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

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) For Authority To Update Electric Rate Design Effective on January 1, 2020

Application 19-07-XXX

# PREPARED DIRECT TESTIMONY OF BRITTANY APPLESTEIN SYZ ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**JULY 3, 2019** 



#### **TABLE OF CONTENTS**

I.	INT	RODUCTION	1
II.	BAC	CKGROUND	5
	A.	State TE Policy Guidance and SDG&E Programs	5
	В.	Need for New Rate	8
III.	OVERVIEW OF EV-HP PROPOSAL		10
	A.	Customer Eligibility	10
	B.	Proposed Rate Design	10
	C.	Phased-out Discount to EV-HP	13
	D.	Need for Interim Existing Rate Discount	14
IV.	COST RECOVERY		15
	A.	Cost Recovery for Both the Subscription Charge Discount and Interim Exist Rate Discount	
	B.	Cost Recovery Associated with Manual Billing Process for Interim Existing Discount	
V.	CON	CONCLUSION	
VI.	STA	TEMENT OF QUALIFICATIONS	17

# PREPARED DIRECT TESTIMONY OF BRITTANY APPLESTEIN SYZ

#### I. INTRODUCTION

San Diego Gas & Electric Company ("SDG&E") respectfully submits this application for a new electric rate that serves electric vehicle ("EV") direct current fast charging ("DCFC")<sup>1</sup> and medium-duty and heavy-duty ("MD/HD") EV charging,<sup>2</sup> which SDG&E is referring to as the EV High Power ("EV-HP") rate. SDG&E is proposing the EV-HP rate to help accelerate the EV market, which supports important California policies related to greenhouse gas ("GHG") emission reduction. SDG&E proposes that the EV-HP rate be optionally applicable to DCFC and MD/HD EV charging. Additionally, SDG&E proposes an interim rate discount for these customers until the EV-HP rate can be implemented by SDG&E's Customer Information System ("CIS"), which is currently being replaced.<sup>3</sup> Overall, the EV-HP rate is intended to provide a competitive price for electricity to customers who charge their vehicle(s) during off-peak and super off-peak hours, increase bill stability, and increase bill simplicity. Additionally, the proposed EV-HP rate supports customer choice by making this rate optional and promotes state transportation electrification ("TE") policy goals through a transparent incentive mechanism.

This Application specifically requests approval of:

<sup>&</sup>lt;sup>1</sup> DCFC is defined as direct current EV supply equipment with an output of 20 kilowatts or greater.

<sup>2</sup> The term MD/HD EVs is used to refer to electric vehicles including forklifts, truck stop electrification, transport refrigeration units, port cargo trucks, transit buses, school buses, airport ground support equipment, medium-duty vehicles, heavy-duty vehicles, and Class 2 through Class 8 on-road vehicles.

<sup>3</sup> Pursuant to Decision ("D.") 18-08-008, SDG&E's current, legacy billing system (*i.e.*, SDG&E's Customer Information System) is expected to be replaced by early 2021. Until that time, SDG&E's billing system is subject to a "freeze period," to reduce the overall risks and customer impact during the transition to the new system. During the freeze period new rates cannot be implemented.

- the proposed EV-HP rate, including time-of-use ("TOU") periods to encourage off-peak and super off-peak charging and a subscription charge to replace traditional demand charges;
- a discount on the proposed EV-HP subscription charge that is designed to encourage early EV adoption by offering a discount that phases out from 50% to 0% over ten years, declining by 5% each year;
- an interim 50% discount on the single highest priced demand charge in each
  applicable existing general service Utility Distribution Company ("UDC") rate for
  MD/HD EV customers and DCFC customers until the EV-HP rate can be fully
  implemented in SDG&E's new CIS;
- the cost of the (1) EV-HP subscription charge discount and (2) interim existing rate discount will be recorded in a two-way balancing account and recovered from all customers through Public Purpose Program ("PPP") charges, since TE provides environmental and air quality benefits to all;
- cost recovery of a forecasted \$1.1 million revenue requirement to fund
   implementation of the interim existing rate discount (i.e., costs associated with
   manually billing the interim existing rate demand charge discount) during the "freeze period" when SDG&E cannot make changes to its current, legacy CIS; and
- the costs associated with the manual billing will be recorded in a two-way balancing account and recovered through distribution rates.

