemnified Parties' defense costs through separate counsel of the Indemnified Parties' choice. If Aggregator assumes the defense of the Indemnified Parties with acceptable counsel, the Indemnified Parties, at their sole option and expense, may participate in the defense with counsel of their own choice without relieving Aggregator of any of its obligations hereunder.

8.3 **Survival.** Aggregator's obligation to indemnify Utility under this Section 8 shall survive the termination of this Agreement.

IX. NOTICES

9.1 **Mailing Address.** Except for statements, invoices and bills, which shall be submitted pursuant to Section 4 above, any formal notice, request, or demand concerning this Agreement shall be

given in writing by Utility or Aggregator, and shall be (a) mailed by first-class mail, (b) mailed by registered, certified or other overnight mail, (c) delivered in hand, or (d) faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the parties may designate by written notice.

If to Aggregator:

Fax : _____

If to Utility:

Fax : _____

9.2 Notices. Notices delivered by hand shall be deemed received when delivered. Notices sent by facsimile shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the U.S. mail, or if certified, registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

X. CONFIDENTIALITY

10.1 Confidentiality. Aggregator shall not disclose any Confidential Information obtained pursuant to this Agreement to any third party, including any affiliates of Aggregator, without the express prior written consent of Utility. As used herein, the term “Confidential Information” means proprietary business, financial and commercial information pertaining to Utility, customer names and other information related to customers, including energy usage data (“Customer Information”), any trade secrets and any other information of a similar nature, whether or not reduced to writing or other tangible form. Confidential Information shall not include: (a) information known to Aggregator prior to obtaining the same from Utility; (b) information in the public domain at the time of disclosure by Aggregator; (c) information obtained by Aggregator from a third party who did not receive the same, directly or indirectly, from Utility; or (d) information approved for release by express prior written consent of an authorized representative of Utility.

10.2 Use of Confidential Information. Aggregator hereby agrees that it shall use the Confidential Information solely for the purpose of performing under this Agreement. Aggregator agrees to use at least the same degree of care Aggregator uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care to prevent unauthorized use or disclosure of the Confidential Information.

10.3 Authorized Disclosure. Notwithstanding any other provisions of this Section 10, Aggregator may disclose any of the Confidential Information in the event, but only to the extent, that, based upon advice of counsel, Aggregator is required to do so by the disclosure requirements of any law, rule, regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or regulatory authority. Prior to making or permitting any such disclosure, Aggregator shall provide Utility with prompt written notice of any such requirement so that Utility (with

Aggregator's assistance if requested by Utility) may seek a protective order or other appropriate remedy.

10.4 Term. The confidentiality provisions set forth in this Section 10 shall remain in full force and effect with respect to any Confidential Information until the date that is ten (10) years after the date of disclosure of such Confidential Information; provided, further, that such confidentiality provisions shall remain in full force and effect with respect to any Customer Information in perpetuity.

10.5 Remedies. The Parties acknowledge that the Confidential Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section 10 and the obligations of Aggregator are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section 10 by Aggregator, Utility, its parent company(ies), subsidiaries and/or affiliates, who shall be third party beneficiaries of this Agreement, shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, monetary damages or any other legal or equitable remedy available to Utility, its direct and indirect parent company(ies), subsidiaries or affiliates.

XI. MISCELLANEOUS

11.1 Assignment. This Agreement, and the rights and obligations granted and/or obtained by Aggregator hereunder, shall not be further transferred or assigned by Aggregator without the prior written consent of Utility. Any assignment in violation of this Section 11.1 shall be void.

11.2 Independent Contractor. Aggregator shall perform its obligations under this Agreement as an independent contractor, and no principal-agent or employer-employee relationship or joint venture or partnership shall be created with Utility.

11.3 Choice of Law. This Agreement shall be carried out and interpreted under the laws of the State of California, without regard to any conflict of law principles thereof. Except for matters and disputes with respect to which the CPUC is the proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Diego County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder. The Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

11.4 Resolution of Disputes. Any dispute arising between the Parties relating to the interpretation of this Agreement or to the performance of a Party's obligations hereunder shall be reduced to writing and referred to the Parties' designated representative for resolution. The Parties shall be required to meet and confer in an effort to resolve any such dispute. Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after discussion between the Parties shall be submitted to the CPUC for resolution. If Aggregator disputes a Utility bill, the resolution of such dispute shall be as set forth in Rule 30.

11.5 Waiver. Any failure or delay by either party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

11.6 Governmental Actions. This Agreement shall be subject to the continuing jurisdiction of the CPUC and all orders, rules, regulations, decision or actions of any governmental entity (including a court) having jurisdiction over Utility or this Agreement. The Agreement is subject to such changes or modifications by the CPUC as it may direct from time to time in the exercise of its jurisdiction.

11.7 Entire Agreement. This Agreement, including the Attachments listed below, sets forth the entire understanding of the Parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct or usage of trade.

Attachment A: Schedule Capacity Bidding Program (CBP)

Attachment B: Rule 30 – Aggregators for Capacity Bidding Program (CBP)

Attachment C: Notice by Aggregator to Add or Delete Customers

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.9 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and shall not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the authorized representatives of Utility and Aggregator have executed this Agreement as of the Effective Date.

UTILITY:

SAN DIEGO GAS & ELECTRIC COMPANY

AGGREGATOR:

By: _____

By: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT A

Schedule Capacity Bidding Program (CBP)

ATTACHMENT B

Rule 30 – Aggregators for Capacity Bidding Program (CBP)

ATTACHMENT C

Notice by Aggregator to Add or Delete Customers



San Diego Gas & Electric
 8335 Century Park Court • SAN DIEGO, CA 92123 • (866) 377-4735

Notice by Aggregator to Add or Delete Customers

Instructions: Aggregators, use this form to officially notify San Diego Gas & Electric Company (SDG&E) of your intent to add or delete SDG&E customers from your Capacity Bidding Program portfolio. ~~Send the completed notice to the SDG&E Demand Response Programs Department by U.S. mail or fax, however, the original must be mailed as soon as possible if the notice was faxed. The Form must be submitted by U.S. mail, fax or email; however, SDG&E may require that you mail the original as soon as possible if you faxed or emailed the Form.~~

Fax to: Demand Response Programs
 Attn: CBP Manager
 858-636-5745

Mail signed original to: Demand Response Programs
 Attn: CBP Manager
 San Diego Gas & Electric Company
 8335 Century Park Court CP12C
 San Diego, CA 92123

E-mail: drp@semprautilities.com

SDG&E may verify the information on this notice with the affected Customer(s).

Aggregator Company Name:

Aggregator Code:

Additions will be effective as indicated on this notice. Deletions will be effective at the end of the current calendar month in which this notice is received.

Effective Add or Delete date:

By signing this form, Aggregator and Customer hereby notify SDG&E and understand that the Aggregator has the authority to act on behalf of the Customer at all times for the Service Agreements shown below subject to the applicable terms and conditions of SDG&E's Schedule CBP and the Aggregator Agreement.

Aggregator understands that the Customer, in its sole discretion, may terminate this designation by providing written notice to SDG&E. The termination will be effective at the end of the current calendar month in which the written notice is received by SDG&E.

Customer Name:	
Title:	
Signature:	
Date:	

Aggregator Name:	
Title:	
Signature:	
Date:	

Notice by Aggregator to Add/Delete Customers
Please Print or Type Clearly

Aggregator Name: _____

	Add/ Delete	Customer Name	SDG&E Customer Account Number	Electric Meter Number	Service Address
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					



2017-2018-22 Permanent Load Shifting Incentive Application

Section 1 - Customer Information

SDG&E customers applying directly for the program must complete section A. Customer's Authorized Agent applying on behalf of the customer must complete Parts A and B.

A. Customer [To be completed by Customer or Customer's Authorized Agent]

Company/Business Name	Contact Name	Title

Company/Business Mailing Address	City	State	ZIP

Contact Phone Number	Contact E-mail Address

B. Customer's Authorized Agent [To be completed by Customer's Authorized Agent]

Authorized Agent Business Name	Contact Name

Authorized Agent Mailing Address	City	State	ZIP

Authorized Agent Phone Number	Authorized Agent E-mail Address

Section 2 - Project Site Information

This section is for a single project site.
For more than one project site, please create a separate application.

Project Name	Account Number	Service Address	ZIP Code
EXAMPLE Store #1234	3-000-0000-00	111 Main St.	91001

Rate	NAICS Code	Year Built	Total Sq Ft./Facility
TOU-8	33	1950	10,000

Days & Hours of Operation	Site Contact Name	Site Contact Ph. Number	Contact E-mail Address
M-F 6am-11pm	Victor Johnson	626-555-0901	vjohnson@tdi.com

Section 3 - Summary of the Scope of Work

List a general description of the proposed system, expectations and overall benefits of applying for this program

Section 4 - Feasibility Study Information

An engineering Feasibility Study will be required for all customers applying for this program. This study is to provide an evaluation of the technical feasibility and economic viability of installing a new Thermal Energy Storage (TES) system at the customer site. The study is to be completed by a professional Mechanical Engineer, licensed and registered in the State of California. Refer to the PLS Program Guidelines (www.sdge.com/pls) for Feasibility Study requirements.

Have you identified who will perform the Feasibility Study for this project?	
What is the name of the Engineering Firm performing the Study?	
What is the expected Feasibility Study submittal date?	

Section 5 - New Equipment Incentive Calculations

Refer to the PLS program Handbook (www.sdge.com/pls) for program eligibility, requirements and incentive amount. Read the eligibility requirements before proceeding with our equipment purchase. Thermal Energy Storage Systems installed before applying for the Permanent Load Shifting Program will not be eligible for incentives.

Project Information

	Example	
Has the TES System already been installed?	<i>NO</i>	
What is the date of Actual or Proposed Installation?	<i>12/11/2014</i>	
What is the Estimated Project Cost? (OPTIONAL)	<i>\$50,000</i>	

Section 5 Cont'd – New Equipment Incentive Calculations

Incentive Calculation

EXAMPLE

Max Annual Demand (kW)	Estimated Cooling Load Shift (kW) = A	Estimated Cooling Load Shift (kW)	Incentive \$ Per kW	Incentive Total
		A	X B	= C
1500	500	500	\$875.00	\$437,500.00

Section 6 – Equipment Ownership

Select who will be the owner of the Thermal Energy Storage System installed

- A. Customer
- B. Other (Please Specify _____)

Section 7 – Payment Information and Customer Acknowledgement

Complete the section below to let us know how you would like to be paid.

A. FORM OF PAYMENT (Please check one)

If you answered A on Section 6, select this option

- Incentive Check to Customer [Complete B and C]

If you answered B on Section 6, select this option

- Incentive Check to third-party Payee (e.g., contractor) [Complete B, C, and D. Note: Provide third-party Payee information in section C]

B. PAYEE INFORMATION

- Check here if Payee is same as Section 1, Part A (if Payee Customer) or Part B (if Payee is Customer's Authorized Agent). Complete below if you answered B on Section 6, Payee Name should be the owner of the Thermal Energy Storage equipment.



2017-2018-22 Permanent Load Shifting Incentive Application

Section 7 Cont'd – Payment Information and Customer Acknowledgement

Payee-Customer Business Name	Attention To (Name to be printed on check. Use only if required)	Title

Company/Business Mailing Address	City	State	ZIP

Contact Phone Number	Contact E-mail Address

C. PAYEE TAX IDENTIFICATION TYPE (Please Check one)

- Federal Tax ID/Employer ID Number [EIN]** **Social Security Number [SSN]**

_____ Identification Number

_____ Identification Number

D. PAYEE TAX STATUS (Please Check one)

- Corporation/LLC** **Individual/Sole Proprietor/General Partnership**
 Tax-exempt/Non-profit

_____ Exempt Reason

I understand that incentives may be subject to income tax, and if greater than \$600 could be reported to the IRS unless the payee (i.e., the party receiving the incentive) is exempt. As part of a completed application package, the payee will be required to submit to SDG&E a complete W-9 (Request for Taxpayer Identification Number and Certification) and CA-590 (California Withholding Exemption Certificate) to confirm their tax status. SDG&E could report incentives as income on IRS form 1099 based on tax status reflected on W-9 and CA-590. I understand that payees should consult their tax advisor concerning the taxability of incentives, and that SDG&E is not responsible for any taxes that may be imposed due to program incentive payment(s).

D. PAYMENT RELEASE AUTHORIZATION (PLEASE COMPLETE THIS SECTION IF A CUSTOMER AUTHORIZED AGENT IS TO RECEIVE THE CHECK)

As the Customer, I am authorizing this payment of my incentive to the Payee named in Section 7, Part B, above, and I understand that I will not be receiving the incentive check from SDG&E. I also understand that my release of this payment to the Payee does not exempt me from the requirements outlined in the Application package.

Customer Name (Please Print)	Signature	Title	Date



2017-2018-22 Permanent Load Shifting Incentive Application

Section 8 – Application Checklist

Required documentation to be submitted with your completed application:

1. Payees (Section 7, Part B of this application) must submit a completed W-9 and CA-590. If Payee is an SDG&E Partnership partner, only submit a completed W-9.
2. For all Projects you must submit:
 Tax ID Information - For the party receiving incentives ("Payee").

Section 9 – Incentive Checklist

Required documentation to be submitted to receive incentives:

1. Proof of Payment - Submit an Invoice, a Purchase Order, or a Lease Agreement. See below for what each must include.

Invoice/Store Receipt must include:	Purchase Order must Include:	Lease Agreement must Include:
<ul style="list-style-type: none"> Date of Purchase Full description of new equipment Vendor contact name, job title, contact info, address Invoice # Page # of # Labor Cost detail (include hourly or per unit rate, classification of work) Sub-contractor invoices 	<ul style="list-style-type: none"> Date of order or delivery Payment Forms Customer's (Section 1, Part A) signature Sub-contractor invoices 	<ul style="list-style-type: none"> Lease start date and length Payment terms Customer's (Section 1, Part A) signature

Section 10 - Applicant Agreement Regarding Program Terms and Conditions

I, the Applicant (and Customer's Authorized Agent of the Applicant, if applicable), hereby agree (the "Agreement") to the following terms and conditions to my participation in: Permanent Load Shifting Program. The PLS Program is identified and further described in the appropriate Permanent Load Shifting Program Guidelines (www.sdge.com/pls), as applicable.

1. Incorporation by Reference: The Application (together with all applicable attachments) is hereby incorporated by reference into, and made a part of, this Agreement.
2. Limitation on Funding Availability: Each Program has limited funding and is offered on a first-come, first-served basis until funding is depleted or the Program is terminated, whichever comes first. I further understand that submission of this Application is not a guarantee of payment by SDG&E, nor is it a guarantee of fund availability. Upon SDG&E's approval of this Application and SDG&E's execution of a Program project agreement, incentive funds will be reserved by SDG&E; however, payment of any incentive is subject to a Post-install Inspection and final approval from the utility.
3. Changes to Program: Funding and conditions of the Program is subject to the jurisdiction of the California Public Utilities Commission ("CPUC"), and shall be subject to such changes or modifications as the CPUC may, from time to time, direct in the exercise of its jurisdiction. I understand that if the Program is modified in any way or terminated by order of any government entity, then this Agreement shall be revised or terminated consistent with that order. In addition, SDG&E may suspend or terminate any agreement related to the Program without cause (and without prior written notice) if SDG&E determines suspension or termination of the agreement is necessary in order to make changes to the related Program or if SDG&E is ordered by the CPUC to modify or discontinue a Program and/or any agreements related to a Program. I agree that SDG&E will not be liable for any damages or compensation of any kind that may result from the changes described in this paragraph 3.
4. Right of Assignment: SDG&E may assign any agreement related to my participation in a Program, in whole or in part, or its rights and obligations hereunder, directly or indirectly, by operation of law or otherwise, without my prior written consent, provided SDG&E remains obligated for payments incurred prior to the assignment. I may not assign this Application, in whole or in part, or my rights and obligations hereunder, directly or indirectly, by operation of law or otherwise without the prior written consent of SDG&E.
5. Site Access Requirements: The Program may require installations, audits, inspections, measurements of the performance of the project, and/or verification of installation of the system. Therefore, I agree to provide reasonable access to the project site(s) for these purposes to SDG&E and/or its agents, assigns, or contractors and the CPUC and/or its agents or assigns.
6. Authorized Services: I understand that SDG&E employees, contractors and/or agents are authorized to provide only the services described in this Application for the Programs. SDG&E assumes no responsibility for any services, installations, improvements or equipment offered or provided to me by an SDG&E employee, contractor or agent other than those specified in this Application or that have not been authorized by SDG&E.
7. Release and Use of Information: I authorize SDG&E to release my contact and other relevant information to SDG&E's employees, contractors and/or agents for purposes related to my participation in the Program(s). I further authorize SDG&E's employees, contractors and agents to contact me with regard to the initiation, performance, and/or verification of any of the terms and conditions of the applicable Program.
8. Calculation of Energy Savings: SDG&E will not pay incentives for any energy savings in excess of the actual annual amount of my electricity usage at each SDG&E service account for which incentives are requested.
9. Equipment Eligible for Incentives: Equipment must meet existing building code standards for existing and new construction. Be commercially available and have a proven track record within the marketplace, have a 5-year warranty from the TES vendor. Refurbished equipment is not eligible for Program incentives with exception of refurbished tanks.
10. Method for Calculation of Incentive Payments: I understand that SDG&E pays up to \$875/kW (not to exceed 50% of the actual final installed total equipment cost). Permanent Load Shifting Incentives payments to an individual SDG&E customer cannot exceed \$1.5 million per program cycle ~~2018-2247~~. Customers will be issued qualified incentive payout after the Thermal Energy Storage (TES) system has been installed and has passed all the necessary Post-install Inspection requirements and receives final approval from the utility. Limitations on Incentive Payments: To be eligible for Program incentives, I understand that if I am not in good standing on all of my service accounts and contracts with SDG&E or do not meet the program requirements; SDG&E may hold my incentives or apply them towards amounts I owe to SDG&E. I agree that I have not and will not apply for or receive rebates, incentives or services for the solution(s) covered by this Application from any other utility, state or local program funded by the Public Goods Charge (PGC). I further agree that I will not apply or receive rebates, incentives, or services for the incentive(s) covered by this Application in an amount greater than the total cost of the solution(s). Because the Programs are funded by California utility ratepayers and administered by SDG&E under the auspices of the CPUC, I may face adverse consequences (i.e., a requirement that I return payments that were made to me or a restriction on my eligibility to participate in other programs) if I violate these restrictions.

