

Application of San Diego Gas & Electric
Company (U-902-M) for Approval of
Demand Response Programs and Budgets
for the Years 2012 through 2014.

Application 11-03-002

CHAPTER I
REBUTTAL TESTIMONY OF
MARK GAINES

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

July 11, 2011

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CHAPTER I
REBUTTAL TESTIMONY
OF MARK GAINES

I. MULTIPLE PROGRAM PARTICIPATION

A. Rebuttal to DR Aggregators Testimony (Counihan)

DR Aggregators err in their statement that SDG&E’s dual participation proposal “...is not consistent with D.09-08-027 and should be rejected.”¹ D.09-08-027 specifically states; “If necessary, the rules established here can be reassessed as programs develop and utilities gain experience with new programs and program interactions.” SDG&E believes it is time to reassess these rules based on the experience gained during the implementation of the 2009-11 DR program cycle.

As presented in my testimony, the data clearly indicate that over the past two years, SDG&E has frequently called day-ahead and day-of DR programs/rates to deliver capacity on the same day. As a result, customers participating in multiple programs are only able to deliver capacity for one of the two programs they are being paid to deliver on those days. Multiple program participation, as currently structured, is paying double for capacity given the significant overlap in calls between the day-ahead and day-of DR programs based on 2009-2010 experience. Therefore, in light of our 2009-2010 experience, it is appropriate and necessary that the Commission reassess the multiple program participation rules in this proceeding.

¹ At page IV-3, Testimony of Richard H. Counihan

1 **B. Rebuttal to CLECA testimony (Barkovich)**

2 CLECA opposes SDG&E’s proposal to allow customers enrolled in PTR and Summer
3 Saver to receive payment from both programs. SDG&E recognizes that the overlap between
4 these programs may not be ideal but we also believe that during the initial years of introducing
5 time dependent rates to residential customers, our message needs to be simple and clear to
6 achieve maximum understanding and participation. Setting up complicated “if/then” options
7 between PTR and Summer Saver would not be consistent with a simple and clear message. In
8 addition, we do not know the extent of overlap between these two programs. To that end,
9 SDG&E and CLECA agreed in the previous DR Proceeding (Application 08-05-002) to “track
10 PTR payments to customers participating in the Summer Saver program with the goal of
11 evaluating the likelihood of overlap.”² That information would then be used to establish
12 participation limits, if necessary, in the next GRC Phase 2. Since PTR has not yet been
13 implemented, SDG&E is still committed to following through on its agreement with CLECA on
14 this issue as outlined in the previous DR Proceeding.

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16 **II. THREE YEAR GUARANTEE ON PROGRAM PAYMENT RATES**

17 **A. Rebuttal to DRA testimony (Ke Hao Ouyang and Radu Ciupagea)**

18 DRA opposes SDG&E’s proposal for a guaranteed payment rate for three years for the
19 CBP and CPP Premium incentive mechanism claiming it “circumvents the Commission’s
20 authority to order mid-cycle changes and eliminate non-cost effective programs” and it “will also
21 encroach upon the Commission’s review of these programs in the next DR cycle...”³

² At page 2, Supplemental Testimony of Mark W. Ward, Application 08-06-002

³ At page 1-27, Testimony of Ke Hao Ouyang and Radu Ciupagea

1 SDG&E disagrees that a three year contract commitment on DR programs circumvents
2 the Commission's authority in any way. The Commission has a long history of approving DR
3 resource Request For Offer ("RFO") contracts for terms of three years up to fifteen years. These
4 RFO contract commitments are viewed as valuable to the Aggregators because of the price
5 security they afford and are viewed as valuable to the Commission due to the resource certainty
6 they provide. A similar, three year contract term for tariffed DR programs is equally as valuable
7 to both parties and does not place any incremental restrictions on the Commission. In addition,
8 as noted in my testimony, SDG&E's contract proposal benefits the Commission by helping to
9 maximize the availability of DR resources.

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11 This completes my rebuttal testimony.
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