The proposed EV-HP rate design is intended to provide support for the nascent DCFC and MD/HD EV market by simplifying the rate structure as compared to existing general service rates and creating an electric fueling option that is competitive with fossil fuels. It is expected

that the EV-HP rate will offer some DCFC and MD/HD EV customers savings compared to existing general service rates. However, this will depend on customer behavior. The EV-HP rate also aligns with state policies including Assembly Bill ("AB") 32, Senate Bill ("SB") 350, SB 32, Executive Orders ("EO") B-48-18 and B-55-18, and the California Public Utilities Commission's ("CPUC" or "Commission") TE policy.<sup>4</sup> CPUC approval of the proposed EV-HP rate will help to reduce barriers to TE in important commercial markets in SDG&E's territory. The rate will provide electricity at a competitive cost for commercial EV charging operators when such customers manage their maximum demand and avoid on-peak charging.

Utility electric rates can have a major impact on the cost of operating EVs and should be designed to incentivize commercial vehicles to convert to EVs. SDG&E currently offers several dedicated EV rates, including residential EV TOU rates, the innovative day-ahead hourly dynamic Vehicle Grid Integration ("VGI") rate, and the Public Grid Integration Rate ("Public GIR"). The latter two rates are restricted to customers participating in specific SDG&E EV infrastructure programs. SDG&E does not currently offer a generally-applicable rate dedicated to DCFC and MD/HD EV charging. At present, most DCFC and MD/HD EV sites are served on SDG&E general service rates for commercial and industrial ("C&I") customers.

Stakeholders have identified utility general service rates as a barrier to meeting California TE goals.<sup>5</sup> Medium and large C&I rate design favors customers with consistent energy usage relative to their maximum demand, a metric referred to as the customer's load factor. However, DCFC and MD/HD EV customers can have lower load factors than is typical of other C&I

<sup>&</sup>lt;sup>4</sup> A commercial EV rate proposal by Southern California Edison Company was approved in D.18-05-040. The Commission is currently considering a commercial EV rate proposal submitted by Pacific Gas and Electric Company in Application ("A.") 18-11-003.

<sup>&</sup>lt;sup>5</sup> See California Public Utilities Commission, CPUC ZEV Rate Design Forum 2018, June 7-8, 2018, available at http://www.cpuc.ca.gov/energy/electricrates/.

customers. Utility general service rates typically include billing components based on maximum kilowatt ("kW") power demand – commonly referred to as demand charges – which can result in high bills for DCFC and MD/HD EV customers with low load factors (e.g., high maximum demand relative to energy use). Demand charges can also be confusing to customers. This is especially true when drivers are considering the switch from conventional fuels to electricity. As a result, some DCFC and MD/HD EV customers who do not or cannot manage their load can pay an average price for electricity above the equivalent per-mile cost of gasoline or diesel fuel, reducing the incentive to adopt EVs or deploy EV charging infrastructure.

To address the barriers that demand-metered, general service rates pose to TE, SDG&E proposes to offer a new optional rate applicable to separately-metered DCFC and a wide range of MD/HD EV charging including public transit buses, school buses, and airport shuttles – "beach head" sectors for advancing TE – as well as other on and off-road MD/HD trucks and off-road equipment like forklifts.<sup>6</sup>

The Prepared Direct Testimony in support of this Application are organized as follows:

- My testimony describes the policy justifications for the proposed EV-HP rate and subscription charge incentives and describes SDG&E's proposal to offer a bill discount for DCFC and MD/HD EV customers on existing general service rates until the EV-HP rate can be implemented by SDG&E's new CIS.
- William Saxe describes the proposed EV-HP rate design in detail.
- Praem Kodiath estimates the monthly bill reduction for illustrative customers who switch to the proposed EV-HP rate.