Section 10 Cont'd - Applicant Agreement Regarding Program Terms and Conditions

12. Estimated Savings May Not Equal Actual Savings: I understand that all energy savings, incentives, and installed costs provided by SDG&E during the Program Application process are estimates only, and are subject to change based on SDG&E review and approval and that I am solely responsible for the selection, purchase, installation and ownership of the equipment and services under the Programs.
13. Energy Benefits: As a qualified SDG&E customer, I certify that the indicated energy savings products are for use in my project site and not for resale. I agree to provide SDG&E with documents establishing paid proof of purchase and installation of the Thermal Energy Storage (TES) system applied for in this Application. I understand the incentive payments are based on related energy benefits over the life of the product. I agree that if (a) I do not provide SDG&E with 100% of the related energy benefits specified in the rebate form for the life of the product or for a period of five (5) years from receipt of rebate, whichever is less, or (b) I cease to be a customer of SDG&E during said time period, I shall refund a prorated amount of rebate dollars to SDG&E based on the actual period of time for which I provided the related energy benefits as an electric customer of SDG&E.
14. Risk Allocation: I UNDERSTAND THAT SDG&E MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING MANUFACTURERS, DEALERS, CONTRACTORS, MATERIALS OR WORKMANSHIP, OR REGARDING SELECTION OR QUALIFICATION OF CUSTOMER AUTHORIZED AGENTS. I ALSO UNDERSTAND, AND HAVE CAUSED MY CUSTOMER AUTHORIZED AGENT (IF ANY) TO UNDERSTAND, THAT SDG&E MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, USE, OR APPLICATION OF THE PRODUCTS OR SOLUTIONS. I AGREE TO INDEMNIFY, DEFEND AND HOLD HARMLESS, AND HEREBY RELEASE SDG&E, ITS AFFILIATES, SUBSIDIARIES, PARENT COMPANY, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES OF EACH OF THEM, FROM AND AGAINST ALL CLAIMS, DEMANDS, LOSSES, DAMAGES, COSTS, EXPENSES, AND LIABILITY (LEGAL, CONTRACTUAL, OR OTHERWISE), WHICH ARISE FROM OR ARE IN ANY WAY CONNECTED WITH ANY OF THE PROGRAMS.



2017-2018-22 Permanent Load Shifting Incentive Application

MUST BE COMPLETED BY APPLICANT

I hereby acknowledge the following:

By checking this box, I confirm that I will use an appropriately licensed contractor, where applicable, and will obtain all required permits for this installation.

I hereby acknowledge the following (check ONLY ONE of the following options):

I am SELF-ADMINISTERING this project. Upon project approval, if applicable to requested Program, I intend to enter into an agreement with SDG&E for delivery of energy savings/cooling load shift resulting from the installation of TES system at the project site listed in Section 2 of this Application.

Verification and Certification: I affirm that I am authorized to enter into this Agreement and that I have read, understand, and agree to all of the specific terms, conditions and other requirements and restrictions set forth in this Agreement for the Program in this Application for my participation. I certify that the information I have provided in the Application that accompanies this Agreement is true and correct, and the project for which I am requesting Program funding meets all applicable requirements as set forth in this Application. Furthermore, I understand and agree that I meet all eligibility requirements for participation in the Program for which I am applying. SDG&E reserves the right to request additional information to verify Applicant's eligibility to participate in the Program.

Customer Name (Please Print)	Signature	Title	Date

Customer Name (Please Print)	Signature	Title	Date

Return electronic copy of the completed form by email and hard copy with signature by U.S. mail to:

SDG&E PROGRAM CONTACT INFORMATION			
Contact	SDG&E Demand Response Programs		
Phone	866-377-4735	Address	8335 Century park Ct. CP12C
Fax	858-385-3950	San Diego, CA 92123	
Email	DRP@semprautilities.com		

Technology Incentives Program Overview



ABOUT THIS FORM

This Application enables San Diego Gas & Electric Company (SDG&E®) customers to apply for incentives from SDG&E's Technology Incentives Program for qualifying measurable automated demand response measures. The Technology Incentives Program offers incentives for the purchase and installation of qualified demand response measures that provide verified, dispatchable, on-peak load reduction at customer-owned facilities. Eligible customers can receive up to \$200 per kW of verified, dispatchable, fully automated on-peak load reduction. The total incentive is limited to the actual, reasonable cost of the installed measure(s).

CUSTOMER REQUIREMENTS

Any commercial, industrial, or agricultural customer with a monthly on-peak demand of 20 kilowatts (kW) or greater, servicing the facilities for which the incentives are being requested, may be eligible for a technology incentive from SDG&E's Technology Incentives Program, if they also satisfy the following requirements:

- Receive bundled or direct access electric service from SDG&E
- Be billed on a commercial, industrial, or agricultural Time of Use rate schedule
- Have appropriate electrical metering billed on intervals, and receive 15-minute interval data.

The demand response measure must be a commercially available technology, and enable fully automated, dispatchable load reduction at the customer-owned facility. Please note:

- SDG&E's Technology Incentives Program will not provide incentives for manual or semi-automated equipment or for load reduction enabled by customer behavior changes.
- SDG&E, at its sole discretion, will conduct one or more site visits to verify actual, dispatchable load reduction.
- Customers must accommodate a request for each required on-site visit within five (5) business days.

The Service Account listed on this Application must be enrolled in at least one of the following SDG&E demand response programs and participate per the terms and conditions for at least 3 years*:

- Capacity Bidding Program (CBP)
- Critical Peak Pricing - Default (CPP-D)
- Eligible Pilots
- Other Eligible Demand Response Programs (e.g. Demand Response Auction Mechanism or other programs deemed eligible)**

*If the Service Account currently participates in a qualifying demand response program, enrollment must continue per the terms and conditions for a period of at least 3 years from SDG&E's approval of the incentive. Customer is responsible for providing proof of enrollment.

**DRAM: Customer is responsible for providing proof of their registration with the CAISO by their aggregator and SDG&E must be able to verify that their aggregator was awarded a DRAM contract by SDG&E for the time period in which DR enrollment credit is being sought to constitute proof of participation. The customer must provide details for all awards/dispatches for purposes of calculating the 40% performance payment. For years 2-3 of DR participation the customer need only to show/demonstrate their participation in an aggregator program, registration with ISO, and SDG&E must be able to verify their aggregator received DRAM contracts for the years in question.

HOW TO APPLY

Eligible customers must complete, sign, and submit this Application with all required supporting documentation to:

SDG&E
Attn: Technology Incentives Program Advisor
8335 Century Park Court CP12C
San Diego, CA 92123-1569
or
E-mail to: drp@semprautilities.com

WHAT TO EXPECT

1. SDG&E will review the Application and work with the Customer to clarify and resolve any outstanding issues.
2. SDG&E will schedule and perform a pre-inspection at the Site location.
3. After reviewing the Application and pre-inspection information, SDG&E will determine if the project qualifies for an incentive, and if approved, will send the Project Agreement form to the Customer.
4. The Customer must fill out, sign, and submit the Agreement form to SDG&E.
5. Upon receipt of a fully completed and executed Agreement, SDG&E will send a "Permission to proceed" notice with installation of the Technology Incentives Program measures. (Note: installation of measures prior to receipt of this Permission to Proceed may disqualify the project from participation and may cause forfeiture of potential Technology Incentives.)

Technology Incentives

Project Application Program Overview



6. Customer purchases and installs the qualifying demand response measure(s).
7. After installation, the Customer/will notify SDG&E that the measures are installed by submitting an Installation Report (which requires Customer to provide proof of purchase and installation of the qualifying demand response measures by attaching the actual invoice from the installer to the report).
8. SDG&E will schedule a Post Inspection and Load Shed Test.
9. Upon completion of the Post Inspection and Load Shed Test, SDG&E will verify the eligible load reduction and calculate the incentive. To enable your participation in the Technology Incentives Program, and to validate incentive payments, SDG&E may share the last 12 months of your energy consumption data and/or billing information with Customer's and/or SDG&E's Technology Incentives contractor. For more information about your energy privacy, including SDG&E's privacy policy and privacy notice, please visit sdge.com/privacy.
10. SDG&E will verify the Customer's enrollment and eligibility in all Demand Response programs before any incentive payments are made.
11. SDG&E will send payment to the Customer for the incentive. (Only Customers are eligible to receive incentive payments and not third parties).

QUESTIONS?

Call SDG&E Demand Response Programs at 1-866-377-4735 or email drp@semprautilities.com

INCENTIVE PAYMENT:

The incentive is up to \$200 per kW of verified dispatchable load reduction, not to exceed 75% of the actual, reasonable cost of the installed measure(s) (including the purchase price and any costs associated with installation by a third-party. Any in-house costs associated with installation will not be considered part of the cost of the installed measure(s).

For approved and inspected projects, the incentive will be paid as follows:

Payment Methodology: ~~The Beginning January 1st, 2017, the~~ payment method of the Technology Incentives program will operate under a split payment method:

- **Incentive Payment:** 60% of the total incentive will be paid after installation; verified load shed test and enrollment in a qualified DR program or rate.
- **Performance Payment:** Up to the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based payment is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.

The Technology Incentives Program's incentives are paid on a first-come, first served basis until program funds are no longer available or until the Technology Incentives Program is terminated, whichever comes first. Only the Customer is eligible to receive incentive payments under this program. The Program is administered by SDG&E under the auspices of the California Public Utilities Commission and may be modified or terminated at any time.



Technology Incentives Project Application APPLICATION FORM

CUSTOMER INFORMATION

CUSTOMER / BUSINESS OWNER / BUILDER / DEVELOPER

Customer/Company Name _____

Company Mailing Address _____ City _____ State _____ ZIP _____

Contact Name _____ Title _____

Contact Telephone Number _____ Contact Fax Number _____ E-Mail _____

Tax Identification Type (Select Only One) <input type="radio"/> Federal Tax ID _____ <input type="radio"/> SSN _____	Tax Status (Select Only One) <input type="radio"/> Corporation <input type="radio"/> Non-Corp <input type="radio"/> Individual <input type="radio"/> Exempt Exempt Reason _____
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PROJECT SITE INFORMATION (Site of Retrofit / Project)

Contact Name at Project Site _____ Contact Phone Number _____

Site Address _____ City _____ State _____ Zip _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Total Sq. Ft of Facility _____ Years since built or last major renovation _____

CUSTOMER

PLEASE ANSWER THE FOLLOWING QUESTIONS

Was an audit performed to identify measures? Yes, please select one of the following No

SDG&E
 SDG&E On-Line Business Energy Advisor
 Energy Assessment & Solutions
 CIEEP

HEEP
 LEEP
 Other, please specify: _____



Technology Incentives Project Application APPLICATION FORM

Customer elects to satisfy the Technology Incentives Program's demand response program participation requirement as follows (select one): The

- Service Account is currently participating in one of the qualifying demand response programs listed in this Application, and Customer agrees to continue to participate in such program per program terms and conditions for a period of 3 years from the date the Technology Incentives Program Project Application is approved.
- The Service Account is not currently participating in any of the qualifying demand response programs. Customer plans to enroll the Service Account in one of the qualifying demand response programs and participate per program terms and conditions for a period of 3 years from the date the Technology Incentives Program Project Application is approved or from the date of enrollment in a qualified DR program, whichever is later. Customer shall send proof of enrollment to the Technology Incentives Program Advisor.

Which demand response program will the Service Account participate in?

- Capacity Bidding Program (CBP)
- Critical Peak Pricing – Default (CPP-D)
- Eligible Pilots: _____
- Other Eligible Demand Response Program: _____

Application Checklist

Before submitting this Application, please ensure you have included all required documentation, which may include: ~~Completed Application Form~~

~~Completed Application Form~~

- Open ADR 2.0a or 2.0b Certificate. (This ensures the Customer has ADR/Automated Demand Response communications technology to receive ADR signals.)
- Calculations of estimated savings per measure Specification sheets for all hardware to be installed Control points for projects (noted in scope of work).
- I understand that I am solely responsible for the selection, purchase and ownership of measures and services under this program. I understand that the demand reduction, incentives and installed costs are estimates only and are subject to change based on SDG&E review and approval.
- ~~I understand that SDG&E has made no representation or warranty regarding the qualifications of the Customer, and that I am solely responsible for the selection of the Customer to implement the project.~~
I have authority to contract, on behalf of the legal owners of the project site, for installation of the measures and receipt of the requested incentive. I understand the program may require inspections and measurements of the performance of measures installed; therefore, I agree to provide access to the project site for those purposes to SDG&E and/or its agents or assigns.



Technology Incentives Project Application

APPLICATION FORM

As ~~an~~- SDG&E customer, I certify that the indicated demand reduction measures are for use in my business facility and not for resale. I agree to provide SDG&E with documents establishing paid proof of purchase for the measures applied for in this application package and product installations. I understand the incentive payments are based on the related demand reduction as determined by the Load Shed Test and applicable performance measurement. I agree that if (1) I do not provide SDG&E with 100% of the related energy benefits by enrolling the full demand reduction in a qualified SDG&E Demand Response program for a period of three (3) years from receipt of the incentive, whichever is less, or (2) I cease to be a customer of SDG&E during said time period, I shall refund a prorated amount of incentive dollars to SDG&E based on the actual period of time for which I provided the related energy benefits as a customer of SDG&E.

I understand that I may receive an incentive payment of up to \$200/kW of verified load reduction, not to exceed the cost of the project. This program has a limited budget. Applications are accepted on a first-come, first-served basis until program funds are no longer available, or December 31, 2017~~22~~, whichever comes first. This program is funded by California utility customers and administrated by SDG&E under the auspices of the California Public Utilities Commission. This program may be modified or terminated without prior notice.

SDG&E MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, USE OR APPLICATION WITH RESPECT TO ANY INCENTIVES, MEASURES, AND/OR TECHNOLOGIES DESCRIBED HEREIN, AND ASSUMES NO LIABILITY, WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, RELIABILITY OR EFFICIENCY OF ANY MEASURE INSTALLED OR COMPONENTS THEREOF, AND SDG&E EXPRESSLY DISCLAIMS ANY SUCH REPRESENTATION, WARRANTY OR LIABILITY. I AGREE TO INDEMNIFY SAN DIEGO GAS & ELECTRIC, ITS AFFILIATES, SUBSIDIARIES, PARENT COMPANY, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES AGAINST ALL LOSS, DAMAGE, EXPENSE, FEES, COSTS AND LIABILITY ARISING FROM ANY CLAIMS, SUITS, OR DEMAND RELATED TO OR IN CONNECTION WITH ANY MEASURES INSTALLED.

SDG&E shall not be liable for any special, incidental, indirect, or consequential damages, including without limitation, loss of profits or commitments to subcontractors, and any special, incidental, indirect or consequential damages incurred by Customer.

I have read and understand the program requirements and terms and conditions set forth in this application package and agree to abide by such requirements and terms and conditions. I certify that the information provided in this application package is true, correct and complete in all respects and that the project(s) for which I am requesting incentive(s) meet the program requirements set forth in this application package. I understand and agree that I must meet all eligibility criteria in order to receive a payment under this program. I agree that I have not received rebates, incentives or services for the same measures from other utilities, state or local programs funded by the Public Goods Charge.

RELEASE OF INFORMATION: If the CPUC requests review of your project, SDG&E will provide the CPUC with all of the information requested without further notification to you. If you refuse to allow the CPUC, its staff or its contractors and/or consultants to have access to your data, you will not be allowed to participate, and you will be ineligible to receive any program incentives. Please note that if you designated a Customer, a similar notification has been forwarded to them as well. In the event your project is selected for review, SDG&E will mark your incentive and project data as confidential before submitting your files to the CPUC in accordance with California Public Utilities Code Section 583 and CPUC General Order 66-C.

Customer Signature Date

Customer Contact Name (Print) Title Company Name

Technology Incentives Project Application Measure Summary - Attachment 1

Project Name: _____ Customer: _____

DEMAND RESPONSE LOAD REDUCTION SUMMARY

Provide brief description of each measure. The total measure cost includes, but is not limited to, audits, design, engineering, construction, materials, permits, fees, overhead and labor. Provide costs for each measure. Please note that kW values must match the calculations provided.

