

Company: San Diego Gas & Electric Company (U 902 E)
Proceeding: Real Time Pricing Pilot Rate
Application: A.21-12-006/A.21-12-008
Exhibit: SDG&E-XX

PREPARED REBUTTAL TESTIMONY OF
WILLIAM G. SAXE (CHAPTER 3)
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

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

JANUARY 30, 2023



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ATTACHMENT A: ILLUSTRATIVE STAGE 1 RTP PILOT UPDATED CPP COMMODITY CAPACITY ADDER AND TOTAL BASE COMMODITY RATE

- 1 • SDG&E revises its proposal to adopt Cal Advocates’ proposal to base the
2 CPP Commodity Capacity Adder on the recovery of only marginal
3 generation capacity costs. This change results in the non-marginal generation
4 capacity costs being recovered in the Total Base Commodity Rate instead of
5 the CPP Commodity Capacity Adder, as described in Section II.B.

- 6 • The CPUC should reject Electrify America’s proposal to exclude the CPP
7 Event Day Adder from the RTP Stage 1 Pilot rate design since the CPP Event
8 Day Adder appropriately recovers SDG&E’s long-term marginal generation
9 capacity costs, as discussed in Section II.C.

- 10 • SDG&E agrees with Cal Advocates, VGIC, and EDF that the inclusion of a
11 distribution RTP rate component in SDG&E’s RTP Pilot should be explored
12 in the future. Therefore, SDG&E proposes to hold at least one workshop
13 prior to the Stage 2 RTP Pilot being filed to discuss and evaluate Stage 2 rate
14 design, including the inclusion of a distribution RTP rate component, as
15 discussed in Sections III.

- 16 • The CPUC should disregard Electrify America’s attempt to argue for an
17 additional incentive for customers exporting energy to the SDG&E grid
18 because the cost-based Commodity Export Compensation Credit proposed by
19 SDG&E is the appropriate incentive provided to customers for exporting
20 energy to the SDG&E grid, as discussed in Section IV.

- 21 • The CPUC should disregard TURN’s claim that SDG&E’s proposed Stage 1
22 RTP Pilot rate design lacks a revenue neutral rate component since the Total
23 Base Commodity Rate component in SDG&E’s Stage 1 RTP Pilot proposal is
24 a revenue neutral rate component, as discussed in Section V.

25 My testimony is organized as follows:

- 26 • **Section I – Overview and Purpose**

- 27 • **Section II – SDG&E’s Proposed CPP Event Day Adder Approach**
28 **Updated to Recover Only Marginal Generation Capacity Costs Should**
29 **be Adopted**

- 30 • **Section III – SDG&E will Consider a Distribution RTP Rate Component**
31 **for its Stage 2 RTP Pilot**

- 32 • **Section IV – The Commodity Export Compensation Credit is an Add-On**
33 **Option to Schedule EV-HP**

- 34 • **Section V – SDG&E’s Stage 1 RTP Pilot is Revenue Neutral**

- 35 • **Section VI – Summary and Conclusion**

1 My testimony also contains the following attachment:

- 2 • **Attachment A – Illustrative Stage 1 RTP Pilot Updated CPP Commodity**
3 **Capacity Adder and Total Base Commodity Rate**

4 In this prepared rebuttal testimony, failure to address any individual issue does not
5 imply any agreement by SDG&E with the proposal made by these or other parties.

6 **II. SDG&E’S PROPOSED CPP EVENT DAY ADDER APPROACH UPDATED**
7 **TO RECOVER ONLY MARGINAL GENERATION CAPACITY COSTS**
8 **SHOULD BE ADOPTED**

9 Cal Advocates proposes a revised CPP Commodity Capacity Adder approach to
10 recover generation capacity costs. Cal Advocates states,

11 The Commission should modify SDG&E’s proposed import and
12 export CPP rates to be more cost-based and to minimize inter-
13 annual variation in the number of CPP events called per year.
14 SDG&E’s proposal to use the same CPP approach as it does for its
15 existing CPP rates is not adequate for the RTP Pilot, because this
16 proposal does not sufficiently align CPP events with grid
17 conditions. Cal Advocates’ approach removes the 4-9pm
18 constraint by allowing CPP events to be called for any hour. Cal
19 Advocates’ approach creates a CPP event threshold by optimizing
20 an average of 150 CPP hours called per year using CAISO net
21 load.¹