 $<sup>^6</sup>$  Rulemaking 18-12-006, Assigned Commissioner's Scoping Memo and Ruling (May 2, 2019) at 4.

### 

- Woo-Jin Shim describes the revenue requirement needed to implement the existing rate discount until the EV-HP rate can be implemented by SDG&E's new CIS.
- Jenny Phan presents SDG&E's proposed recovery mechanisms for the discounts and costs of implementation requested in this Application.

#### II. BACKGROUND

The EV-HP rate proposal reflects SDG&E's commitment to accelerating TE and supports state climate policy.

#### A. State TE Policy Guidance and SDG&E Programs

California is a leader in climate change policy and TE, two areas that are widely supported by legislation and regulatory policy. Both AB 32 and SB 32 require substantial reductions in California GHG emissions. SB 350 sets further GHG reduction targets and requires that the CPUC direct California investor-owned utilities ("IOUs"), including SDG&E, to file applications for TE infrastructure programs. In 2018, the Governor issued EO B-48-18, which set a target of 5 million zero-emission vehicles ("ZEVs") by 2030, and EO B-55-18, which directs California to achieve statewide carbon neutrality by 2045. These are very ambitious goals, which are unlikely to be achieved without meaningful action taken by all participants including IOUs and regulatory agencies.

TE lowers GHG emissions and improves air quality, a key requirement of AB 32, SB 32, SB 350, EO B-48-18, and EO B-55-18. The need for TE to reduce GHG emissions is particularly acute in SDG&E's service territory. While the transportation sector accounts for

41% of GHG emissions statewide, <sup>7</sup> transportation is responsible for approximately 50% of GHG
emissions in the San Diego region. <sup>8</sup> On-road transportation accounts for 53% of GHG emissions
in the City of San Diego itself. <sup>9</sup>

The dramatic increase in the number of light-duty EVs on California roads envisioned by EO B-48-18 will require significant investment in DCFC infrastructure. EO B-48-18 targets the installation of 250,000 ZEV chargers, also referred to as EV supply equipment ("EVSE"), in California by 2025, of which 10,000 should be DCFCs. This translates to approximately 1,000 DCFCs in SDG&E's service territory, far above the current total of approximately 212 DCFCs. In order to encourage the nascent charging market in the San Diego region and to meet state light-duty EV adoption goals, SDG&E believes new rates such as the one proposed here are necessary to accelerate DCFC station deployment.

California state policy supports the electrification of MD/HD vehicles through policies like the California Air Resources Board ("CARB") Innovative Clean Transit ("ICT") rule and the Sustainable Freight Transport program. To support state TE policies and pursuant to SB 350, in January 2018 SDG&E filed an application for two TE projects, the Medium-Duty and Heavy-Duty Electric Vehicle Charging Infrastructure Program ("MD/HD Program") and a Vehicle to

<sup>&</sup>lt;sup>7</sup> California Air Resources Board, California Greenhouse Gas Inventory – 2018 Edition, 2000-2016 GHG Emissions Trends Report (July 11, 2018), available at <a href="https://www.arb.ca.gov/cc/inventory/data/data.htm">https://www.arb.ca.gov/cc/inventory/data/data.htm</a>.

<sup>8</sup> Energy Policy Initiatives Center and University of San Diego School of Law, 2012 Greenhouse Gas Emissions Inventory and Projections for the San Diego Region (August 2015) at 2, available at <a href="http://www.sdforward.com/pdfs/Final\_PDFs/AppendixD.pdf">http://www.sdforward.com/pdfs/Final\_PDFs/AppendixD.pdf</a>. Approximately 92% of SDG&E customers reside in San Diego County.

<sup>&</sup>lt;sup>9</sup> The City of San Diego, *The City of San Diego Climate Action Plan 2018 Annual Report Appendix*, at Supplemental Documentation, *Greenhouse Gas Emissions Inventory Methodology and Updates* (October 2018) at 3, available at

https://www.sandiego.gov/sites/default/files/city\_of\_san\_diego\_appendix\_for\_2018\_cap\_annual\_report.pdf.