Measure No.	Demand Response Measure	Baseline (kW)	Post Retrofit (kW)	Estimated Curtailable Load (kW)	Estimated Equipment Cost	Estimated Installation Cost	Estimated Other Cost	Estimated Total Cost
1								\$
2								\$
3								\$
4								\$
5								\$
6								\$
7								\$
8								\$
9								\$
10								\$

Total Estimated Dispatchable Load Reduction: _____ Estimated Total Project Cost: \$ _____

Incentive Rate: x \$200/kW Maximum Incentive: \$ _____

Technology Incentives (TI) Program Project Agreement



CUSTOMER INFORMATION

Company Name _____

Company Mailing Address _____ City _____ State _____ ZIP _____

Contact Name _____ Title _____

Contact Telephone Number _____ Contact Fax Number _____ Email _____

Tax Identification Type (Select Only One): _____ Federal Tax ID: _____ SSN: _____

Tax Status (Select Only One): Corporation Individual Non-Corp Exempt Exempt Reason: _____

PROJECT SITE INFORMATION (Site of Retrofit / Project)

Project Name _____

Site Address _____ City _____ State _____ ZIP _____

Contact Name at Project Site _____ Contact Phone Number _____ Contact Email Address _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Total Sq. Ft of Facility _____ Years since built or last major renovation _____

CONTRACTED MEASURES, LOAD DROP, AND INCENTIVE

Measure No.	Demand Response Measure (Technology)	Estimated Curtailable Load (kW)	Estimated Total Cost
1			\$
2			\$
3			\$
4			\$
5			\$
6			\$
7			\$
8			\$
9			\$
10			\$

Total Estimated Dispatchable Load Reduction: _____ Estimated Total Project Cost: \$ _____

Maximum TI Incentive (based on load reduction): \$ _____ Reduction in incentive due to Cost Cap: \$ _____

TI Incentive Rate: x \$200/kW

Maximum TI Incentive under this Agreement: \$ _____

TERMS AND CONDITIONS:

This Technology Incentives ("Agreement") is entered into by San Diego Gas & Electric Company ("SDG&E") and _____ (the "Customer"). SDG&E and Customer may be individually referred to as a "Party" and collectively as the "Parties."

1. **PROJECT DESCRIPTION:** This Agreement is limited to the 2018-2022~~2017~~ Technology Incentives Project(s) ("Project(s)") described on the ~~2018-2022~~2017 Technology Incentives Program ("Program") Application executed by Customer and all forms attached thereto ("Application") and incorporated by reference into this Agreement. As stated in the Application, SDG&E shall only pay Customer ~~with all~~ incentives in accordance with the terms and conditions of this Agreement.
2. **DOCUMENTS INCORPORATED BY REFERENCE:** The following documents are hereby incorporated by reference and made part of this Agreement:
 - 1) The Application, and
 - 2) SDG&E acceptance letter(s) or email(s) of the demand reduction measures proposed in the Application.
3. **ELIGIBILITY:** Program funding is limited and is available on a first-come, first-served basis until program funds are no longer available, or December 31, 2022, whichever comes first. Funds will be reserved on Customer's behalf only upon SDG&E's approval of Customer's Application. Each Project/Projects must meet the following requirements to be eligible for payment of Program incentives ("Incentive(s)"):
 - 1) Project Site must be a nonresidential facility located within SDG&E's service territory;
 - 2) Customer must pay the Public Purpose Program ("PPP") surcharge, Public Goods Charge ("PGC") surcharge or the Gas Demand Side Management ("DSM") surcharge, within SDG&E's service territory, on the gas or electric meter on which the energy efficiency measure listed in the Final Approved Savings Amount table above is installed throughout the Term of this Agreement;
 - 3) Customer must not receive any funds from any other program (technology incentive, energy efficiency, or otherwise) funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the ~~CEC or the~~ California Energy Commission ("CEC") or the California Public Utilities Commission ("CPUC") for the Project or any measure applied for herein. Customer represents and warrants that Customer ~~has~~they have not received and/or will not apply forreceive any funds from any other program funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the CEC or the CPUC for the Project or any measure applied for herein;
 - 4) The Customer-owned facility must be receiving bundled or direct access electric service from SDG&E, must have an Interval Data Recorder (IDR) electrical meter, receiving 15 minute interval data, and must be billed on a SDG&E commercial, industrial or agricultural, Time of Use rate schedule;
 - 5) The demand response measure(s) must:
 - a) Be a commercially available technology; and
 - b) Enable fully automated, dispatchable, load reduction at the Customer-owned facility. (The TI Program will not provide incentives for manual or semi-automated equipment or for load reduction enabled by customer behavior changes).
 - 6) Projects must meet all other Program requirements, terms and conditions.
4. **SUBMITTAL REQUIREMENTS FOR PAYMENT:** Customer shall submit to SDG&E the documents described below to allow SDG&E to determine whether Customer is~~prior to being~~ eligible for payment of any Incentives.
Required documents include the following:
 - 1) This completed and executed Agreement;
 - 2) Complete engineering calculations to demonstrate potential load reduction (kW) and documentation, if applicable (including archival files, if applicable);
 - 3) Schematic drawings and/or manufacturer specification sheets, if applicable;
 - 4) Invoices and/or documentation to support measure costs. Such documents must comply with SDG&E's TI Invoicing Guidelines;
 - 5) Project Installation Report; and
 - 6) Any other documents related to the Project, Project Site, measures, load reduction (kW) or otherwise requested by SDG&E, in its sole discretion.
5. **INSPECTIONS:** Customer is solely responsible for ensuring that SDG&E has reasonable access for all inspections and load shed tests required under the Program, including, but not limited to, the following: (1) pre-installation equipment inspection to examine the existing/baseline equipment and to check the accuracy of Customer's equipment survey; (2) post-installation equipment inspection to check installed equipment and to verify accuracy of Customer's equipment survey; (3) load shed test; and (4) inspection for any other reason that SDG&E, in its sole discretion, deems necessary.
6. **REVIEW AND DISCLAIMER:** SDG&E'S AND/OR ITS CONSULTANTS' REVIEW OF THE DESIGN, CONSTRUCTION, OPERATION OR MAINTENANCE OF THE PROJECT OR DEMAND RESPONSE MEASURES ("DRMs") SHALL NOT CONSTITUTE ANY REPRESENTATION AS TO THE ECONOMIC OR TECHNICAL FEASIBILITY, OPERATIONAL CAPABILITY, OR RELIABILITY OF THE PROJECT OR DRMs, NOR SHALL CUSTOMER, IN ANY WAY, MAKE SUCH A REPRESENTATION REGARDING SDG&E'S REVIEW TO A THIRD PARTY. CUSTOMER IS SOLELY RESPONSIBLE FOR THE ECONOMIC AND TECHNICAL FEASIBILITY, CONSTRUCTION, OPERATIONAL CAPABILITY AND RELIABILITY OF CUSTOMER'S PROJECT AND EEMs. SDG&E MAKES NO WARRANTY CONCERNING THE PROGRAM, THE INCENTIVES, THE PROJECT OR THE DRMs, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, USE OR APPLICATION.
7. **PAYMENTS:** Payments of Incentives will be made only after all Program requirements are met by Customer to SDG&E's sole satisfaction. All authorized payments of Incentives must be payable to the Customer.
 - 7.1 SDG&E retains sole discretion to determine the appropriate baseline values and methodology/calculations used to verify the actual dispatchable load reduction enabled by the installed qualifying technology. Incentives shall only be paid on Projects that result in verifiable load shed due to the approved technology. SDG&E reserves the right to modify or cancel the Incentive amount if the actual measure installed differs from the measure described in Customer's approved Application(s).
 - 7.2 The total Incentive payment shall not exceed the total incentive amount listed in the Final Approved Savings Amount table in this Agreement. The total Incentive payment will be limited by a Customer Project Site Cap of approximately 15% of the average annual ~~2017~~2018-2022 Technology Incentives Budget for the relevant calendar year, and/or the Project Cost Cap of 75% of the total measure costs of the project, whichever is less.

Technology Incentives (TI) Program Project Agreement

- 7.3 The total Incentive payment is based on the calculated demand reduction derived from the actual use of electricity provided by SDG&E. Electricity provided by any party other than SDG&E, including, but not limited to, cogeneration or deliveries from another commodity supplier, do not qualify (with the exception of Direct Access customers or customers paying departing load fees for which SDG&E collects the PPP surcharge, the PGC surcharge and/or the DSM surcharge).
- 7.4 SDG&E will make the applicable Incentive payment to Customer, in one (1) or more installments, only after all required and/or requested documents have been submitted to and approved by SDG&E and the appropriate inspection(s) of the Project or Project Site have been completed to SDG&E's satisfaction.
- 7.5 All Projects and/or measures must be installed within six (6) months of a signed agreement and fully operational within one (1) year from approval date to be eligible for Incentive payments. SDG&E reserves the right to cease making Incentive payments, require the return of Incentive payments and/or terminate this Agreement if the Project(s) is not installed and fully operational one (1) year from the approval date, unless an extension is granted by SDG&E, at its sole discretion.
8. **PAYMENT DISQUALIFICATION:** Any Incentives received by Customer shall be repaid to SDG&E, in whole or in part, as follows:
- 8.1 If Customer fails to pay the PPP surcharge, the PGC surcharge or the DSM surcharge at any time during the Term of this Agreement, Customer shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the energy savings that occurred during the payment of the PPP surcharge, the PGC surcharge or the DSM surcharge.
- 8.2 If Customer does not provide SDG&E with 100% of the related benefits specified in the Application for a period of three (3) years from the Project Installation Report approval date, or the energy benefit to SDG&E ceases **for** any **reasonway** during the three (3) year period from the Project Installation Report approval date, including, but not limited to, Customer and/or the Project Site ceasing to receive electricity service from SDG&E, the measure, equipment and/or Project ceasing to function, or Customer ceasing the use of the equipment, measure or Project Site, Customer shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the actual period of time for which Customer provided the energy benefit.
- 8.3 Customer shall repay any amounts due to SDG&E within thirty (30) calendar days of notification by SDG&E that repayment is required in accordance with Sections 8.1 and 8.2 above. SDG&E shall be entitled to offset against payments owed to Customer any amount due to SDG&E that remains unpaid forty (40) calendar days after SDG&E'S written demand for payment.
9. **TERM AND TERMINATION:** The term of this Agreement shall commence on the last date that a Party executes this Agreement and shall terminate no later than five (5) years from the Project Installation Report approval date, unless terminated earlier pursuant to this Agreement ("Term").
10. **ASSIGNMENT:** Customer consents to SDG&E's assignment of all of SDG&E's rights, duties and obligations under this Agreement to the CPUC and/or its designee. Such assignment **if it occurs** shall relieve SDG&E of all rights, duties and obligations arising under this Agreement. Other than SDG&E's assignment to the CPUC or its designee, neither Party shall assign its rights or delegate its duties without the prior written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation without written consent shall be null and void. Consent to assignment shall not be unreasonably withheld. If an assignment is requested, Customer is obligated to provide additional information if requested by SDG&E.
11. **PERMITS AND LICENSES:** Customer at its own expense shall obtain and maintain and cause its contractors and/or subcontractors to obtain and maintain licenses and permits required by federal, state, local, or other relevant governing or regulatory bodies to perform its work. Any failure by Customer or its contractors and/or subcontractors to maintain necessary licenses and permits constitutes a material breach of Customer's obligations under this Agreement.
12. **ADVERTISING, MARKETING AND USE OF SDG&E'S NAME:** Customer shall not use SDG&E's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including to solicit customers to participate in the Project, without SDG&E's prior written consent. Customer shall make no representations to its customers on behalf of SDG&E.
13. **INDEMNIFICATION:** Customer shall indemnify, defend and hold harmless, and release SDG&E, its affiliates, subsidiaries, parent companies, officers, directors, agents and employees, from and against all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), which arise from or are in any way connected with any: (i) injury to or death of persons, including, but not limited to, employees of SDG&E or Customer; (ii) injury to property or other interests of SDG&E, Customer, or any third party; (iii) violation of local, state, or federal common law, statute, or regulation, including, but not limited to, environmental laws or regulations; or (iv) strict liability imposed by any law or regulation; so long as such injury, violation, or strict liability (as set forth in (i) - (iv) above) arises from or is in any way connected with Customer's **participation in the Program or its** performance of, or failure to perform, this Agreement, however caused, regardless of any strict liability or negligence of SDG&E whether active or passive, excepting only such loss, damage, cost, expense, liability, strict liability, or violation of law or regulation that is caused by the sole negligence or willful misconduct of SDG&E, its officers, managers or employees.
- 13.1 Customer acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from strict liability, or violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs incurred as a result of such releases or spills are expressly within the scope of this indemnity.
- 13.2 Customer shall, on SDG&E's request, defend any action, claim or suit asserting a claim that may be covered by this indemnity. Customer shall pay all costs and expenses that may be incurred by SDG&E in enforcing this indemnity, including reasonable attorney's fees. This indemnity shall survive the termination of this Agreement for any reason.
- 13.3 If this Agreement is assigned pursuant to Section 10.0, Customer agrees that this indemnification shall continue to apply to SDG&E and shall apply to the assignee.
14. **LIMITATION OF LIABILITY:** SDG&E shall not be liable for any special, incidental, indirect, or consequential damages, including without limitation, loss of profits or commitments to subcontractors, and any special, incidental, indirect or consequential damages incurred by Customer, **whether reasonably foreseeable or otherwise.**
15. **WRITTEN NOTICE:** Any written notice, demand or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person or sent by facsimile, email, nationally recognized overnight courier, or first class mail, postage prepaid, to the address specified below, or to another address specified in writing by SDG&E.



Technology Incentives (TI) Program Project Agreement

SDG&E			
Program Manager			
Utility			
Address			
City		State	Zip
Fax Number		Phone Number	
CUSTOMER			
Name			
Company			
Address			
City		State	Zip
Fax Number		Phone Number	

Notices shall be deemed received (a) if personally or hand-delivered, upon the date of delivery to the address of the person to receive such notice if delivered before 5:00 p.m., or otherwise on the Business Day following personal delivery; (b) if mailed, three (3) Business Days after the date the notice is postmarked; (c) if by facsimile or email, upon electronic confirmation of transmission, followed by telephone notification of transmission by the noticing Party; or (d) if by overnight courier, on the Business Day following delivery to the overnight courier within the time limits set by that courier for next-day delivery.

- 16. CONFLICTS BETWEEN TERMS:** Should a conflict exist between this Agreement and the documents incorporated by reference, this Agreement shall control. Should a conflict exist in the documents incorporated by reference, the documents shall control in the following order: 1) Program Manual; 2) SDG&E acceptance letter(s) and incentive estimate(s) based on DRMs as approved in the Application(s); and 3) Customer's approved Application(s). Should a conflict exist between an applicable federal, state, or local law, rule, regulation, order or code and this Agreement, the law, rule, regulation, order or code shall control. Varying degrees of stringency among the main body of this Agreement, the documents incorporated by reference, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any conflict or inconsistency concerning this Agreement.
- 17. MISCELLANEOUS:** This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the State of California, without regard to its conflict of laws and provisions. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect. This Agreement constitutes the entire agreement and understanding between the Parties as to the subject matter of this Agreement and supersedes all prior agreements, representations, writings and discussions between the Parties, whether oral or written, with respect to the subject matter hereof. No amendment, modification or change to this Agreement shall be binding or effective unless expressly set forth in writing and signed by SDG&E's representative authorized to execute the Agreement.
- 18. PAYMENT METHODOLOGY:** The Technology Incentive projects will be paid as follows:
- INCENTIVE PAYMENT:** The incentive is \$200 per kW of verified dispatchable load reduction, not to exceed 75% of the actual, reasonable cost of the installed measure(s) (including the purchase price and any costs associated with installation by a third-party). Any in-house costs associated with installation will not be considered part of the cost of the installed measure(s). Incentive payments can only be distributed to the Customer, customer-named-on-the-Project Agreement.
- ~~The Beginning January 1st, 2017, the~~ payment method of the Technology Incentives program will operate under a split payment method:
- 18.1 Installation Payment:** 60% of the total incentive will be paid after installation, verified load shed test, and upon enrollment in a qualified DR program or rate.
 - 18.2 Performance Payment:** Up to the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the Customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.
 - 18.3 DR Program Enrollment:** Customer must establish enrollment in a DR program or rate by submitting a copy of the enrollment confirmation provided by SDG&E. Prior to issuing the TI incentive, Customer must receive authorization from SDG&E which will occur upon acceptance and verification of DR program enrollment.

RELEASE OF INFORMATION: If the CPUC requests review of this project, SDG&E will provide the CPUC with all of the information requested without further notification to you. If you refuse to allow the CPUC, its staff or its contractors and/or consultants to have access to the project data, this project will be excluded from this Program and ineligible to receive incentives. In the event this project is selected for review, SDG&E will mark the Customer's data as confidential before submitting its files to the CPUC in accordance with California Public Utilities Code Section 583 and CPUC General Order 66-C.

Technology Incentives (TI) Program Project Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth below.

UTILITY

CUSTOMER

By:	By:
Title:	Title:
Name Printed:	Name Printed:
Date:	Date:
Signature:	Signature:

Agreement is to be reviewed and signed by an authorized representative of the Customer. The Agreement should then be returned to SDG&E. Upon receipt, SDG&E will send an email authorizing work on the project (No work is to be performed prior to receipt of the Work Authorization Email.). SDG&E will then execute the Agreement and send a copy to the [CustomerProject](#).

Technology Incentives Program Overview



ABOUT THIS FORM

This Application enables San Diego Gas & Electric Company (SDG&E®) customers to apply for incentives from SDG&E's Technology Incentives Program (~~TI Program~~) for qualifying measurable automated demand response measures. The ~~TI Program~~ Technology Incentives Program offers ~~incentives~~ for the purchase and installation of qualified demand response measures that provide verified, dispatchable, on-peak load reduction at customer-owned facilities. Eligible customers can receive up to ~~\$200~~~~\$300~~ per kW of verified, dispatchable, fully automated on-peak load reduction. The total incentive is limited to the actual, reasonable cost of the installed measure(s).

PROGRAM REQUIREMENTS, RULES, AND PROCESS

CUSTOMER REQUIREMENTS

~~Any To be eligible for a technology incentive from SDG&E's TI Technology Incentives Program, any commercial, industrial, or agricultural customer with a monthly on-peak demand of 20 kilowatts (kW) or greater, servicing the following criteria facilities for which the incentives are being requested, may be eligible for a technology incentive from SDG&E's Technology Incentives Program, if they also satisfy the following requirements must be met:~~

- ~~Customer owned facility must be receiving~~ Receive bundled or direct access electric service from SDG&E, ~~must have appropriate electrical metering that is billed on intervals, receiving 15 minute interval data, and must~~
- BeB billed on a SDG&E commercial, industrial, or agricultural Time of Use rate schedule
- Have appropriate electrical metering billed on intervals, and receive 15-minute interval data.