22 Cal Advocates proposes two changes to the CPP Commodity Capacity Adder
23 proposed by SDG&E. First, it proposes that the CPP Commodity Capacity Adder be based
24 on the average top 150 hours based on California Independent System Operator (CAISO)
25 net load over the previous five years (Top 150 Hour CPP Adder approach) rather than based
26 on actual CPP events called by SDG&E for its existing CPP rate schedules (CPP Event Day
27 Adder approach).² Second, it proposes that the CPP Commodity Capacity Adder be
28 designed to recover only marginal generation capacity costs instead of total generation

¹ Cal Advocates Prepared Testimony of Vanessa Martinez (Chapter 1) at 1-5 (citations omitted).

² *Id.* at 1-10 - 1-16.

1 capacity costs (marginal and non-marginal generation capacity costs or Equal Percent of
2 Marginal Costs (EPMC) generation capacity costs) as SDG&E proposed.³

3 **A. SDG&E’s CPP Event Day Adder Proposal is More Cost-Based and**
4 **Understandable Than Cal Advocates’ Top 150 Hour CPP Adder**
5 **Proposal**

6 First, as stated in my Prepared Supplemental Direct Testimony, SDG&E chose to
7 switch its RTP CPP Commodity Capacity Adder proposal from a top 150 system peak hour
8 proposal that is similar to Cal Advocate’s Top 150 Hour CPP Adder proposal because
9 SDG&E thinks that the CPP Event Day Adder approach would be more understandable to
10 customers taking service on the RTP Stage 1 Pilot.⁴ SDG&E believes this approach would
11 be easier for customers to understand because SDG&E would be applying the CPP
12 Commodity Capacity Adder consistent with the CPP events called under SDG&E’s current
13 CPP rate schedules and when information on SDG&E’s grid being overloaded would be
14 reported in the media. For this reason, SDG&E believes that it would be easier for RTP
15 customers to understand why the RTP Stage 1 Pilot CPP Commodity Capacity Adder was
16 being billed during these hours.

17 Additionally, SDG&E disagrees with Cal Advocates conclusion that its proposed
18 Top 150 Hour CPP Adder approach is more cost-based. The Top 150 Hour CPP Adder
19 approach proposed by Cal Advocates is based on using a load-based CPP threshold tied to
20 the average of top 150 CAISO statewide net load hours over the previous five years. For
21 this reason, the Top 150 Hour CPP Adder approach proposed by Cal Advocates is actually
22 *less* cost-based because the CPP threshold used is based on historical state load conditions,

³ *Id.* at 1-16 - 1-17.

⁴ SDG&E Prepared Supplemental Direct Testimony of William G. Saxe (Chapter 3) (August 15, 2022) at WS-5 - WS-6.

1 | which may or may not be consistent with SDG&E's current grid conditions. This is the
2 | reason SDG&E's proposed CPP Event Day Adder approach is more-cost based because it
3 | will apply the CPP Commodity Capacity Adder only during CPP called events, which is
4 | when SDG&E actually needs customers to reduce their energy consumption due to SDG&E
5 | grid conditions.

6 | Cal Advocates goes on to argue that the Top 150 Hour CPP Adder approach will
7 | result in higher customer bill savings and less cost-shifting to non-RTP participants.⁵ While
8 | SDG&E cannot disagree that if the CPP Commodity Capacity Adder is applied in more
9 | hours that this could result in more bill savings for RTP customers if the customers are able
10 | to reduce their load during those hours, the real question is whether these bill savings are
11 | based on actual SDG&E cost reductions and thus, whether the bill savings actually result in
12 | less cost-shifting. As SDG&E has already stated, Cal Advocate's Top 150 Hour CPP
13 | approach could apply the CPP Commodity Capacity Adder at times when SDG&E load
14 | reductions are not necessary, while SDG&E's CPP Event Day Adder approach will only
15 | apply the CPP Commodity Capacity Adder when SDG&E load reductions are needed. So
16 | unlike Cal Advocate's proposed Top 150 Hour CPP Adder approach, the bill savings based
17 | on SDG&E's CPP Event Day Adder approach will be tied to actual SDG&E cost reductions.
18 | For this reason, SDG&E's proposed CPP Event Day Adder approach, not Cal Advocate's
19 | proposed Top 150 Hour CPP Adder approach, will result in bill savings based on real
20 | SDG&E cost savings and therefore, will result in less cost-shifting to non-RTP participants.