<sup>&</sup>lt;sup>10</sup> See U.S. Department of Energy, Alternative Fuels Data Center, *Electric Vehicle Charging Station Locations*, available at https://afdc.energy.gov/fuels/electricity\_locations.html#/find/nearest?fuel=ELEC.

Grid Electric School Bus Pilot ("V2G Pilot"). 11 If approved, the MD/HD Program will support 1 at least 3,000 on-road and off-road MD/HD EVs at a minimum of 300 sites. 12 Conventional 2 MD/HD vehicles are often diesel-fueled and in addition to GHG pollution they emit nitrogen 3 oxides that produce ozone pollution, and fine particulates that are damaging to human health.<sup>13</sup> 4 5 This impact is particularly acute in San Diego County, which has particularly high ozone and particle pollution, as described in the American Lung Association's annual "State of the Air" 6 reports.<sup>14</sup> The approval and implementation of the EV-HP rate, along with the MD/HD Program, 7 will create a compelling package of EV infrastructure and rates to move this market in a much-8 9 needed way and improve local air quality.

Furthermore, vehicle pollution is often concentrated in communities of concern, which the state refers to as Disadvantaged Communities ("DACs").<sup>15</sup> In the MD/HD Program, SDG&E proposes to invest a minimum of 30% of the program infrastructure budget in DACs.<sup>16</sup> Offering

\_

10

11

<sup>&</sup>lt;sup>11</sup> See A.18-01-012. On November 5, 2018, SDG&E filed a Joint Motion of Settling Parties for Commission Adoption of Settlement Agreement ("Joint Motion") in support of a modified version of SDG&E's original MD/HD proposal. The Settlement Agreement was reached after extensive negotiations by parties that were actively engaged in representing a variety of interests and constituents, including ratepayer advocacy groups, environmental groups, the automobile industry, labor, representatives of disadvantaged communities, and EV charging providers.

<sup>12</sup> Id. at 5.

<sup>&</sup>lt;sup>13</sup> American Lung Association, Clean Air Future Health and Climate Benefits of Zero Emission Vehicles (October 2016) at 8.

<sup>&</sup>lt;sup>14</sup> American Lung Association, *State of the Air 2017, available at* https://www.lung.org/assets/documents/healthy-air/state-of-the-air/state-of-the-air-2017.pdf; American Lung Association, *State of the Air 2016, available at* https://www.lung.org/assets/documents/healthy-air/state-of-the-air/sota-2016-full.pdf.

<sup>&</sup>lt;sup>15</sup> Union of Concerned Scientists, *Inequitable Exposure to Air Pollution from Vehicles in California*, <a href="https://www.ucsusa.org/sites/default/files/attach/2019/02/cv-air-pollution-CA-web.pdf">https://www.ucsusa.org/sites/default/files/attach/2019/02/cv-air-pollution-CA-web.pdf</a>.

<sup>&</sup>lt;sup>16</sup> Disadvantaged Communities are defined as the top quartile of census tracts as identified by the CalEnviroScreen tool on a utility-wide basis, as directed in D.16-01-045 at 138 and Attachment 2. This service territory methodology allows SDG&E to target investments in the most impacted communities in a broad enough manner to help the top 25% rather than a lower number, as shown in Advice Letter 2876-E, approved April 28, 2016 and effective March 31, 2016 at 1-2 and Attachments A and B.

an electricity rate that enables charging at a cost that is competitive with fossil fuels will enable more rapid adoption of MD/HD EVs in DACs.

#### **B.** Need for New Rate

1. Statutory and Regulatory Guidance

SDG&E's application for the EV-HP rate supports existing California TE policy. SB 350 specifies that utility TE programs should provide customers with "the opportunity to access electricity as a fuel that is cleaner and less costly than gasoline or other fossil fuels," a requirement incorporated into Public Utilities Code ("P.U. Code") section ("§") 740.12(a)(1)(H).<sup>17</sup> DCFC and MD/HD EV customers with low load factors may not be able to access electricity at a lower average cost than fossil fuels on utility general service rates that feature demand charges. While SDG&E has already put forth proposals in support of P.U. Code § 740.12 and has proposed several infrastructure programs to enable customers to convert to EVs, SDG&E has not had a rate approved for DCFC and MD/HD customers. SDG&E's proposed EV-HP rate is expected to reduce the cost of charging for many of these customers compared to the existing general service rate and supports the goals of SB 350 and other state energy, environmental and transportation policies.