The demand response measure must be a commercially available technology, and enable fully automated, dispatchable load reduction at the customer-owned facility. Please note:

~~Be a commercially available technology; and~~

- SDG&E's Technology Incentives Program will not provide incentives for manual or semi-automated equipment or for load reduction enabled by customer behavior changes.
- SDG&E, at its sole discretion, SDG&E will conduct one or more site visits to verify actual, dispatchable load reduction
- Customers must accommodate a request for each required on-site visit within five (5) business days ~~of such request.~~

~~Customer must enroll the applicable~~ The Service Account listed on this Application must be enrolled ~~(the Service Account)~~ in at least one of the following SDG&E's ~~qualifying~~ demand response programs and participate per the terms and conditions ~~of such program for a term of~~ for at least 3 years~~*. The following SDG&E demand response programs qualify for purposes of the TI Program's demand response program participation requirement:~~

~~Base Interruptible Program (BIP)~~

- Capacity Bidding Program (CBP)
- Critical Peak Pricing - Default (CPP-D)
- Eligible Pilots
- Other Eligible Demand Response Programs (e.g. Demand Response Auction Mechanism or other programs deemed eligible (DRAM)**)

*If the Service Account ~~is currently participates~~ participates in ~~one of the~~ a qualifying demand response ~~program, programs, listed above, the customer enrollment must continue to participate in such program~~ per the terms and conditions ~~of current program enrollment, and agree to continue such enrollment~~ for a period of at least 3 years from SDG&E's approval of the incentive. Customer is responsible for providing proof of enrollment.

**DRAM: Customer is responsible for providing proof of their registration with the CAISO by their aggregator and SDG&E must be able to verify that their aggregator was awarded a DRAM contract by SDG&E for the time period in which DR enrollment credit is being sought to constitute proof of participation. The customer must provide details for all awards/dispatches for purposes of calculating the 40% performance payment. For years 2-3 of DR participation the customer need only to show/demonstrate their participation in an aggregator program, registration with ISO, and SDG&E must be able to verify their aggregator received DRAM contracts for the years in question.

HOW TO APPLY FOR A TECHNOLOGY INCENTIVE

~~Eligible To request a technology incentive from SDG&E's TI Program, e~~ Eligible customers must complete, sign, and submit this Application ~~to SDG&E along~~ with all required supporting documentation to:

SDG&E

~~Send the signed Application and all required supporting documentation to: SDG&E~~

Attn: ~~TechnologyTATI~~ TechnologyTechnical Incentives

Program Advisor

8335 Century Park Court CP12C San

Diego, CA 92123-1569

or

E-mail to: drp@semprautilities.com

WHAT

~~TATI@semprautilities.com~~ drp@semprautilities.com

NEXT STEPSWHAT TO

EXPECT

1. ~~1.~~ SDG&E will review the Application and work with the Customer and Project Sponsor to clarify and resolve any outstanding issues. ~~request clarification of any necessary information or data.~~
 2. ~~2.~~ ~~Customer will work with SDG&E to resolve any outstanding issues with the Application.~~
 2. ~~23.~~ SDG&E will schedule and perform a pre-inspection at the Site location.
- 3.34 After reviewing the Application ~~SDG&E will review the Application~~ and pre-inspection information, SDG&E will determine if the ~~to determine if the~~ project qualifies ~~qualifies~~ for an incentive, and if approved, will send the ~~form of~~ Project Agreement form to the Customer. ~~Project Sponsor.~~ under

~~the Program. If the project is approved, SDG&E will send the form of Agreement to the Project Sponsor.~~

4. ~~54.~~ The ~~Customer~~Project Sponsor must fill out, ~~and sign, and submit~~ the Agreement form ~~and submit it~~ to SDG&E.
5. ~~65.~~ Upon receipt of a fully completed and executed Agreement, SDG&E will send a "Permission to proceed" notice with installation of the Technology Incentives Program ~~TI~~ measures. (Note: installation of measures prior to receipt of this Permission to Proceed may disqualify the project from participation and may cause forfeiture of potential Technology ~~Incentives~~Incentives~~TI incentives~~.)

Technology Incentives

~~6. Customer/~~Project Application



6. Customer ~~Sponsor~~ purchases and installs the qualifying demand response measure(s).
7. After installation, the ~~Customer/Project Sponsor~~ will notify SDG&E that the measures are installed by submitting an Installation Report (which requires ~~Customer/Project Sponsor~~ to provide proof of purchase and installation of the qualifying demand response measures by attaching the actual invoice from the installer to the report).
8. ~~8~~SDG&E will schedule a Post Inspection and Load Shed Test.
9. ~~9/10~~—Upon completion of the Post Inspection and Load Shed Test, SDG&E will verify the eligible load reduction and calculate the incentive. To enable your participation in the Technology Incentives Program, and to validate incentive payments, SDG&E may share the last 12 months of your energy consumption data and/or billing information with ~~Customer's/your Project Sponsor and/or SDG&E's~~ Technology Incentives contractor. For more information about your energy privacy, including SDG&E's privacy policy and privacy notice, please visit sdge.com/privacy.
- ~~10. 10.~~ SDG&E will verify/send payment to Customer (or to a third party per Customer's enrollment and eligibility in all Demand Response programs before any incentive payments are made.
- ~~10.11. authorization)~~ for the incentive. SDG&E will send payment to the Customer for the incentive. (Only Customers are eligible to receive incentive payments and not third parties).

Questions

QUESTIONS?

Call SDG&E Demand Response Programs at 1-866-377-4735 or email drp@semprautilities.com drp@semprautilities.com

INCENTIVE PAYMENT:

The incentive is up to ~~\$300~~200 per kW of verified dispatchable load reduction, not to exceed 75% of the actual, reasonable cost of the installed measure(s) (including the purchase price and any costs associated with installation by a third-party. Any in-house costs associated with installation will not be considered part of the cost of the installed measure(s).

For approved and inspected projects, the incentive will be paid as follows:

~~•~~ **Payment Methodology:** ~~The Beginning January 1st, 2013, the~~ payment method of the Technology Incentives program will operate under a split payment method:

- **Incentive ~~Installation~~ Payment:** 60% of the total incentive will be paid after installation; verified load shed test and enrollment in a qualified DR program or rate.
- **~~DR program or rate.~~ Performance Payment:** Up to the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based payment/rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.

The ~~IT~~ Technology Incentive Program's incentives are paid on a first-come, first served basis until program funds are no longer available or until the Technology Incentives/Incentive ~~IT~~ Program is terminated, whichever comes first. Only the Project Customer is eligible to receive incentive payments under this program. The Program is administered by SDG&E under the auspices of the California Public Utilities Commission and may be modified or terminated at any time.



A Sempra Energy utility

APPLICATION FORM

CUSTOMER INFORMATION

Customer/CUSTOMER / BUSINESS OWNER / BUILDER / DEVELOPER

Company Name

Company Mailing Address

City

State

ZIP

Contact Name

Title

Contact Telephone Number

Contact Fax Number

E-Mail

Tax Identification Type (Select Only One)

- Federal Tax ID _____
- SSN _____

Tax Status (Select Only One)

- Corporation
- Non-Corp
- Individual
- Exempt

Exempt Reason _____

P

Project Name

Site Address

Contact Name at Project Site

Site Address

Site Address

Electric Account Number

o
f



Technology Incentives (TI) Project Application APPLICATION FORM

Total No. of Floors _____

PROJECT SPONSOR

(Vendor/Contractor/Energy Services Co.) (CUSTOMER TO COMPLETE ONLY IF NOT SELF SPONSORING)

I, Customer, have entered into a contract with the Project Sponsor indicated below for the installation of demand response measures at the project site listed above. I authorize SDG&E to send all correspondence directly to the Project Sponsor specified below.

Company/Business Name of Project Sponsor _____

Address _____ City _____ State _____ ZIP _____

Contact Name _____ Title _____

Contact Telephone Number _____ Contact Fax Number _____ Email Address _____

Contact Name at Project Site _____ Title _____ Contact Phone Number _____

Site Address _____ City _____ State _____ Zip _____

Contact e-mail address _____ Contact FAX _____

PLEASE ANSWER THE FOLLOWING QUESTIONQUESTION.

Was an audit performed to identify measures? Yes, please select one of the following No

- | | | | |
|--------------------------------|--|---|---|
| <input type="checkbox"/> SDG&E | <input type="checkbox"/> SDG&E On-Line Business
Energy Advisor | <input type="checkbox"/> SolutionsSolutions | <input type="checkbox"/> Energy Assessment & CIEEP |
| <input type="checkbox"/> HEEP | <input type="checkbox"/> LEEP | <input type="checkbox"/> Other, please specify: _____ | |



Technology Incentives Project Application APPLICATION FORM

LEAD SOURCE

To be completed by Customer (Not Contractor)

- | | | | |
|--|---|---|--|
| <input type="checkbox"/> Account Executive | <input type="checkbox"/> Contractor/Vendor | <input type="checkbox"/> Email Campaign | <input type="checkbox"/> Other Utility |
| <input type="checkbox"/> Audit | <input type="checkbox"/> Customer Events/Trade Show | <input type="checkbox"/> Energy Innovation Center | <input type="checkbox"/> Previously Participated |
| <input type="checkbox"/> Bill Insert | <input type="checkbox"/> Energy Saving Center | <input type="checkbox"/> Seminar/Outreach | <input type="checkbox"/> SDG&E Website |



A Sempra Energy utility

Technology Incentives (TI) Project Application

APPLICATION FORM

PAYMENT INFORMATION

(To be completed only if check is NOT payable to Customer.)

CHECK SHOULD BE MADE PAYABLE TO:

Payee: Customer / Business Name _____ Telephone Number _____ Fax Number _____

Mailing Address City _____ State _____ ZIP _____

Contact Name _____ Title _____ E-Mail _____

Tax Identification Type (Select Only One)

- Federal Tax ID _____
- SSN _____

Tax Status (Select Only One)

- Corporation _____ Individual _____
- Non-Corp _____ Exempt _____
- Exempt Reason _____



Technology Incentives (TI) Project Application

Incentives are generally considered subsidies for tax purposes and could be taxable. You are urged to consult your tax advisor concerning the taxability of these incentives. Incentives greater than \$600 will be reported to the IRS on Form 1099 unless you have checked corporation or exempt tax status. San Diego Gas & Electric Company (SDG&E) is not responsible for any taxes that may be imposed on your business as a result of your receipt of any incentive.

PAYMENT RELEASE AUTHORIZATION (Customer signs below if incentive is directed to a third party)
As the customer of record, I authorize the incentive payment will be made to the third party named above and I understand that I will not be receiving the incentive check from SDG&E. I also understand that my release of the payment to the third party does not exempt me from the program requirements.

APPLICATION FORM

Customer Authorization: (Please print Name and Title)

Signature _____ Date _____

DR Program Participation Requirement

Customer elects to satisfy the Technology Incentives Program's demand response program participation requirement as follows

(select one): The Service Account is currently participating in one of the qualifying demand response programs listed in this Application, and Customer agrees to continue to participate in such program per program terms and conditions for a period of 3 years from the date the Technology Incentives Program Project Application ~~TI Incentive is approved.~~ Incentives Program Project Application is approved.

The Service Account is not currently participating in any of the qualifying demand response programs. Customer plans to enroll the Service Account in one of the qualifying demand response programs and participate per program terms and conditions for a period of 3 years from the date the Technology Incentives Program Project Application ~~TI Incentive is approved~~ or from the date of enrollment in a qualified DR program, whichever is later. Customer shall send proof of enrollment to the Technology Incentives Program Advisor.

Which demand response program will the Service Account participate in?

- Base Interruptible Program (BIP)
- Capacity Bidding Program (CBP)
- Critical Peak Pricing – Default (CPP-D)
- Eligible Pilots: _____
- Other Eligible Demand Response Program: _____

Application Checklist REEMENT

Application Checklist

Before submitting this Application, please ensure you have included all required documentation, which may include: Completed Application Form

- Completed Application Form
- Open ADR OpenADR 2.0a or 2.0b Certificate. (This ensures the Customer has ADR/ (Automated Demand Response communications technology to receive ADR signals.)
- Calculations of estimated savings per measure Specification sheets for all hardware to be installed Control points for projects (noted in scope of work).
- Calculations of estimated savings per measure Specification sheets for all hardware to be installed Control points for projects (noted in scope of work).
- I understand that I am solely responsible for the selection, purchase and ownership of measures and services under this program. I understand that the demand reduction, incentives and installed costs are estimates only and are subject to change based on SDG&E review and approval.
- I understand that SDG&E has made no representation or warranty regarding the qualifications of the Project Sponsor, and that I am solely responsible for the selection of the Project Sponsor to implement the project.
- I understand that the Project Sponsor is an independent contractor and is not authorized to make any representation on behalf of SDG&E. I agree that SDG&E will have no role in resolving any disputes between me, the Project Sponsor and/or any other third parties.
- I have authority to contract, on behalf of the legal owners of the project site, for installation of the measures and receipt of the requested incentive.. or I have obtained the permission of the legal owner of the project site to install demand response measures under my contract with the Project Sponsor. I understand the program may require inspections and measurements of the performance of measures installed; therefore, I agree to provide access to the project site for those purposes to SDG&E and/or its agents or assigns.



Technology Incentives Project Application



Technology Incentives (TI) Project Application

APPLICATION FORM

CISR Form - Required if Project Sponsor is requesting access to customer's meter data. Must be completed and signed by customer.

~~I understand that I am solely responsible for the selection, purchase and ownership of measures and services under this program. I understand that the demand reduction, incentives and installed costs are estimates only and are subject to change based on SDG&E review and approval. I understand that SDG&E has made no representation or warranty regarding the qualifications of the Project Sponsor, and that I am solely responsible for the selection of the Project Sponsor to implement the project. I understand that the Project Sponsor is an independent contractor and is not authorized to make any representation on behalf of SDG&E. I agree that SDG&E will have no role in resolving any disputes between me, the Project Sponsor and/or any other third parties.~~

~~I have authority to contract, on behalf of the legal owners of the project site, for installation of the measures, or I have obtained the permission of the legal owner of the project site to install demand response measures under my contract with the Project Sponsor. I understand the program may require inspections and measurements of the performance of measures installed; therefore, I agree to provide access to the project site for those purposes to SDG&E and/or its agents or assigns.~~

~~A separate Technology Incentives Agreement will be provided for signature by the Project Sponsor upon approval by SDG&E.~~

As ~~an~~ qualified SDG&E customer, I certify that the indicated demand reduction measures are for use in my business facility and not for resale. I agree to provide SDG&E with documents establishing paid proof of purchase for the measures applied for in this application package and product installations. I understand the incentive ~~payments~~ payments are based on the related demand reduction as determined by the Load Shed Test and applicable performance measurement. I agree that if (1) I do not provide SDG&E with 100% of the related energy benefits by enrolling the full demand reduction in a qualified SDG&E Demand Response program for a period of three (3) years from receipt of the incentive, whichever is less, or (2) I cease to be a customer of SDG&E during said time period, I shall refund a prorated amount of incentive dollars to SDG&E based on the actual period of time for which I provided the related energy benefits as a customer of SDG&E.

~~I understand that I provided the related energy benefits as a customer of SDG&E.~~

~~The customer~~ may receive an incentive payment of up to \$~~200300~~ 300/kW of verified load reduction, not to exceed the cost of the project. This program has a limited budget. Applications are accepted on a first-come, first-served basis until program funds are no longer available, or December 31, ~~2018-2022~~ 2017-2014, whichever comes first. This program is funded by California utility customers and administrated by SDG&E under the auspices of the California Public Utilities Commission. This program may be modified or terminated without prior notice.

SDG&E MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, USE OR APPLICATION WITH RESPECT TO ANY INCENTIVES, MEASURES, AND/OR TECHNOLOGIES DESCRIBED HEREIN, AND ASSUMES NO LIABILITY, WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, RELIABILITY OR EFFICIENCY OF ANY MEASURE INSTALLED OR COMPONENTS THEREOF, AND SDG&E EXPRESSLY DISCLAIMS ANY SUCH REPRESENTATION, WARRANTY OR LIABILITY. I AGREE TO INDEMNIFY SAN DIEGO GAS & ELECTRIC, ITS AFFILIATES, SUBSIDIARIES, PARENT COMPANY, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES AGAINST ALL LOSS, DAMAGE, EXPENSE, FEES, COSTS AND LIABILITY ARISING FROM ANY CLAIMS, SUITS, OR DEMAND RELATED TO OR IN CONNECTION WITH ANY MEASURES INSTALLED.

SDG&E shall not be liable for any special, incidental, indirect, or consequential damages, including without limitation, loss of profits or commitments to subcontractors, and any special, incidental, indirect or consequential damages incurred by ~~Project Sponsor or~~ Customer.



Technology Incentives (TI) Project Application

I have read and understand the program requirements and terms and conditions set forth in this application package and agree to abide by such requirements and terms and conditions. I certify that the information provided in this application package is true, correct and complete in all respects and that the project(s) for which I am requesting incentive(s) meet the program requirements set forth in this application package. I understand and agree that I must meet all eligibility criteria in order to receive a payment under this program. I agree that I have not received rebates, incentives or services for the same measures from other utilities, state or local programs funded by the Public Goods Charge.

RELEASE OF INFORMATION: If the CPUC requests review of your project, SDG&E will provide the CPUC with all of the information requested without further notification to you. If you refuse to allow the CPUC, its staff or its contractors and/or consultants to have access to your data, you will not be allowed to participate, and you will be ineligible to receive any program incentives. Please note that if you designated a Customer project sponsor, a similar notification has been forwarded to them as well. In the event your project is selected for review, SDG&E will mark your incentive and project data as confidential before submitting your files to the CPUC in accordance with California Public Utilities Code Section 583 and CPUC General Order 66-C.