21 | Another argument that Cal Advocates makes against the CPP Event Day Adder
22 | approach proposed by SDG&E is that there is too much uncertainty in when SDG&E calls

⁵ Cal Advocates Prepared Testimony of Vanessa Martinez (Chapter 1) at 1-19 - 1-24.

1 CPP events, which will result in more bill volatility for RTP customers.⁶ This argument
2 falls flat for a rate where price fluctuations are inherent and bill volatility is almost
3 guaranteed. The purpose of proposing a RTP rate is to provide customers with price
4 differences that will encourage them to consume energy more wisely. If bill volatility is a
5 concern for a customer, then the customer should not choose service on the RTP rate and
6 instead the customer should remain on the less volatile time-of-use (TOU) rates. But
7 customers choosing to take service on RTP rates are looking to see wide price variations to
8 give them the incentive to use energy more wisely based on those price differences. The
9 purpose of the CPP Commodity Capacity Adder is to bill the adder when SDG&E actually
10 needs load reductions, which is best signaled by when SDG&E needs to call a CPP event.
11 For this reason, the volatility argument that Cal Advocates uses against the CPP Event Day
12 Adder approach actually cuts in favor of the CPP Event Day Adder approach as it will
13 provide customers with the correct price signal of when load reductions are most needed on
14 SDG&E's grid.

15 Cal Advocates also incorrectly states that the CPP Event Day Adder approach is not
16 appropriate for the RTP Stage 1 Pilot because it would provide misleading price signals by
17 saying there is no grid stress when zero CPP events are called in a given year. Cal
18 Advocates states that the CPP Commodity Capacity Adder should be applied during high
19 price periods and the price should represent actual grid conditions.⁷ SDG&E agrees with
20 Cal Advocates that the CPP Commodity Capacity Adder should be applied during high price
21 periods when the SDG&E grid conditions call for load reductions, which is why the CPP

⁶ *Id.* at 1-8.

⁷ *Id.* at 1-9.

1 Event Day Adder approach is more appropriate. The CPP Event Day Adder approach
2 applies the CPP Commodity Capacity Adder when SDG&E's grid is under stress and a CPP
3 Event Day Adder needs to be called to address grid conditions. Conversely, applying the
4 CPP Commodity Capacity Adder based on the average top 150 CAISO statewide hours of
5 the previous five years is not applying the CPP Commodity Capacity Adder based on
6 SDG&E's current grid needs, it is applying the CPP Commodity Capacity Adder based on
7 historical statewide conditions, which may not coincide with future SDG&E's grid
8 conditions. For this reason, Cal Advocates argument for their proposed Top 150 Hour CPP
9 Adder approach is actually justification for the adoption of SDG&E proposed CPP Event
10 Day Adder approach that applies the CPP Commodity Capacity Adder based on current
11 SDG&E's grid conditions.

12 Cal Advocates goes on to argue that the CPP Commodity Capacity Adder approach
13 based on the top 150 hours is more appropriate since it is not tied to calling CPP events from
14 4-9 pm and thus, it results in the CPP Commodity Capacity Adder being applied in more
15 hours of a year.⁸ SDG&E is confused in how the CPP Commodity Capacity Adder being
16 applied in more hours of a year is valid support for Cal Advocate's proposed Top 150 Hour
17 CPP Adder approach. Just because the average top 150 hours in the previous five years fall
18 outside of the 4-9 pm period does not justify the CPP Commodity Capacity Adder being
19 applied during those hours. SDG&E's system peak loads generally occur during 4-9 pm,
20 which is why CPP events are called during the 4-9 pm peak period. SDG&E again would
21 argue that applying the CPP Commodity Capacity Adder when SDG&E needs grid

⁸ *Id.* at 1-10 - 1-13.