#### 2. Application Background

SDG&E recognizes that a new rate is needed to accelerate MD/HD adoption. Therefore, as part of the Settlement Agreement in SDG&E's MD/HD Program Application ("Settlement Agreement"), SDG&E agreed that it would file a rate to help ease the concerns of the MD/HD market on overall costs of vehicle electrification.<sup>18</sup> The parties to the Settlement Agreement

<sup>&</sup>lt;sup>17</sup> SB 350, Stats. 2015-2016, Ch. 547 (Cal. 2015).

<sup>&</sup>lt;sup>18</sup> See A.18-01-012.

highlighted the importance of rate reform to promote MD/HD EV adoption, and SDG&E committed to proposing new EV rates:<sup>19</sup>

SDG&E will hold an EV rates workshop by the end of November 2018. The workshop will include a discussion on emission reductions, load management as it relates to rates, and time varying rates. After the EV rates workshop, SDG&E will develop a new rate option or new rate options, which consider the importance of time varying rates, that will be submitted to the Commission within six months of final approval of the MD/HD EV Charging Infrastructure Program. In designing the new rate option or new rate options, SDG&E will examine how incremental EV load may impact the electric bills of small businesses who adopt EVs and may utilize the new rate option or new options. SDG&E will assess the rate impact of the new rate option or options on ratepayers.

SDG&E hosted a rate workshop on November 5, 2018 in San Diego. The workshop was attended by representatives from the CPUC Energy Division, California Public Advocates Office and other ratepayer advocates, major EV service providers and charging networks, environmental and labor advocates, and potential MD/HD customers. SDG&E also solicited input from workshop attendees on rate design and customers' priorities for new SDG&E rate options. SDG&E received feedback from numerous attendees during the workshop open discussion session, in later written comments and in subsequent discussions.

Recognizing that DCFC sites face many of the same concerns with demand-metered general service rates as MD/HD EV operators, SDG&E proposes that the EV-HP rate be optionally applicable to DCFC installations as well.

<sup>&</sup>lt;sup>19</sup> A.18-01-012, Joint Motion of Settling Parties for Commission Adoption of Settlement agreement (November 5, 2018) at 7-8.

#### III. OVERVIEW OF EV-HP PROPOSAL

#### A. Customer Eligibility

If approved, the EV-HP rate will be optionally available to separately-metered EV charging serving DCFC and MD/HD EVs. Only electric loads for EV charging and those directly associated with EV charging such as energy storage behind the same meter would be eligible to take service on the EV-HP rate. Co-mingled building load is not eligible for the EV-HP rate. Individual SDG&E TE infrastructure programs may have program requirements that preclude certain sites from enrolling in the EV-HP rate. SDG&E proposes that the EV-HP rate be available to all eligible customers, including those who receive commodity service through Direct Access providers or Community Choice Aggregators. Bundled EV-HP customers will receive commodity service from SDG&E. A separately-metered Level 2 charging deployment with at least one DCFC would be eligible for the EV-HP rate.

#### **B.** Proposed Rate Design

The EV-HP rate is intended to encourage EV adoption by offering customers a simple rate design, predictable bills and a cost-competitive fuel. To support California's TE goals, SDG&E proposes that the EV-HP rate replace traditional demand charges with a subscription charge and time-of use energy rates with a high price differential between on-peak hours and other hours. The EV-HP rate design summarized below is presented in the prepared direct testimony of William Saxe.