A separate Technology Incentives Agreement will be provided for signature by the Project Sponsor upon approval by SDG&E.

Customer Signature

Date

Customer Contact Name (Print)

Title

Company Name



Technology Incentives Project Application Measure Summary - Attachment 1

Project Name: _____ Customer: _____

DEMAND RESPONSE LOAD REDUCTION SUMMARY

Provide brief description of each measure. The total measure cost includes, but is not limited to, audits, design, engineering, construction, materials, permits, fees, overhead and labor. Provide costs for each measure. Please note that kW values must match the calculations provided.

Measure No.	Demand Response Measure	Baseline (kW)	Post Retrofit (kW)	Estimated Curtailable Load (kW)	Estimated Equipment Cost	Estimated Installation Cost	Estimated Other Cost	Estimated Total Cost
1								\$
2								\$
3								\$
4								\$
5								\$
6								\$
7								\$
8								\$
9								\$
10								\$

Total Estimated Dispatchable Load Reduction: _____ Estimated Total Project Cost: \$ _____

Incentive Rate: x \$~~2002300~~/kW

Maximum Incentive: \$ _____



~~Technology Incentives (TI) Project Application Facility Information – Attachment 2~~

Please use one Attachment 2 sheet per facility/location. Make and attach as many copies of this page as necessary

FACILITY/LOCATION INFORMATION			
Building Type:	<input type="checkbox"/> Low Rise <input type="checkbox"/> Campus <input type="checkbox"/> High Rise <input type="checkbox"/> Other	#of Floors:	Age of Facility:
Facility Type:	<input type="checkbox"/> Owner <input type="checkbox"/> Both <input type="checkbox"/> Tenant ___% Tenants	Operations Schedule:	Provide hours of operations for office and/or production facility and shift schedules. Specifically identify schedules during weekdays between 11 am and 6 pm
Energy Management System	Does the facility have an Energy Management System. If Yes, please provide the Manufacturer, Model #, Purchase Date, and description of points control by this system and the control schedule.		

CURRENT DEMAND RESPONSE PROGRAM PARTICIPANT?	
NO — YES (If Yes, Complete Below)	
Specify Programs	<input type="checkbox"/> BIP <input type="checkbox"/> Capacity Bidding <input type="checkbox"/> CPP-D <input type="checkbox"/> Other, please specify _____
Required Load Reduction	Provide Required Load Reductions. This includes the Firm Service Level for BIP, Optional Binding Mandatory Curtailment Program and/or current demand reduction bids for CPA-DRP.
Current Demand Response Procedures	Provide procedures that are currently in place to curtail energy during SDGE sponsored demand response events.

ADDITIONAL INFORMATION & COMMENTS
Provide any additional information that would be helpful in explaining the operations of the facility.



Technology Incentives (TI) Project Application

Please use the form below for each proposed Demand Response Measure. Make and attach additional copies as necessary. Additionally, please provide applicable backup (engineering calculations, spec sheets, etc.)



Measure Detail - Attachment 3

Measure No.: _____
 Measure Name: _____

INSTALLED DEMAND RESPONSE EQUIPMENT INFORMATION

Technology Description	Describe the demand response equipment that has been purchase and installed at the facility. Be sure to provide Manufacturer, Model Number, number of units and all other applicable information.		
Projected Reduction	Max kW _____ Avg Max kW _____	Load-Reduction-Time Period	Identify the time period that the technology will be activated.
Load Reduction Calculation Description	Describe the methodology used to determine the Max kW and Avg Max kW reduction provide by the Demand Response Equipment. If spot metering was used, provide where and when measurement occurred.		

ENERGY USING SYSTEM INFORMATION

Energy Using System Description	Describe the energy using system that will be control by the new demand response equipment (i.e. HVAC System for 30,000 sq foot conditioned warehouse).
Energy Using System Location	Describe the energy using system location within the facility
Hours of Operation Usage Strategy	Describe the hours and schedule of operations of this energy using system.

SELECT ENERGY SYSTEM TYPE AND PROVIDE ALL APPLICABLE FACTORS (Only Complete Type A or Type B)

Type A - HVAC and Process Systems

Type A	Type:	Heating and AC _____	Process Systems _____	Energy Systems _____	Other _____
	Unit ID	Volts		Load Factor/Duty Cycle	Max kW Per Unit
	Horse Power	Running Amps		# of Units	Motor Efficiency

or
Type B - Lighting

Type B	Type:	Lighting _____	Lighting Panels _____	
	Floor #	Circuit #	Watts per Fixture	Voltage
	Panel ID/Room #	SPC Code	# of Fixtures	Measured Amps

ADDITIONAL INFORMATION & COMMENTS

Provide additional information that would be helpful.

Technology Incentives (TI) Program Project Agreement



CUSTOMER INFORMATION

CUSTOMER / BUSINESS OWNER / BUILDER / DEVELOPER

Company Name _____

Company Mailing Address _____ City _____ State _____ ZIP _____

Contact Name _____ Title _____

Contact Telephone Number _____ Contact Fax Number _____ Email _____

Tax Identification Type (Select Only One): _____ Federal Tax ID: _____ SSN: _____

Tax Status (Select Only One): Corporation Individual Non-Corp Exempt Exempt Reason: _____

PROJECT SITE INFORMATION

(Site of ~~Retrofit~~ Installation / Project)

Project Name _____

Site Address _____ City _____ State _____ ZIP _____

Contact Name at Project Site _____ Contact Phone Number _____ Contact Email Address _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Total Sq. Ft of Facility _____ Years since built or last major renovation _____

CONTRACTED MEASURES, LOAD DROP, AND INCENTIVE

Measure No.	Demand Response Measure (Technology)	Estimated Curtailable Load (kW)	Estimated Total Cost
1			\$
2			\$
3			\$
4			\$
5			\$
6			\$
7			\$
8			\$
9			\$
10			\$

Total Estimated Dispatchable Load Reduction: _____ Estimated Total Project Cost: \$ _____

~~x \$300~~ 200/kW

Maximum TI Incentive (based on load reduction): \$ _____ Reduction in incentive due to Cost Cap: \$ _____

TI Incentive Rate: x \$200/kW

Maximum TI Incentive under this Agreement: \$ _____

TERMS AND CONDITIONS:

This Technology Incentives ("Agreement") is entered into by San Diego Gas & Electric Company ("SDG&E") and _____ (the "~~Customer~~~~Project Sponsor~~"). SDG&E and ~~Customer~~~~Project Sponsor~~ may be individually referred to as a "Party" and collectively as the "Parties."

1. **PROJECT DESCRIPTION:** This Agreement is limited to the ~~2018-2022~~~~2012-2014~~~~2015-2016~~~~2017~~ Technology Incentives Project(s) ("Project(s)") described on the ~~2018-2022~~~~2017~~ Technology Incentives Program ("Program") Application executed by ~~Customer~~~~Project Sponsor~~ and all forms attached thereto ("~~Application~~~~Ap- plication~~") and incorporated by reference into this Agreement. As stated in the Application, SDG&E shall ~~only pay~~ ~~Customer~~~~pay~~ ~~Project Sponsor, or such other party properly authorized to receive payment,~~ incentives in accordance with the terms and conditions of this Agreement.
2. **DOCUMENTS INCORPORATED BY REFERENCE:** The following documents are hereby incorporated by reference and made part of this Agreement:
 - 1) The Application, ~~and~~
 - 2) SDG&E acceptance letter(s) or email(s) of the demand reduction measures proposed in the Application. ~~, and~~
 3. ~~The Technology Incentives Policy Manual ("Policy Manual").~~
3. **ELIGIBILITY:** Program funding is limited and is available on a ~~first~~~~first~~-come, ~~first~~~~first~~-served basis until program funds are no longer available, or December 31, ~~2022~~~~2014~~~~2016~~~~2017~~, whichever comes first. Funds will be reserved ~~on Customer's behalf~~ only upon SDG&E's approval of ~~Customer's~~~~the~~ Application. ~~Each~~ Project must meet the following requirements to be eligible for payment of Program incentives ("Incentive(s)"):
 - 1) Project Site must be a nonresidential facility located within SDG&E's service territory;
 - 2) Customer must pay the Public Purpose Program ("PPP") surcharge, Public Goods Charge ("PGC") surcharge or the Gas Demand Side Management ("DSM") surcharge, within SDG&E's service territory, on the gas or electric meter on which the energy efficiency measure listed in the Final Approved Savings Amount table above is installed throughout the Term of this Agreement;
 - 3) ~~Project Sponsor and~~ Customer must not receive any funds from any other program (technology incentive, energy efficiency, or otherwise) funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the California Energy Commission ("CEC") or the California Public Utilities Commission ("CPUC") for the Project or any measure applied for herein. ~~Customer~~~~Project Sponsor~~ represents and warrants that ~~neither Project Sponsor nor~~ Customer has ~~not~~ received ~~and/or~~ will ~~not apply for receive any~~ funds from any other program funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the CEC or the CPUC for the Project or any measure applied for herein;
 - 4) The Customer-owned facility must be receiving bundled or direct access electric service from SDG&E, must have an Interval Data Recorder (IDR) electrical meter, receiving 15 minute interval data, and must be billed on a SDG&E commercial, industrial or agricultural, Time of Use rate schedule;
 - 5) The demand response measure(s) must:
 - a) Be a commercially available technology; and
 - b) Enable fully automated, dispatchable, load reduction at the Customer-owned facility. (The TI Program will not provide incentives for manual or semi-automated equipment or for load reduction enabled by customer behavior changes). ~~and~~
 - 6) Projects must meet all other Program requirements, terms and conditions.
4. **SUBMITTAL REQUIREMENTS FOR PAYMENT:** ~~Customer—Project Sponsor~~ shall submit to SDG&E the documents described below ~~to allow SDG&E to determine whether Customer is~~ ~~prior to being~~ eligible for payment of any Incentives.

Required documents include the following:

 - 1) This completed and executed Agreement;
 - 2) Complete engineering calculations to demonstrate potential ~~energy savings /~~ load reduction (kW) and documentation, if applicable (including archival files, if applicable);
 - 3) Schematic drawings and/or manufacturer specification sheets, if applicable;
 - 4) Invoices and/or documentation to support measure costs. Such documents must comply with SDG&E's TI Invoicing Guidelines;
 - 5) Project Installation Report; and
 - 6) Any other documents related to the Project, Project Site, measures, ~~energy savings (~~load reduction (kW) or otherwise requested by SDG&E, in its sole discretion.
5. **INSPECTIONS:** ~~Customer—Project Sponsor~~ is solely responsible for ensuring that SDG&E has reasonable access for all inspections and load shed tests required under the Program, including, but not limited to, the following: (1) pre-installation equipment inspection to examine the existing/baseline equipment and to check the accuracy of ~~Customer's~~~~Project Sponsor's~~ equipment survey; (2) post-installation equipment inspection to check installed equipment and to verify accuracy of ~~Customer's~~~~Project Sponsor's~~ equipment survey; (3) load shed test; and (4) inspection for any other reason that SDG&E, in its sole discretion, deems necessary.
6. **REVIEW AND DISCLAIMER:** SDG&E'S AND/OR ITS CONSULTANTS' REVIEW OF THE DESIGN, CONSTRUCTION, OPERATION OR MAINTENANCE OF THE PROJECT OR DEMAND RESPONSE MEASURES ("DRMs") SHALL NOT CONSTITUTE ANY REPRESENTATION AS TO THE ECONOMIC OR TECHNICAL FEASIBILITY, OPERATIONAL CAPABILITY, OR RELIABILITY OF THE PROJECT OR DRMs, NOR SHALL ~~CUSTOMER~~~~PROJECT SPONSOR~~, IN ANY WAY, MAKE SUCH A REPRESENTATION ~~REGARDING SDG&E'S REVIEW~~ TO A THIRD PARTY. ~~PROJECT SPONSOR~~ IS SOLELY RESPONSIBLE FOR THE ECONOMIC AND TECHNICAL FEASIBILITY, CONSTRUCTION, OPERATIONAL CAPABILITY AND RELIABILITY OF ~~CUSTOMER'S~~~~PROJECT SPONSOR'S~~ PROJECT AND EEMS. SDG&E MAKES NO WARRANTY ~~CONCERNING THE PROGRAM, THE INCENTIVES, THE PROJECT OR THE DRMs~~, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, USE OR APPLICATION.
7. **PAYMENTS:** Payments of Incentives will be made only after all Program requirements are met by ~~Customer~~~~Project Sponsor~~ to SDG&E's sole satisfaction. ~~All authorized payments of Incentives must be payable to the Customer. Project Sponsors are not eligible to receive incentive payments unless the Customer Self Sponsors the Project. Project Sponsor may authorize payment of the Incentives to Customer, and Customer may authorize payment of the Incentives to Project Sponsor. Such authorization is strictly between Customer and Project Sponsor and may be revoked or modified at any time by providing written notification to SDG&E specifying the change. Should a dispute arise regarding the authorization, the most recently dated written communication or authorization shall govern.~~

7.1 SDG&E retains sole discretion to determine the appropriate baseline values and methodology/calculations used to verify the actual dispatchable load reduction enabled by the installed qualifying technology. Incentives shall only be paid on Projects that result in verifiable load shed due to the approved technology.

SDG&E reserves the right to modify or cancel the Incentive amount if the actual measure installed differs from the measure described in Customer's Project Sponsor's approved Application(s).

- 7.2 The total Incentive payment shall not exceed the total incentive amount listed in the Final Approved Savings Amount table in this Agreement. The total Incentive payment will be limited by a Customer Project Site Cap of approximately 15% of the average annual Technology Incentives Budget for the relevant calendar year, and/or the Project Cost Cap of 75% of the total measure costs of the project, whichever is less.



2014-2015 and 2016-2017

Technology Incentives (TI) Program

Project Agreement

Cost Cap of 100% of the total measure costs of the Project which ever is less.

Budget for the relevant calendar year, and/or the
A B Sempra Energy utility
SEMpra ENERGY utility

- 7.3 The total Incentive payment is based on the calculated demand reduction derived from the actual use of electricity provided by SDG&E. Electricity provided by any party other than SDG&E, including, but not limited to, cogeneration or deliveries from another commodity supplier, do not qualify (with the exception of Direct Access customers or customers paying departing load fees for which SDG&E collects the PPP surcharge, the PGC surcharge and/or the DSM surcharge).
- 7.4 SDG&E will make the applicable Incentive payment to ~~Customer~~ the designated payee, in one (1) or more installments, only after all required and/or requested documents have been submitted to and approved by SDG&E and the appropriate inspection(s) of the Project or Project Site have been completed to SDG&E's satisfaction.
- 7.5 All Projects and/or measures must be installed within six (6) months of a signed agreement and fully operational within one (1) year ~~three (3) years~~ from approval date to be eligible for Incentive payments. SDG&E reserves the right to cease making Incentive payments, require the return of Incentive payments and/or terminate this Agreement if the Project(s) is not installed and fully operational one (1) year ~~three (3) years~~ from the approval date, unless an extension is granted by SDG&E, at its sole discretion.
8. **PAYMENT DISQUALIFICATION:** Any Incentives received by ~~Customer~~ Project Sponsor shall be repaid to SDG&E, in whole or in part, as follows:
- 8.1 If Customer fails to pay the PPP surcharge, the PGC surcharge or the DSM surcharge at any time during the Term of this Agreement, ~~Customer~~ Project Sponsor shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the energy savings that occurred during the payment of the PPP surcharge, the PGC surcharge or the DSM surcharge.
- 8.2 If ~~Customer~~ (1) Project Sponsor does not provide SDG&E with 100% of the related ~~benefits specified~~ benefits specified in the Application for a period of three (3) years from the Project Installation Report approval date, or ~~(2) the energy benefit to SDG&E ceases~~ for any reason during the three (3) year period from the Project Installation Report approval date, including, but not limited to, Customer and/or the Project Site ceasing to receive electricity service from SDG&E, the measure, equipment and/or Project ceasing to function, or Customer ceasing the use of the equipment, measure or Project Site, ~~Customer~~ Project Sponsor shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the actual period of time for which Customer provided the energy benefit.
- 8.3 ~~Customer~~ Project Sponsor shall repay any amounts due to SDG&E within thirty (30) calendar days of notification by SDG&E that repayment is required in accordance with Sections 8.1 and 8.2 above. SDG&E shall be entitled to offset against payments owed to ~~Customer~~ Project Sponsor any amount due to SDG&E that remains unpaid forty (40) calendar days after SDG&E'S written demand for payment.
9. **TERM AND TERMINATION:** The term of this Agreement shall commence on the last date that a Party executes this Agreement and shall terminate no later than five (5) years from the Project Installation Report approval date, unless terminated earlier pursuant to this Agreement ("Term").
10. **ASSIGNMENT:** ~~Customer~~ Project Sponsor consents to SDG&E's assignment of all of SDG&E's rights, duties and obligations under this Agreement to the CPUC and/or its designee. Such assignment if it occurs shall relieve SDG&E of all rights, duties and obligations arising under this Agreement. Other than SDG&E's assignment to the CPUC or its designee, neither Party shall assign its rights or delegate its duties without the prior written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation without written consent shall be null and void. Consent to assignment shall not be unreasonably withheld. If an assignment is requested, ~~Customer~~ Project Sponsor is obligated to provide additional information if requested by SDG&E.
11. **PERMITS AND LICENSES:** ~~Customer~~ Project Sponsor, at its own expense, shall obtain and maintain and cause its contractors and/or subcontractors to obtain and maintain licenses and permits required by federal, state, local, or other relevant governing or regulatory bodies to perform its work. Any failure by ~~Customer~~ Project Sponsor or its contractors and/or subcontractors to maintain necessary licenses and permits constitutes a material breach of ~~Customer's~~ Project Sponsor's obligations under this Agreement.
12. **ADVERTISING, MARKETING AND USE OF SDG&E'S NAME:** ~~Customer~~ Project Sponsor shall not use SDG&E's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including to solicit customers to participate in the Project, without SDG&E's prior written consent. ~~Customer~~ Project Sponsor shall make no representations to its customers on behalf of SDG&E.
13. **INDEMNIFICATION:** ~~Customer~~ Project Sponsor shall indemnify, defend and hold harmless, and release SDG&E, its affiliates, subsidiaries, parent companies, officers, directors, agents and employees, from and against all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), which arise from or are in any way connected with any: (i) injury to or death of persons, including, but not limited to, employees of SDG&E or ~~Customer~~ Project Sponsor; (ii) injury to property or other interests of SDG&E, ~~Customer~~ Project Sponsor, or any third party; (iii) violation of local, state, or federal common law, statute, or regulation, including, but not limited to, environmental laws or regulations; or (iv) strict liability imposed by any law or regulation; so long as such injury, violation, or strict liability (as set forth in (i) - (iv) above) arises from or is in any way connected with Customer's participation in the Program or its Project Sponsor's performance of, or failure to perform, this Agreement, however caused, regardless of any strict liability or negligence of SDG&E whether active or passive, excepting only such loss, damage, cost, expense, liability, strict liability, or violation of law or regulation that is caused by the sole negligence or willful misconduct of SDG&E, its officers, managers or employees.
- 13.1 ~~Customer~~ Project Sponsor acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from strict liability, or violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs incurred as a result of such releases or spills are expressly within the scope of this indemnity.
- 13.2 ~~Customer~~ Project Sponsor shall, on SDG&E's request, defend any action, claim or suit asserting a claim that may be covered by this indemnity. ~~Customer~~ Project Sponsor shall pay all costs and expenses that may be incurred by SDG&E in enforcing this indemnity, including reasonable attorney's fees. This indemnity shall survive the termination of this Agreement for any reason.
- 13.3 If this Agreement is assigned pursuant to Section 10.0, ~~Customer~~ Project Sponsor agrees that this indemnification shall continue to apply to SDG&E and shall apply to the assignee.
14. **LIMITATION OF LIABILITY:** SDG&E shall not be liable for any special, incidental, indirect, or consequential damages, including without limitation, loss of profits or commitments to subcontractors, and any special, incidental, indirect or consequential damages incurred by ~~Project Sponsor or Customer~~, whether reasonably foreseeable or otherwise.
15. **WRITTEN NOTICE:** Any written notice, demand or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person or sent by facsimile, email, nationally recognized overnight courier, or first class mail, postage prepaid, to the address specified below, or to another address specified in writing by SDG&E.