1 reductions is more appropriate, which is why applying the CPP Commodity Capacity Adder
2 when SDG&E calls CPP events from 4-9 pm is appropriate.

3 Lastly, Cal Advocates argues that “SDG&E’s CPP approach is convoluted and
4 overly subjective because there are a variety of factors that could lead to a CPP event”⁹ and
5 misleadingly argues that SDG&E failed to provide sufficient support for its CPP Adder
6 proposal because it points Cal Advocates to its tariffs to describe when a CPP event will be
7 called.¹⁰ Not only have SDG&E’s CPP tariffs been reviewed and approved as sufficient by
8 the CPUC, but in addition to pointing Cal Advocates to its publicly available CPP rate
9 schedules, SDG&E provided the requested CPP trigger information in its discovery
10 responses, as shown in Cal Advocates Appendix 1-A, pp. 4-7. SDG&E stated in the
11 response that “SDG&E monitors the weather, load, and other scenarios that could result in a
12 need to call for widespread load reduction, any of which or a combination of which could
13 lead to SDG&E triggering a CPP event.”¹¹ Based on this response Cal Advocates
14 incorrectly implies that CPP events are called differently for each rate schedule because the
15 rate schedules wording for the CPP trigger criteria in the rate schedules is slightly
16 different.¹² SDG&E concedes that CPP trigger criteria in the various CPP rate schedules
17 may be worded slightly differently from rate schedule to rate schedule, but what is
18 consistent is that SDG&E does have discretion to call CPP events and that discretion is
19 based on the similar weather and grid condition criteria. SDG&E does not concede,

⁹ *Id.* at 1-7.

¹⁰ *Id.* at 1-6 and 1-7.

¹¹ SDG&E’s Data Response to Cal Advocates’ Data Request #13, question 1.b(ii), p. 3. See Attachment 1-3.

¹² Cal Advocates Prepared Testimony of Vanessa Martinez (Chapter 1) at 1-7.

1 however, that its discretion is “overly subjective.” SDG&E requires discretion in order to
2 properly consider when grid conditions require load conservation and that a CPP event be
3 called. As SDG&E states in its discovery responses to Cal Advocates,

4 “SDG&E considers a variety of different factors when evaluating
5 how high forecasted temperatures, extreme conditions and
6 emergencies impact the system. For instance, emergencies such as
7 natural disasters (i.e. wildfires, earthquakes, or other extreme
8 weather events) could take out major assets that require wide scale
9 conservation, which could then trigger a CPP event. If an
10 extended extreme heat wave is expected, then high forecasted
11 system load could also be a reason to call a CPP event. SDG&E
12 monitors the weather, load, and other scenarios that could result in
13 a need to call for a widespread load reduction, any of which or a
14 combination of which could lead to SDG&E triggering a CPP
15 event.”¹³

16 While the CPP trigger criteria in the rate schedules is worded slightly differently, the criteria
17 SDG&E uses to call a CPP event is exactly the same for all CPP rate schedules since only
18 one CPP event is called for all CPP rate schedules. Therefore, contrary to what Cal
19 Advocates states, SDG&E uses only one set of CPP criteria to call a CPP event that will be
20 applied for all of SDG&E’s CPP rate schedules and for the proposed RTP Stage 1 Pilot for
21 all customer classes.

22 For the reasons stated above, SDG&E recommends that the CPUC adopt the CPP
23 Event Day Adder approach proposed by SDG&E that has been adjusted to reflect the
24 recovery of only marginal generation capacity costs, as proposed by Cal Advocates, as
25 addressed in Section II.B below.

¹³ Appendix 1-A, p. 6.