#### 1. EV-HP Subscription Charge

Instead of a traditional, non-coincident demand charge, the proposed EV-HP rate includes a new charge called a "subscription charge." Demand charges are assessed based on a customer's maximum demand which can fluctuate significantly from month to month. EV-HP

rate customers will be able to mitigate this since they can pre-select the level of demand, or subscription level, that they subscribe to. The subscription charge is intended to promote monthly bill stability which is important for budgeting purposes by commercial customers. The subscription charge should simplify the EV-HP rate design and make the cost of charging for low load factor customers more competitive, incentivizing EV adoption and supporting state TE policy.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

The EV-HP subscription charge will be offered in 25 kW increments. Customers will be able to choose their subscription level based on their forecasted maximum monthly demand. SDG&E plans to allow customers to change their subscription level as close to month-to-month as possible, but billing system constraints may delay changes to the subscribed demand level. For example, changes to the subscription level may not be able to be effectuated until the end of the current monthly billing cycle. Accordingly, SDG&E proposes to offer up to a three-month grace period if a customer's maximum demand exceeds their subscription level. At the end of the first month in which a customer exceeds their subscription level, SDG&E will notify the customer that their maximum demand exceeded their subscribed demand level. To avoid exceeding their subscription level again, the customer can either increase their subscription level or limit their maximum demand. If the customer's maximum demand continues to exceed their subscription level after another two months SDG&E will reset their subscription level to align with the customer's actual maximum demand. The customer will then have to remain at the higher subscription level – reflective of their actual maximum demand – for at least three additional months. After three months the customer could lower their subscription level if they feel they can control their maximum demand.

To ensure subscription charges are consistent with customer maximum demand, the customer's subscription level will also be increased if their maximum demand exceeds the subscribed demand for 6 or more months (non-consecutive) in a rolling 12-month period. This will discourage gaming of the rate in situations where a customer exceeds their threshold even if it does not occur in consecutive months. If the customer's maximum demand exceeds their subscribed demand for 6 months in the rolling 12-month period, their subscription level will be immediately increased consistent with their maximum demand, with no grace period provided. In this case the customer would have to wait three months before they could lower their subscription level as well.

The EV-HP rate enhances customer choice and control over their bill. For example, a customer charging electric trucks with three 19 kW chargers will have a maximum demand of 57 kW if all three chargers are used at their full power simultaneously. If the customer does not wish to use any load management techniques, they would subscribe to three subscription tranches of 25 kW each or 75 kW total, covering their maximum demand. However, the customer has the choice to subscribe to only two subscription tranches if they prefer to use load management strategies like staggered charging or demand management software to ensure that the maximum demand never rises above 50 kW.

#### 2. EV-HP TOU Energy Charge

The TOU energy charges are intended to incentivize off-peak vehicle charging. The EV-HP TOU energy charges have a higher price differential between the periods as compared to SDG&E's standard C&I rates. This modification was made to support TE policy goals in

alignment with the direction given to SDG&E in D.18-05-040.<sup>20</sup> The proposed rate components are further described in the prepared direct testimony of William Saxe.

SDG&E proposes that the EV-HP rate feature the same TOU periods and seasons as other SDG&E C&I rates. The on-peak hours are 4 – 9pm year-round, weekdays and weekends. Super off-peak weekday hours are 12 – 6am year-round, with the addition of 10am – 2pm during March and April. Weekend and holiday super off-peak hours are 12am – 2pm. All other hours are off-peak.

#### C. Phased-out Discount to EV-HP

To further align with state goals and drive EV adoption in this still-nascent market, SDG&E proposes to include a monthly discount to the subscription charge. The discount will reduce the subscription charge by 50% in the first year of the program and will be phased out over 10 years, decreasing 5% each year. This 10-year phase-down would begin in the year the EV-HP rate is introduced; individual customers will not have individual ten-year phase-down periods. This universal phase-down period is an incentive for potential customers to deploy charging infrastructure and adopt EVs early while the incentive level is higher, supporting state EV adoption goals.

Applying a discount to the subscription charge, and not the energy rate, encourages customers to add charging capacity while not diluting the TOU price signal embedded in the EV-HP energy rate. Even when the discount is at its full value, customers will still have a strong reason to avoid charging during on-peak hours. As the discount phases down, some customers may add additional EVs to their fleet or otherwise raise the usage rate of their existing charging equipment, reducing the impact of the rising subscription charge in their overall monthly bill.