Technology Incentives (TI) Program Project Agreement



Technology Incentives (TI) Program Technology Incentives (TI) Program Project Agreement Project Agreement

SDG&E			
<u>Program Manager</u>			
<u>Utility</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax Number</u>		<u>Phone Number</u>	
CUSTOMER/PROJECT SPONSOR			
<u>Name</u>			
<u>Company</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax Number</u>		<u>Phone Number</u>	

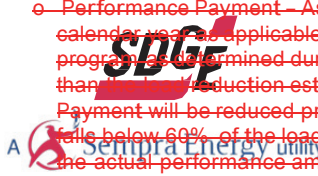
SDG&E			
<u>Program Manager</u>			
<u>Utility</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax # (facsimile)</u>		<u>Phone # (facsimile)</u>	
PROJECT SPONSOR			
<u>Name</u>			
<u>Company</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax # (facsimile)</u>		<u>Phone # (facsimile)</u>	

Notices shall be deemed received (a) if personally or hand-delivered, upon the date of delivery to the address of the person to receive such notice if delivered before 5:00 p.m., or otherwise on the Business Day following personal delivery; (b) if mailed, three (3) Business Days after the date the notice is postmarked; (c) if by facsimile or email, upon electronic confirmation of transmission, followed by telephone notification of transmission by the noticing Party; or (d) if by overnight courier, on the Business Day following delivery to the overnight courier within the time limits set by that courier for next-day delivery.

16. **CONFLICTS BETWEEN TERMS:** Should a conflict exist between this Agreement and the documents incorporated by reference, this Agreement shall control. Should a conflict exist in the documents incorporated by reference, the documents shall control in the following order: 1) Program Manual; 2) SDG&E acceptance letter(s) and incentive estimate(s) based on DRMs as approved in the Application(s); and 3) ~~Customer's Project Sponsor's~~ approved Application(s). -Should a conflict exist between an applicable federal, state, or local law, rule, regulation, order or code and this Agreement, the law, rule, regulation, order or code shall control. -Varying degrees of stringency among the main body of this Agreement, the documents incorporated by reference, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any conflict or inconsistency concerning this Agreement.

17. **MISCELLANEOUS:** This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the State of California, without regard to its conflict of laws and provisions. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect. This Agreement constitutes the entire agreement and understanding between the Parties as to the subject matter of this Agreement and supersedes all prior agreements, representations, writings and discussions between the Parties, whether oral or written, with respect to the subject matter hereof. No amendment, modification or change to this Agreement shall be binding or effective unless expressly set forth in writing and signed by SDG&E's representative authorized to execute the Agreement.

18. **PAYMENT METHODOLOGY:** The Technology Incentive projects will be paid as follows:
 - ~~For customers who have completed a load shed test and provided proof of enrollment in a DR program by December 31st, 2012, the Technology Incentives Program will pay 100% of the incentive at that time.~~
 - ~~Beginning January 1st, 2013, the payment method of the Technology Incentives program will operate under a split payment method:~~
 - ~~o Installation Payment - 60% of the total incentive will be paid after installation, load shed test, and upon enrollment in a qualified DR program or rate.~~

 **Technology Incentives (TI) Program Project Agreement**

~~o Performance Payment – As much as the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the Customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. (Note: If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.)~~

~~• Customer must establish enrollment in a DR program or rate by submitting a copy of the enrollment confirmation provided by SDG&E. Prior to issuing the TI incentive, Project Sponsor must receive authorization from SDG&E which will occur upon acceptance and verification of DR program enrollment.~~

INCENTIVE PAYMENT: The incentive is \$200 per kW of verified dispatchable load reduction, not to exceed 75% of the actual, reasonable cost of the installed measure(s) (including the purchase price and any costs associated with installation by a third-party). Any in-house costs associated with installation will not be considered part of the cost of the installed measure(s). Incentive payments can only be distributed to the Customer customer named on the Project Agreement.

The Beginning January 1st, 2017, the payment method of the Technology Incentives program will operate under a split payment method:

18.1 Installation Payment: 60% of the total incentive will be paid after installation, verified load shed test, and upon enrollment in a qualified DR program or rate.

18.2 Performance Payment: Up to the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the Customer's customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.

18.3 DR Program Enrollment: Customer must establish enrollment in a DR program or rate by submitting a copy of the enrollment confirmation provided by SDG&E. Prior to issuing the TI incentive, Customer Project Sponsor must receive authorization from SDG&E which will occur upon acceptance and verification of DR program enrollment.

RELEASE OF INFORMATION: If the CPUC requests review of this project, SDG&E will provide the CPUC with all of the information requested without further notification to you. If you refuse to allow the CPUC, its staff or its contractors and/or consultants to have access to the project data, this project will be excluded from this Program and ineligible to receive incentives. In the event this project is selected for review, SDG&E will mark the Customer's your data as confidential before submitting its files to the CPUC in accordance with California Public Utilities Code Section 583 and CPUC General Order 66-C.



Technology Incentives (TI) Program Project Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth below.

UTILITY

CUSTOMER

<u>UTILITY</u>	<u>PROJECT SPONSOR</u>
<u>By:</u>	<u>By:</u>
<u>Title:</u>	<u>Title:</u>
<u>Name Printed:</u>	<u>Name Printed:</u>
<u>Date:</u>	<u>Date:</u>
<u>Signature:</u>	<u>Customer Signature:</u>

<u>UTILITY</u>	<u>PROJECT SPONSOR</u>
<u>By:</u>	<u>By:</u>
<u>Title:</u>	<u>Title:</u>
<u>Name Printed:</u>	<u>Name Printed:</u>
<u>Date:</u>	<u>Date:</u>

Agreement is to be reviewed and signed by an authorized representative of the Customer, Project Sponsor. The Agreement should then be returned to SDG&E.- Upon receipt, SDG&E will send an email authorizing work on the project (No work is to be performed prior to receipt of the Work Authorization Email.). SDG&E will then execute the Agreement and send a copy to the Customer.

Technology Incentives (TI) Program Project Agreement



CUSTOMER INFORMATION

CUSTOMER / BUSINESS OWNER / BUILDER / DEVELOPER

Company Name _____

Company Mailing Address _____ City _____ State _____ ZIP _____

Contact Name _____ Title _____

Contact Telephone Number _____ Contact Fax Number _____ Email _____

Tax Identification Type (Select Only One): _____ Federal Tax ID: _____ SSN: _____

Tax Status (Select Only One): Corporation Individual Non-Corp Exempt Exempt Reason: _____

PROJECT SITE INFORMATION

(Site of ~~Retrofit~~ Installation / Project)

Project Name _____

Site Address _____ City _____ State _____ ZIP _____

Contact Name at Project Site _____ Contact Phone Number _____ Contact Email Address _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____ Electric Account Number _____

Total Sq. Ft of Facility _____ Years since built or last major renovation _____

CONTRACTED MEASURES, LOAD DROP, AND INCENTIVE

Measure No.	Demand Response Measure (Technology)	Estimated Curtailable Load (kW)	Estimated Total Cost
1			\$
2			\$
3			\$
4			\$
5			\$
6			\$
7			\$
8			\$
9			\$
10			\$

Total Estimated Dispatchable Load Reduction: _____ Estimated Total Project Cost: \$ _____

~~x \$300~~ **x \$200/kW**

Maximum TI Incentive (based on load reduction): \$ _____ Reduction in incentive due to Cost Cap: \$ _____

TI Incentive Rate: **x \$200/kW**

Maximum TI Incentive under this Agreement: \$ _____

TERMS AND CONDITIONS:

This Technology Incentives ("Agreement") is entered into by San Diego Gas & Electric Company ("SDG&E") and _____ (the "~~Customer~~~~Project Sponsor~~"). SDG&E and ~~Customer~~~~Project Sponsor~~ may be individually referred to as a "Party" and collectively as the "Parties."

1. **PROJECT DESCRIPTION:** This Agreement is limited to the ~~2018-2022~~~~2012-2014~~~~2015-2016~~~~2017~~ Technology Incentives Project(s) ("Project(s)") described on the ~~2018-2022~~~~2017~~ Technology Incentives Program ("Program") Application executed by ~~Customer~~~~Project Sponsor~~ and all forms attached thereto ("~~Application~~~~Ap- plication~~") and incorporated by reference into this Agreement. As stated in the Application, SDG&E shall ~~only pay~~ ~~Customer~~~~pay~~ ~~Project Sponsor, or such other party properly authorized to receive payment,~~ incentives in accordance with the terms and conditions of this Agreement.
2. **DOCUMENTS INCORPORATED BY REFERENCE:** The following documents are hereby incorporated by reference and made part of this Agreement:
 - 1) The Application, ~~and~~
 - 2) SDG&E acceptance letter(s) or email(s) of the demand reduction measures proposed in the Application, ~~and~~
 3. ~~The Technology Incentives Policy Manual ("Policy Manual").~~
3. **ELIGIBILITY:** Program funding is limited and is available on a ~~first~~~~first~~-come, ~~first~~~~first~~-served basis until program funds are no longer available, or December 31, ~~2022~~~~2014~~~~2016~~~~2017~~, whichever comes first. Funds will be reserved ~~on Customer's behalf~~ only upon SDG&E's approval of ~~Customer's~~~~the~~ Application. ~~Each~~ Project must meet the following requirements to be eligible for payment of Program incentives ("Incentive(s)"):
 - 1) Project Site must be a nonresidential facility located within SDG&E's service territory;
 - 2) Customer must pay the Public Purpose Program ("PPP") surcharge, Public Goods Charge ("PGC") surcharge or the Gas Demand Side Management ("DSM") surcharge, within SDG&E's service territory, on the gas or electric meter on which the energy efficiency measure listed in the Final Approved Savings Amount table above is installed throughout the Term of this Agreement;
 - 3) ~~Project Sponsor and~~ Customer must not receive any funds from any other program (technology incentive, energy efficiency, or otherwise) funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the California Energy Commission ("CEC") or the California Public Utilities Commission ("CPUC") for the Project or any measure applied for herein. ~~Customer~~~~Project Sponsor~~ represents and warrants that ~~neither Project Sponsor nor~~ Customer has ~~not~~ received ~~and/or~~ will ~~not apply for receive any~~ funds from any other program funded by the PPP surcharge, PGC surcharge or the DSM surcharge, the CEC or the CPUC for the Project or any measure applied for herein;
 - 4) The Customer-owned facility must be receiving bundled or direct access electric service from SDG&E, must have an Interval Data Recorder (IDR) electrical meter, receiving 15 minute interval data, and must be billed on a SDG&E commercial, industrial or agricultural, Time of Use rate schedule;
 - 5) The demand response measure(s) must:
 - a) Be a commercially available technology; and
 - b) Enable fully automated, dispatchable, load reduction at the Customer-owned facility. (The TI Program will not provide incentives for manual or semi-automated equipment or for load reduction enabled by customer behavior changes).~~and~~
 - 6) Projects must meet all other Program requirements, terms and conditions.
4. **SUBMITTAL REQUIREMENTS FOR PAYMENT:** ~~Customer—Project Sponsor~~ shall submit to SDG&E the documents described below ~~to allow SDG&E to determine whether Customer is~~~~prior to being~~ eligible for payment of any Incentives.

Required documents include the following:

 - 1) This completed and executed Agreement;
 - 2) Complete engineering calculations to demonstrate potential ~~energy savings /~~ load reduction (kW) and documentation, if applicable (including archival files, if applicable);
 - 3) Schematic drawings and/or manufacturer specification sheets, if applicable;
 - 4) Invoices and/or documentation to support measure costs. Such documents must comply with SDG&E's TI Invoicing Guidelines;
 - 5) Project Installation Report; and
 - 6) Any other documents related to the Project, Project Site, measures, ~~energy savings (~~load reduction (kW) or otherwise requested by SDG&E, in its sole discretion.
5. **INSPECTIONS:** ~~Customer—Project Sponsor~~ is solely responsible for ensuring that SDG&E has reasonable access for all inspections and load shed tests required under the Program, including, but not limited to, the following: (1) pre-installation equipment inspection to examine the existing/baseline equipment and to check the accuracy of ~~Customer's~~~~Project Sponsor's~~ equipment survey; (2) post-installation equipment inspection to check installed equipment and to verify accuracy of ~~Customer's~~~~Project Sponsor's~~ equipment survey; (3) load shed test; and (4) inspection for any other reason that SDG&E, in its sole discretion, deems necessary.
6. **REVIEW AND DISCLAIMER:** SDG&E'S AND/OR ITS CONSULTANTS' REVIEW OF THE DESIGN, CONSTRUCTION, OPERATION OR MAINTENANCE OF THE PROJECT OR DEMAND RESPONSE MEASURES ("DRMs") SHALL NOT CONSTITUTE ANY REPRESENTATION AS TO THE ECONOMIC OR TECHNICAL FEASIBILITY, OPERATIONAL CAPABILITY, OR RELIABILITY OF THE PROJECT OR DRMs, NOR SHALL ~~CUSTOMER~~~~PROJECT SPONSOR~~, IN ANY WAY, MAKE SUCH A REPRESENTATION ~~REGARDING SDG&E'S REVIEW~~ TO A THIRD PARTY. ~~PROJECT SPONSOR~~ IS SOLELY RESPONSIBLE FOR THE ECONOMIC AND TECHNICAL FEASIBILITY, CONSTRUCTION, OPERATIONAL CAPABILITY AND RELIABILITY OF ~~CUSTOMER'S~~~~PROJECT SPONSOR'S~~ PROJECT AND EEMS. SDG&E MAKES NO WARRANTY ~~CONCERNING THE PROGRAM, THE INCENTIVES, THE PROJECT OR THE DRMs~~, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, USE OR APPLICATION.
7. **PAYMENTS:** Payments of Incentives will be made only after all Program requirements are met by ~~Customer~~~~Project Sponsor~~ to SDG&E's sole satisfaction. ~~All authorized payments of Incentives must be payable to the Customer. Project Sponsors are not eligible to receive incentive payments unless the Customer Self Sponsors the Project. Project Sponsor may authorize payment of the Incentives to Customer, and Customer may authorize payment of the Incentives to Project Sponsor. Such authorization is strictly between Customer and Project Sponsor and may be revoked or modified at any time by providing written notification to SDG&E specifying the change. Should a dispute arise regarding the authorization, the most recently dated written communication or authorization shall govern.~~
 - 7.1 SDG&E retains sole discretion to determine the appropriate baseline values and methodology/calculations used to verify the actual dispatchable load reduction enabled by the installed qualifying technology. Incentives shall only be paid on Projects that result in verifiable load shed due to the approved technology.

SDG&E reserves the right to modify or cancel the Incentive amount if the actual measure installed differs from the measure described in Customer's Project Sponsor's approved Application(s).

- 7.2 The total Incentive payment shall not exceed the total incentive amount listed in the Final Approved Savings Amount table in this Agreement. The total Incentive payment will be limited by a Customer Project Site Cap of approximately 15% of the average annual Technology Incentives Budget for the relevant calendar year, and/or the Project Cost Cap of 75% of the total measure costs of the project, whichever is less.



2014-2015 and 2016-2017

Technology Incentives (TI) Program

Project Agreement

Cost Cap of 100% of the total measure costs of the Project which ever is less.