<sup>&</sup>lt;sup>20</sup> D.18-05-040 at Ordering Paragraph 18.

Other customers may compensate for the higher subscription charge by reducing their contracted demand level through demand management software or installing behind-the-meter storage. The gradual, predictable reduction in the discount is intended to give customers time to consider which strategies for mitigating the subscription charge best fits their needs.

#### D. Need for Interim Existing Rate Discount

As noted above, SDG&E's CIS replacement program, which was approved in D.18-08-008, will delay implementation of the EV-HP rate. As part of the CIS replacement program schedule, SDG&E will require a one-year CIS "freeze period" in 2020. During the freeze period, structural changes to the existing CIS will be deferred until the new CIS is implemented and stabilized, which is expected in early 2021. SDG&E will open the new EV-HP rate to customer enrollment when the new CIS program is stabilized. This will reduce the overall risks and customer impact during the transition to the new system.

To bridge the gap between when the EV-HP rate is approved and implementation of the EV-HP rate in early 2021, when SDG&E's new CIS will be complete, SDG&E proposes to offer DCFC and MD/HD EV customers a line-item discount on their existing general service rate until the new CIS is in place and the EV-HP rate can be fully implemented. SDG&E proposes to offer a 50% discount on the single highest priced demand charge in each applicable existing general service Utility Distribution Company ("UDC") rate.<sup>21</sup> The discount will not decline. The discount will be completely removed for the customers on the discounted interim rate six months after the EV-HP rate is opened to customer enrollment. No new customers will be allowed to enroll in the discounted existing rate once EV-HP becomes available.

<sup>&</sup>lt;sup>21</sup> For example, the highest priced demand charge in Schedule AL-TOU2 is the TOU Demand Charge.

#### IV. COST RECOVERY

### A. Cost Recovery for Both the Subscription Charge Discount and Interim Existing Rate Discount

SDG&E proposes that the cost of both the (1) EV-HP subscription charge discount and (2) interim existing rate discount be recorded in a balancing account and recovered from all ratepayers through PPP charges. EV adoption is a state policy goal and the benefits of TE such as reducing GHG emissions and air pollution benefit all, justifying recovery from all ratepayers. The specifics of this proposed balancing account are described in the prepared direct testimony of Jenny Phan.

### B. Cost Recovery Associated with Manual Billing Process for Interim Existing Rate Discount

SDG&E is requesting \$1.0 million in direct costs to implement the discount on existing general service rates prior to CIS system replacement (this direct costs figure is distinct from the \$1.1 million SDG&E is seeking in total revenue requirement). As noted above, SDG&E is currently replacing its CIS as authorized in D.18-08-008. This process will require a freeze period until the new CIS system is complete where no changes can be made to the legacy CIS. Thus, to implement the discount on existing rates for DCFC and MD/HD EV customers, SDG&E proposes to manually calculate bills for these customers. The costs to manually bill these customers include but are not limited to the cost of labor to manually administer the bill discount.

The \$1.1 million revenue requirement to fund this manual incentive implementation is described in the prepared direct testimony of Woo-Jin Shim. The associated proposed balancing account is described in the prepared direct testimony of Jenny Phan.

### V. CONCLUSION

- 2 SDG&E requests that the Commission approve the proposed EV-HP rate and interim 3 existing rate discount as soon as possible.
- 4 This concludes my prepared direct testimony.

### **VI. STATEMENT OF QUALIFICATIONS**

My name is Brittany Applestein Syz and I am the Director of Clean Transportation for
SDG&E. I oversee the company's Clean Transportation business unit. My business address is
8306 Century Park Court, San Diego, California, 92123. I have held this position for
approximately eleven months. Prior to this role I was Senior Legal Counsel for SDG&E for
three and a half years. I received my undergraduate degree in English Literature at Harvard
University, a master's degree from the London School of Economics, and a law degree from the
University of California, Hastings School of Law. I am an active member of The State Bar of
California. I have not previously testified before the California Public Utilities Commission.