Budget for the relevant calendar year, and/or the
A B Sempra Energy utility
Sempra Energy utility

- 7.3 The total Incentive payment is based on the calculated demand reduction derived from the actual use of electricity provided by SDG&E. Electricity provided by any party other than SDG&E, including, but not limited to, cogeneration or deliveries from another commodity supplier, do not qualify (with the exception of Direct Access customers or customers paying departing load fees for which SDG&E collects the PPP surcharge, the PGC surcharge and/or the DSM surcharge).
- 7.4 SDG&E will make the applicable Incentive payment to ~~Customer~~ ~~the designated payee~~, in one (1) or more installments, only after all required and/or requested documents have been submitted to and approved by SDG&E and the appropriate inspection(s) of the Project or Project Site have been completed to SDG&E's satisfaction.
- 7.5 All Projects and/or measures must be installed ~~within six (6) months of a signed agreement~~ and fully operational ~~within one (1) year~~ ~~three (3) years~~ from approval date to be eligible for Incentive payments. SDG&E reserves the right to cease making Incentive payments, require the return of Incentive payments and/or terminate this Agreement if the Project(s) is not installed and fully operational ~~one (1) year~~ ~~three (3) years~~ from the approval date, unless an extension is granted by SDG&E, at its sole discretion.
8. **PAYMENT DISQUALIFICATION:** Any Incentives received by ~~Customer~~ ~~Project Sponsor~~ shall be repaid to SDG&E, in whole or in part, as follows:
- 8.1 If Customer fails to pay the PPP surcharge, the PGC surcharge or the DSM surcharge at any time during the Term of this Agreement, ~~Customer~~ ~~Project Sponsor~~ shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the energy savings that occurred during the payment of the PPP surcharge, the PGC surcharge or the DSM surcharge.
- 8.2 If ~~Customer~~ ~~(1) Project Sponsor~~ does not provide SDG&E with 100% of the related ~~benefits specified~~ ~~benefits specified~~ in the Application for a period of three (3) years from the Project Installation Report approval date, or ~~(2)~~ the energy benefit to SDG&E ceases ~~for~~ ~~any~~ ~~reason~~ ~~way~~ during the three (3) year period from the Project Installation Report approval date, including, but not limited to, Customer and/or the Project Site ceasing to receive electricity service from SDG&E, the measure, equipment and/or Project ceasing to function, or Customer ceasing the use of the equipment, measure or Project Site, ~~Customer~~ ~~Project Sponsor~~ shall refund to SDG&E any prorated amount of the Incentive dollars that SDG&E determines must be repaid, in its sole discretion, based on the actual period of time for which Customer provided the energy benefit.
- 8.3 ~~Customer~~ ~~Project Sponsor~~ shall repay any amounts due to SDG&E within thirty (30) calendar days of notification by SDG&E that repayment is required in accordance with Sections 8.1 and 8.2 above. SDG&E shall be entitled to offset against payments owed to ~~Customer~~ ~~Project Sponsor~~ any amount due to SDG&E that remains unpaid forty (40) calendar days after SDG&E'S written demand for payment.
9. **TERM AND TERMINATION:** The term of this Agreement shall commence on the last date that a Party executes this Agreement and shall terminate no later than five (5) years from the Project Installation Report approval date, unless terminated earlier pursuant to this Agreement ("Term").
10. **ASSIGNMENT:** ~~Customer~~ ~~Project Sponsor~~ consents to SDG&E's assignment of all of SDG&E's rights, duties and obligations under this Agreement to the CPUC and/or its designee. Such assignment ~~if it occurs~~ shall relieve SDG&E of all rights, duties and obligations arising under this Agreement. Other than SDG&E's assignment to the CPUC or its designee, neither Party shall assign its rights or delegate its duties without the prior written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation without written consent shall be null and void. Consent to assignment shall not be unreasonably withheld. If an assignment is requested, ~~Customer~~ ~~Project Sponsor~~ is obligated to provide additional information if requested by SDG&E.
11. **PERMITS AND LICENSES:** ~~Customer~~ ~~Project Sponsor~~, at its own expense, shall obtain and maintain and cause its contractors and/or subcontractors to obtain and maintain licenses and permits required by federal, state, local, or other relevant governing or regulatory bodies to perform its work. Any failure by ~~Customer~~ ~~Project Sponsor~~ or its contractors and/or subcontractors to maintain necessary licenses and permits constitutes a material breach of ~~Customer's~~ ~~Project Sponsor's~~ obligations under this Agreement.
12. **ADVERTISING, MARKETING AND USE OF SDG&E'S NAME:** ~~Customer~~ ~~Project Sponsor~~ shall not use SDG&E's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including to solicit customers to participate in the Project, without SDG&E's prior written consent. ~~Customer~~ ~~Project Sponsor~~ shall make no representations to its customers on behalf of SDG&E.
13. **INDEMNIFICATION:** ~~Customer~~ ~~Project Sponsor~~ shall indemnify, defend and hold harmless, and release SDG&E, its affiliates, subsidiaries, parent companies, officers, directors, agents and employees, from and against all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), which arise from or are in any way connected with any: (i) injury to or death of persons, including, but not limited to, employees of SDG&E or ~~Customer~~ ~~Project Sponsor~~; (ii) injury to property or other interests of SDG&E, ~~Customer~~ ~~Project Sponsor~~, or any third party; (iii) violation of local, state, or federal common law, statute, or regulation, including, but not limited to, environmental laws or regulations; or (iv) strict liability imposed by any law or regulation; so long as such injury, violation, or strict liability (as set forth in (i) - (iv) above) arises from or is in any way connected with ~~Customer's participation in the Program or its~~ ~~Project Sponsor's~~ performance of, or failure to perform, this Agreement, however caused, regardless of any strict liability or negligence of SDG&E whether active or passive, excepting only such loss, damage, cost, expense, liability, strict liability, or violation of law or regulation that is caused by the sole negligence or willful misconduct of SDG&E, its officers, managers or employees.
- 13.1 ~~Customer~~ ~~Project Sponsor~~ acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from strict liability, or violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs incurred as a result of such releases or spills are expressly within the scope of this indemnity.
- 13.2 ~~Customer~~ ~~Project Sponsor~~ shall, on SDG&E's request, defend any action, claim or suit asserting a claim that may be covered by this indemnity. ~~Customer~~ ~~Project Sponsor~~ shall pay all costs and expenses that may be incurred by SDG&E in enforcing this indemnity, including reasonable attorney's fees. This indemnity shall survive the termination of this Agreement for any reason.
- 13.3 If this Agreement is assigned pursuant to Section 10.0, ~~Customer~~ ~~Project Sponsor~~ agrees that this indemnification shall continue to apply to SDG&E and shall apply to the assignee.
14. **LIMITATION OF LIABILITY:** SDG&E shall not be liable for any special, incidental, indirect, or consequential damages, including without limitation, loss of profits or commitments to subcontractors, and any special, incidental, indirect or consequential damages incurred by ~~Project Sponsor or~~ ~~Customer~~, ~~whether reasonably foreseeable or otherwise~~.
15. **WRITTEN NOTICE:** Any written notice, demand or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person or sent by facsimile, email, nationally recognized overnight courier, or first class mail, postage prepaid, to the address specified below, or to another address specified in writing by SDG&E.



Technology Incentives (TI) Program Project Agreement



Technology Incentives (TI) Program Technology Incentives (TI) Program Project Agreement Project Agreement

SDG&E			
<u>Program Manager</u>			
<u>Utility</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax Number</u>		<u>Phone Number</u>	
CUSTOMER/PROJECT SPONSOR			
<u>Name</u>			
<u>Company</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax Number</u>		<u>Phone Number</u>	

SDG&E			
<u>Program Manager</u>			
<u>Utility</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax # (facsimile)</u>		<u>Phone # (facsimile)</u>	
PROJECT SPONSOR			
<u>Name</u>			
<u>Company</u>			
<u>Address</u>			
<u>City</u>		<u>State</u>	<u>Zip</u>
<u>Fax # (facsimile)</u>		<u>Phone # (facsimile)</u>	

Notices shall be deemed received (a) if personally or hand-delivered, upon the date of delivery to the address of the person to receive such notice if delivered before 5:00 p.m., or otherwise on the Business Day following personal delivery; (b) if mailed, three (3) Business Days after the date the notice is postmarked; (c) if by facsimile or email, upon electronic confirmation of transmission, followed by telephone notification of transmission by the noticing Party; or (d) if by overnight courier, on the Business Day following delivery to the overnight courier within the time limits set by that courier for next-day delivery.

16. **CONFLICTS BETWEEN TERMS:** Should a conflict exist between this Agreement and the documents incorporated by reference, this Agreement shall control. Should a conflict exist in the documents incorporated by reference, the documents shall control in the following order: 1) Program Manual; 2) SDG&E acceptance letter(s) and incentive estimate(s) based on DRMs as approved in the Application(s); and 3) ~~Customer's Project Sponsor's~~ approved Application(s). -Should a conflict exist between an applicable federal, state, or local law, rule, regulation, order or code and this Agreement, the law, rule, regulation, order or code shall control. -Varying degrees of stringency among the main body of this Agreement, the documents incorporated by reference, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any conflict or inconsistency concerning this Agreement.

17. **MISCELLANEOUS:** This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the State of California, without regard to its conflict of laws and provisions. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect. This Agreement constitutes the entire agreement and understanding between the Parties as to the subject matter of this Agreement and supersedes all prior agreements, representations, writings and discussions between the Parties, whether oral or written, with respect to the subject matter hereof. No amendment, modification or change to this Agreement shall be binding or effective unless expressly set forth in writing and signed by SDG&E's representative authorized to execute the Agreement.

18. **PAYMENT METHODOLOGY:** The Technology Incentive projects will be paid as follows:
 - ~~For customers who have completed a load shed test and provided proof of enrollment in a DR program by December 31st, 2016, the Technology Incentives Program will pay 100% of the incentive at that time.~~
 - ~~Beginning January 1st, 2013, the payment method of the Technology Incentives program will operate under a split payment method:~~
 - ~~o Installation Payment - 60% of the total incentive will be paid after installation, load shed test, and upon enrollment in a qualified DR program or rate.~~

- o ~~Performance Payment – As much as the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the Customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. (Note: If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.)~~
- ~~Customer must establish enrollment in a DR program or rate by submitting a copy of the enrollment confirmation provided by SDG&E. Prior to issuing the TI incentive, Project Sponsor must receive authorization from SDG&E which will occur upon acceptance and verification of DR program enrollment.~~

INCENTIVE PAYMENT: The incentive is \$200 per kW of verified dispatchable load reduction, not to exceed 75% of the actual, reasonable cost of the installed measure(s) (including the purchase price and any costs associated with installation by a third-party). Any in-house costs associated with installation will not be considered part of the cost of the installed measure(s). Incentive payments can only be distributed to the Customer customer named on the Project Agreement.

The Beginning January 1st, 2017, the payment method of the Technology Incentives program will operate under a split payment method:

- 18.1 Installation Payment:** 60% of the total incentive will be paid after installation, verified load shed test, and upon enrollment in a qualified DR program or rate.
- 18.2 Performance Payment:** Up to the remaining 40% of the total incentive will be paid at the end of the first Demand Response season or calendar year as applicable to the program or rate. This performance-based rate is based on the actual amount of participation in the DR program as determined during the DR season. The full 40% incentive balance will be paid if the Customer's customer's participation is equal to or greater than the load reduction estimated by the load shed test. If the actual performance is less than the estimated load reduction, the Performance Payment will be reduced proportionally with the measured load reduction during the DR program season. If the actual performance falls below 60% of the load shed test amount, SDG&E will invoice the customer for the difference between the paid Installation Payment and the actual performance amount.
- 18.3 DR Program Enrollment:** Customer must establish enrollment in a DR program or rate by submitting a copy of the enrollment confirmation provided by SDG&E. Prior to issuing the TI incentive, Customer Project Sponsor must receive authorization from SDG&E which will occur upon acceptance and verification of DR program enrollment.

RELEASE OF INFORMATION: If the CPUC requests review of this project, SDG&E will provide the CPUC with all of the information requested without further notification to you. If you refuse to allow the CPUC, its staff or its contractors and/or consultants to have access to the project data, this project will be excluded from this Program and ineligible to receive incentives. In the event this project is selected for review, SDG&E will mark the Customer's your data as confidential before submitting its files to the CPUC in accordance with California Public Utilities Code Section 583 and CPUC General Order 66-C.



Technology Incentives (TI) Program Project Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth below.

UTILITY

CUSTOMER

<u>UTILITY</u>	<u>PROJECT SPONSOR</u>
<u>By:</u>	<u>By:</u>
<u>Title:</u>	<u>Title:</u>
<u>Name Printed:</u>	<u>Name Printed:</u>
<u>Date:</u>	<u>Date:</u>
<u>Signature:</u>	<u>Customer Signature:</u>

<u>UTILITY</u>	<u>PROJECT SPONSOR</u>
<u>By:</u>	<u>By:</u>
<u>Title:</u>	<u>Title:</u>
<u>Name Printed:</u>	<u>Name Printed:</u>
<u>Date:</u>	<u>Date:</u>

Agreement is to be reviewed and signed by an authorized representative of the Customer, Project Sponsor. The Agreement should then be returned to SDG&E.- Upon receipt, SDG&E will send an email authorizing work on the project (No work is to be performed prior to receipt of the Work Authorization Email.). SDG&E will then execute the Agreement and send a copy to the Customer.



SCHEDULE AFP

ARMED FORCES PILOT

~~SCHEDULE AFP~~

APPLICABILITY

The Armed Forces Pilot (AFP) is a Day-Of Auto Demand Response pilot that offers incentives to all branches of the Armed Forces in SDG&E's service territory for reducing energy consumption and demand during a specific Demand Response Event described in the Special Conditions (SC) below. Direct Access customers must have their Energy Service Provider (ESP) grant SDG&E permission to bid their energy use into the CAISO market in order to participate in the pilot

TERRITORY

Within the entire territory served by the Utility.

RATES

1. Load Reduction Capacity Incentive, Day-Of Pilot Option (\$/kW-month):

The AFP Capacity Incentive Payment is calculated as defined in SC 17. The Utility will make AFP Incentive Payments only for those hours of Accepted Demand Reduction, as set forth in SC 17.

Product	May	Jun	Jul	Aug	Sep	Oct
4 hour	\$2.33	\$6.28	\$13.64	\$16.86	\$11.13	\$3.36

SPECIAL CONDITIONS:

1. Definitions: The definitions of terms used in this schedule are found either herein or in Rule 1, Definitions.
2. Pilot Operation:
 - a) The Pilot's operational season is May 1st through October 31st.
 - b) A maximum of 6 events can be called per month. Demand Response events can be triggered on any day of the pilot operational season.
 - c) The Pilot's operational days are Monday through Friday during the Pilot's operational season, excluding Utility holidays, as defined in SC 2.a above.
 - d) The Pilot's operational hours are from 1:00 pm to 6:00 pm during each of the Pilot's operational days. Events are not to exceed 4 hours in duration on any given event day.
 - e) Each operational month of the Pilot begins and ends at the beginning and ending of such calendar month.
 - f) Capacity Bid: A Capacity Bid is the amount of MW per hour (MWh usage) that a customer commits to reduce for each hour of a month.
 - g) For each hour between 1:00 pm and 6:00 pm the customer must submit their bid for a minimum demand reduction of 2.0MW.
 - h) Customers must complete an Enrollment Application with the Utility and must provide all required information to participate in the pilot. Enrollment Applications are deemed accepted when all required information has been provided by the customer and validated by the Utility.

Advice Ltr. No. _____

Lee Schavrien Dan Skopec
Senior Vice President of Regulatory

Issued by _____
Effective _____

Decision No. _____

Resolution No. _____



SCHEDULE AFP

Sheet 2

ARMED FORCES PILOT

SPECIAL CONDITIONS (Continued)

3. Account Submission: Customers must submit all participating accounts, meters and projected load per meter by the 15th of the prior operational month during the pilot's cycle to ~~the SDG&E staff using the AFP Bid template found in Schedule 1.~~
4. Qualifying Customer: This Schedule is applicable, in combination with a customer's otherwise applicable tariff(s), on a voluntary basis, to customers who are considered an Armed Forces branch of the federal or state government, including those that are Direct Access and Community Choice Aggregation customers, who are capable of providing at least 2.0 MW of load reduction based on the customer's specific baseline.
 - a) At the time of enrollment a customer may elect any number of Auto Demand Response (ADR) enabled, billable meters to choose from for the purposes of qualification and settlement, but for an event the customer will identify the qualifying meters for purposes of bidding. ~~using the AFP Bid template found in Schedule 1.~~
 - b) Once a customer's Capacity Bid has been accepted, the accepted bid shall not subsequently be rejected by the Utility, but payment shall continue to be based on the customer's actual performance, as measured by the Actual Demand Reduction.
 - c) SDG&E retains sole discretion to determine the appropriate baseline values and methodology/calculations used to verify the actual dispatchable load reduction enabled by the installed qualifying ADR technology.
 - d)

<u>Day-Of Product</u>	<u>Minimum Duration per Event</u>	<u>Maximum Duration per Event</u>	<u>Maximum Cumulative Event Duration Per Operational Month</u>	<u>Maximum Events Per Day</u>
4 Hour	4 hours	4 hours	24 hours in May 24 hours in June 24 hours in July 24 hours in August 24 hours in September 24 hours in October	1

5. Billable Meter: A billable meter represents the meter data used for the purpose of calculating a customer's UDC rate charges. In the event that a customer's meter data is combined for the purpose of calculating UDC charges a billable meter number represents the combined meter data.

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SCHEDULE AFP

Sheet 4

ARMED FORCES PILOT

SPECIAL CONDITIONS (Continued)

6. Interruptible Period: Each interruptible period ("Event") shall be the period of time during which the Utility has informed the Participant to curtail energy consumption by use of a communications process utilizing equipment described in AFP Events and Pilot Triggers Special Condition 7.
7. AFP Events and Pilot Triggers: An AFP event may be triggered when the heat rate is greater than or equal to 19,000 btu/kWh. Whenever the California Independent System Operator has issued an alert or warning notice, the California Independent System Operator shall be entitled to request that the utility, at its discretion, call a pilot event pursuant to this Schedule. AFP events may also be triggered as warranted by extreme system conditions, local emergencies, or local transmission and distribution needs.
8. Customer Specific Baseline:

- a. Customer Specific Baseline Weekdays: For customers enrolled in the pilot, the preliminary baseline for any given operational hour is defined as the consumption for that hour for the average of the ten (10) similar days immediately preceding the Event excluding weekends, holidays, days when a customer reduced load, in response to a Demand Response event and days in which the customer experienced a rotating outage.

The adjusted baseline will be calculated by multiplying the preliminary baseline by a day-of adjustment factor. The day-of Adjustment factor will be calculated by dividing the average load using a two hour adjustment window commencing at least 4 hours prior to the event by the average load for the same hours of the preliminary baseline. This day-of Adjustment factor shall not exceed 1.40 and shall be no less than 0.6.

The customer specific baseline will be equal to the adjusted baseline unless the customer request that the preliminary baseline be used instead at the time bid is submitted.

- b. Billable Meters Aggregation: If a customer chooses to aggregate billable meters for the purposes of qualification and settlement then a customer specific baseline will be calculated for each billable meter.

9. Actual Demand Reduction: The Actual Demand Reduction for any given operational hour equals the difference between the Customer Specific Baseline and the recorded hourly MW consumption (MWh) during an AFP event hour. If a customer chooses to aggregate billable meters for the purposes of qualification and settlement the actual demand reduction will be equal to the sum of the actual demand reductions from the billable meters.

If the use of sub metering in accordance with SC 20 is accepted by the utility then the actual demand reduction for any given operation hour will be equal to 85% of the difference between the Customer Specific Baseline and the recorded hourly MW consumption (MWh) during an AFP event hour.

10. Event Communications: The Utility will notify customer of an AFP Demand Response event no later than 180 (One Hundred Eighty) minutes prior to event execution. Notification will be via email. Customer will be responsible to send an ADR signal to customer devices behind the customer firewall.

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San Diego Gas & Electric Company
San Diego, California

_____ Cal. P.U.C. Sheet No. _____

Canceling _____ Cal. P.U.C. Sheet No. _____

- a) Notification Equipment: A customer requesting to receive AFP Event notifications using email must, at its own expense, have access to the internet and shall be responsible for providing the Utility with a valid and accurate e-mail address.

(Continued)

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SCHEDULE AFP

ARMED FORCES PILOT

SPECIAL CONDITIONS (Continued)

- 11. Event Cancellation: SDG&E may terminate an event in the case where the Utility or CAISO cancels its' Alert or Warning or more advanced CAISO Notice (Stage 2 or 3 Emergency) or in the event of extreme conditions.
- 12. Multiple Program Participation: Since this is a capacity payment program similar to SDG&E's Capacity Bidding Program, the rules for Capacity Bidding dual participation found in SDG&E's Rule 41 will apply to this Pilot.
- 13. Termination of Schedule: This Schedule is in effect until modified or terminated through the Utility's Demand Response s portfolio application or similar proceeding.
- 14. Failure to Reduce Energy: Financial penalties will be assessed under this Schedule for a customer's failure to comply or participate during a Demand Bidding Event per SC 17,a ii.
- 15. Dispute Resolution: Any dispute arising from the provision of service under this schedule or other aspects of the Demand Bidding Pilot will be handled as provided for in the Utility's Rule 10, Disputes.
- 16. Direct Access / Community Choice Aggregation: DA or CCA customers with the Appropriate Electric Metering, returning to bundled Utility service, shall default to this Schedule on the date that service commences under the Bundled Portfolio Service after the expiration of their six-month advance notice, as set forth in Rules 25.1 and 27, respectively.
- 17. Capacity / Incentive Payment and Non-Performance Penalties: Payments of Incentives will be made only after all Pilot requirements are met by the customer to SDG&E's sole satisfaction. The Utility will provide the Incentive Payment as an annual Check no later than December 31st of the pilot year.-
 - a) Load Reduction Incentive Payment:
 - i. If the Utility does not call an Event during an operational month, the amount of the Load Reduction Incentive Payment for such operational month is calculated by summing, for each Product nominated in such operational month, the product of the Nominated Load Reduction for such nominated Product and the Load Reduction Incentive Payment rate as set forth in the table above for such nominated Product.
 - ii. If the Utility calls one or more Events during an operational month, the amount of the Load Reduction Incentive Payment for such operational month is calculated by summing the Adjusted Event Capacity Payment Amounts for each Product nominated in such operational month, which is calculated as follows: The "Unadjusted Hourly Event Capacity Payment Amount" for each Product nominated in such operational month is equal to the product of the Nominated Load Reduction for such nominated Product and the Load Reduction Incentive Payment rate as set forth in the table below for such nominated Product, divided by the number of Event hours called during such operational month, and the "Adjusted Event Capacity Payment Amount" for each such Product nominated in such operational month is calculated based on the Actual Load Reduction for such Product in such operational month:

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SCHEDULE AFP

ARMED FORCES PILOT

SPECIAL CONDITIONS (Continued)

<u>Actual Load Reduction for such Product</u>	<u>Adjusted Event Capacity Payment Amount for such Product</u>
More than 100 percent of Nominated Load Reduction for such Product	Payment equal to 100 percent of Unadjusted Event Capacity Payment Amount for such Product
75 – 100 percent of Nominated Load Reduction for such Product	Payment calculated by prorating between 75 and 100 percent of Unadjusted Event Capacity Payment Amount for such Product
25 – 74.99 percent of Nominated Load Reduction for such Product	Zero (0)
Less than 25 percent of Nominated Load Reduction for such Product	Penalty equal to (.25 minus Actual Reduction divided by Nominated Load reduction) multiplied by the Unadjusted Event Capacity Payment Amount.

i. If the Load Reduction Incentive Payment amount as calculated above yields an amount less than zero (i.e. a penalty amount), then such penalty amount shall be payable by Participant to the Utility in accordance with the Disbursement of Payments SC 18.

18. **Disbursement of Payments Customers:** For customers participating directly with the Utility, the AFP incentive will be calculated based on the customer's Actual Load Reduction. In no case will a customer receive a credit payment for a given hour if it does not meet the minimum energy reduction threshold, as nominated in the monthly Load Reduction Nomination. Any Incentive Payments, as well as all other amounts, charges, penalties and fees due and payable in respect of this Pilot, to or from customers participating in the Pilot will be paid by the Utility within 60 days after the end of the event operating season.

a) **Failure to Pay:** In the event a participating customer fails to pay any amounts to the Utility as and when due, the rules governing such failure to pay, and the Utility's and such customer's rights and obligations therewith, as set forth in the Utility's tariff will apply.

19. **Metering Requirement:** The customer's electric meter must be an interval data recorder or smart meter with communications capability, compatible with the Utility's meter reading and communications systems and/or from alternative metering and telecommunications acceptable to the Utility. If alternative metering and telecommunications are accepted by the utility are the capacity incentive will be reduced by 15%.

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SCHEDULE AFP

ARMED FORCES PILOT

SPECIAL CONDITIONS (Continued)

- 20. Use of Sub-metering: The SDG&E meter data for the accounts listed in SC 4 a), above may also include energy use from facilities that are not participating in the Schedule AFP. In order to more accurately estimate the load reduction from the participating facilities SDG&E will allow the customer to submit meter data from customer-owned meters for the purposes of distinguishing the energy use of participating and non-participating facilities.

Within 30 days of an AFP event the customer may submit the customer's interval meter data for non-participating facilities to SDG&E. Meter data for the event day as well as for the previous 30 days should be included. Along with the interval data the customer will also submit a list of which customer meters are associated with which SDG&E meters.

The meter data will be reviewed by SDG&E. If the data is accepted by SDG&E the data will be used in the calculation of the AFP incentive. Customers enrolled in the Pilot may, at their discretion, submit data from a test event for SDG&E to evaluate the quality of sub-meter data prior to an actual demand response event in the Pilot. In accordance with the alternative metering option in SC 19, the capacity incentive will be reduced by 15% if data from customer owned meters is used. If the customer does not submit data or the metering data is rejected by SDG&E then the AFP incentive will be calculated using the SDG&E meter data associated with the accounts listed in SC 4, a).

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SCHEDULE 1

Program: Armed Forces Pilot

Customer: Armed Forces

Event Date:

	Account #	Event Month	HE14	HE15	HE16	HE17	HE18	HE19
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-

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Cal. P.U.C. Sheet No. _____

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12	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-
Total MW/Hr Bid:			0	0	0	0	0

Attach additional Customer Account Information sheets to this contract if required. (Sheet _____ of _____)

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Issued by
Dan Skopec
Vice President of Regulatory

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ARMED FORCES PILOT
2017 CONTRACT

This "Contract" is made and entered into by and between San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E" and _____, a Bundled, Direct Access or CCA Customer, hereinafter referred to as "Customer", and jointly, or individually, referred to as "Parties" or "Party".

RECITALS

WHEREAS, Customer is herein requesting to take service on SDG&E Tariff Schedule Armed Forces Program Pilot-DO, Armed Forces Program Pilot ("Schedule AFP"), attached hereto as **Attachment C**, on a voluntary basis without penalty.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

I. TERM

This Contract shall become effective when fully executed by both parties. ~~The "Effective Date" of the Contract shall be the date of signature by the last signing party. The term of this This Cccontract shall be remain from the Effective Date January 1st~~ through December 31st, 2017, unless terminated earlier according to the terms herein.

II. DEMAND REDUCTION BID

Pursuant to the terms of Schedule AFP, Customer shall voluntarily provide Demand Bids to SDG&E upon receipt of notice from SDG&E of an Demand Response Event (all as defined within Schedule AFP).

III. PROGRAM COMMITMENT

Schedule AFP is a demand/energy bidding program that offers incentives to any branch of the Armed Forces for reducing energy consumption and demand during a specific Demand Response Event. This Schedule is in effect until modified or terminated through the Utility's Demand Response Programs portfolio application or similar proceeding.

Customer shall qualify for Schedule AFP if Customer is capable of providing at least a 2.0 MW load reduction based on its specific baseline. At the time of enrollment, Customer may choose to aggregate as many as qualify billable meters and unlimited number of meters for individual bids for the purposes of qualification and settlement. Customer shall reduce its energy consumption when requested at times when an SDG&E system emergency or statewide emergencies are declared by the California Independent System Operator (CAISO).

IV. ASSIGNMENT

Customer shall not assign this Contract without prior written consent of SDG&E. Any such assignment shall be automatically void.

V. DISPUTE RESOLUTION

Any dispute that cannot be resolved between the Parties shall be settled by means of conference, mediation, arbitration and/or litigation as provided for herein.

The first step in the dispute resolution process shall be a conference by which the dispute is referred to a designated officer of each Party for resolution. If those two officers cannot reach an agreement within a reasonable period of time, the Parties shall submit the dispute to mediation.

The second step in the dispute resolution process shall be mediation between the Parties in accordance with the Commercial Rules of the American Arbitration Association. If the dispute is not resolved by the mediation, the Parties shall submit the dispute to arbitration or litigation. Should the Parties not agree on arbitration, both Parties agree that jurisdiction of any claim or suit hereunder shall be limited to the courts of appropriate jurisdiction located within the County of San Diego, State of California. Both Parties hereby submit to the exclusive personal jurisdiction of such courts.

Notwithstanding the foregoing, if Customer is a **federal governmental authority or agency**, jurisdiction of any claim or suit hereunder shall be heard within the courts of appropriate federal jurisdiction.

In any action in litigation to enforce or interpret any of the terms of this Contract, the prevailing Party shall be entitled to recover from the unsuccessful Party all costs, expenses, (including expert testimony) and reasonable attorneys' fees (including fees and disbursements of in-house and outside counsel) incurred therein by the prevailing Party, to the extent permissible by law or authorized by specific federal statutory authority, as applicable.

VI. DISCLAIMER OF WARRANTY

No promise, representation, warranty, or covenant not included in this Contract has been, or is relied on by either Party. Each Party has relied on its own examination of this Contract, the counsel of its own advisors, and the warranties, representations, and covenants in the Contract itself.

VII. INDEMNIFICATION

Customer shall indemnify, defend and hold SDG&E and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns ("SDG&E Parties") harmless for, from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses including without limitation, reasonable attorneys' fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever (collectively, "Claims") resulting from or arising out of this Contract or Customer's participation in Schedule AFP, whether based upon negligence, tort, strict liability or otherwise, including but not limited to third party Claims of any kind. This indemnification obligation shall not apply only to the extent that any such Claims are caused by either the willful misconduct of SDG&E or by SDG&E's sole negligence.

Notwithstanding the foregoing, if Customer is a **federal governmental authority or agency**, each Party's liability to the other for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be determined in accordance with applicable law.

The provisions of this Section shall survive the termination of this Contract.

VIII. LIMITATION OF LIABILITY

In no event shall either Party, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the System) be liable to the other Party for any indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability for the design, manufacture, installation, operation, maintenance, performance or demonstration of the System, even if reasonably foreseeable at the time of contracting. The System includes any metering, meter communications equipment, Internet communication software, energy demand management software and related goods and services. SDG&E shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the communications systems to operate.

IX. COMPLIANCE WITH LAWS

Customer shall comply with the terms and conditions of Schedule AFP and all local, state and federal rules, regulations and laws.

X. COMMISSION CONTINUING AUTHORITY

This Contract shall at all times be subject to the Commission and to any changes or modification that the Commission may, from time to time, direct in the exercise of its jurisdiction.

Notwithstanding any other provision of this Contract, either Party shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for a change in rates, charges, classification, or any rule, regulation, or agreement relating thereto.

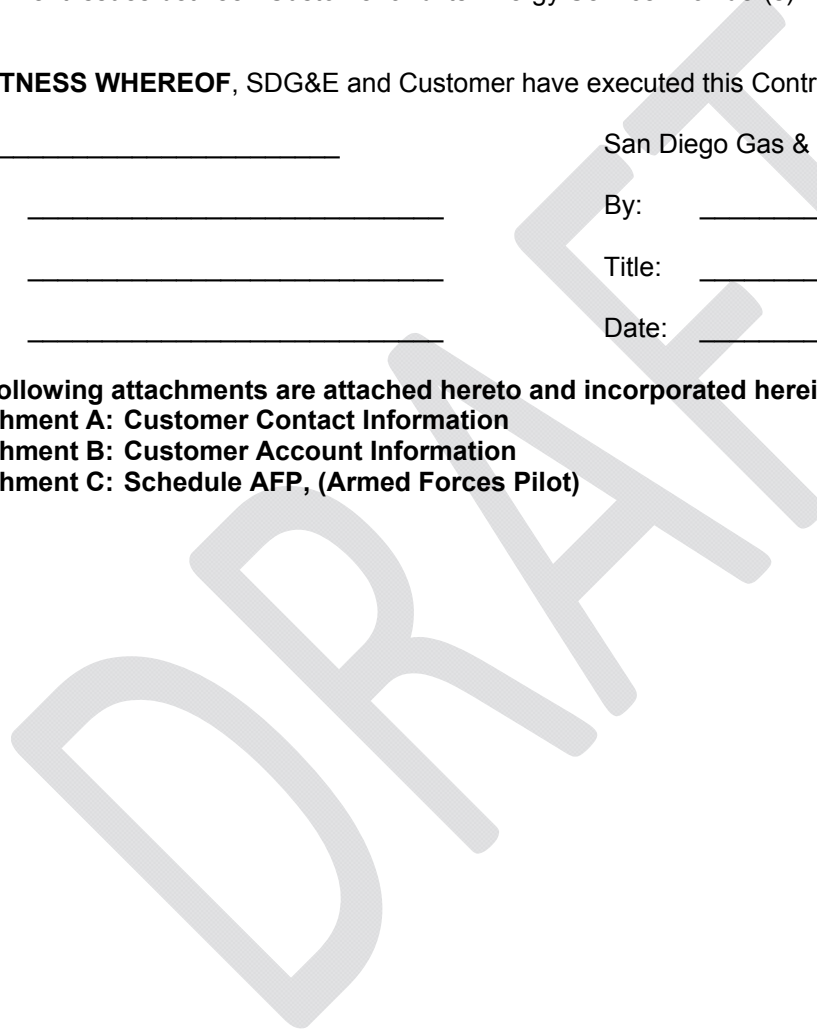
XI. DIRECT ACCESS CUSTOMER PARTICIPATION

Direct Access and CCA Customers are solely responsible for their legal commitments with their Energy Services Providers/Aggregators. SDG&E shall have no duty, liability or involvement in contract or assignment issues between Customer and its Energy Service Provider(s)/Aggregators.

IN WITNESS WHEREOF, SDG&E and Customer have executed this Contract as of the Effective Date.

	San Diego Gas & Electric Company
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

The following attachments are attached hereto and incorporated herein by reference:
Attachment A: Customer Contact Information
Attachment B: Customer Account Information
Attachment C: Schedule AFP, (Armed Forces Pilot)



ATTACHMENT A

**Armed Forces Pilot
Customer Contact Information**

Primary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Secondary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

ATTACHMENT B

**Armed Forces Pilot
Customer Account Information**

Site #1

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Committed Load Reduction _____

Site #2

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Committed Load Reduction _____

Site #3

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Committed Load Reduction _____

Site #4

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Committed Load Reduction _____

Site #5

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Committed Load Reduction _____

Attach additional Customer Account Information sheets to this contract if required. (Sheet ____ of ____)

ATTACHMENT C

DRAFT