1 **B. SDG&E Does Not Object to Cal Advocates Proposal to Recover Only**
2 **Marginal Generation Capacity Costs in the CPP Commodity Capacity**
3 **Adder**

4 SDG&E agrees with Cal Advocates that the CPP Commodity Capacity Adder should
5 only be based on the recovery of marginal generation capacity costs to provide customers
6 with the correct marginal cost signal for SDG&E’s incremental generation capacity costs.¹⁴
7 While recovering total generation capacity costs (marginal and non-marginal costs or
8 EPMC) in the CPP Commodity Capacity Adder is appropriate to fully recover generation
9 capacity costs from RTP customers, basing the CPP Commodity Capacity Adder on the
10 recovery of marginal generation capacity costs alone will provide customers with a more
11 accurate price signal for the incremental cost of load reductions during those hours. This
12 change will result in the input CPP Commodity Capacity Adder and the export CPP
13 Commodity Capacity Credit being the same, except that the Adder is a positive amount, and
14 the Credit is a negative amount. However, this change will require that the non-marginal
15 generation capacity costs be recovered in the Total Base Commodity Rate to ensure revenue
16 neutrality, as discussed in Section IV.

17 **C. The CPP Event Day Adder Rate Component Is Necessary to Recover**
18 **Long-Run Generation Capacity Costs**

19 Electrify America’s witness Jigar Shah states that “While I understand the
20 application of the CPP Event Day adder to otherwise static rates, such as those in the CPP-D
21 rate, or any of the other CPP type rates offered by SDG&E, it is unclear why it is necessary
22 to impose an additional \$2.12583/kWh on commercial customers on top of daily variable
23 rates that already reflect the hourly market price, which is informed by anticipated hourly

¹⁴ Cal Advocates Prepared Testimony of Vanessa Martinez (Chapter 1) at 1-16 - 1-17.

1 market demand.”¹⁵ For this reason, Electrify America proposes that the CPUC reject the
2 inclusion of the CPP Event Day Adder in the Stage 1 RTP Pilot.¹⁶

3 SDG&E clarifies that the CAISO wholesale hourly energy prices recover short-run
4 generation energy costs and do not recover long-run generation capacity costs, thus the CPP
5 Event Day Adder is necessary to recover SDG&E’s long-run generation capacity costs. The
6 CPP Event Day Adder in the Stage 1 RTP Pilot rate design provides customers with the
7 appropriate price signal to encourage load reductions when SDG&E’s grid is under stress.
8 The inclusion of the CPP Event Day Adder in the proposed Stage 1 RTP Pilot to recover
9 marginal generation capacity costs is consistent with the CPUC requirement on items to be
10 addressed in this RTP application¹⁷ and consistent with the RTP rate design adopted for
11 Pacific Gas & Electric Company (PG&E) where the RTP pricing includes both a CAISO
12 hourly generation energy price and a generation capacity cost adder.¹⁸ For this reason, the
13 CPUC should reject Electrify America’s proposal to exclude the CPP Event Day Adder from
14 the Stage 1 RTP Pilot since the CPP Event Day Adder will appropriately recover marginal
15 generation capacity costs.

16 For the reasons stated above, the CPUC should adopt SDG&E’s proposed updated
17 Stage 1 RTP Pilot CPP Commodity Capacity Adder and Total Base Commodity Rate,
18 presented in Attachment A, that were updated to reflect the recovery of marginal generation
19 capacity costs in the CPP Commodity Capacity Adder, as proposed by Cal Advocates, with

¹⁵ Electrify America Prepared Answer Testimony of Jigar Shah at 6 (citation omitted).

¹⁶ *Id.*

¹⁷ D.21-07-010 at 54-55.

¹⁸ D.22-08-002 at 15-19 and Ordering Paragraph 2.

1 the non-marginal generation capacity costs recovered in the Total Base Commodity Rate to
2 maintain revenue neutrality.

3 **III. SDG&E WILL CONSIDER A DISTRIBUTION RTP RATE COMPONENT**
4 **FOR ITS STAGE 2 RTP PILOT**

5 Three intervenors brought up the issue of including a distribution RTP rate
6 component in SDG&E's Stage 2 RTP Pilot. Cal Advocates states that the CPUC should
7 require SDG&E to develop a dynamic distribution rate component for Stage 2 of the
8 SDG&E RTP Pilot.¹⁹ VGIC stated that it believes a distribution component for both the
9 RTP Pilot and Commodity Export Compensation Pilot should be explored in the future.²⁰
10 EDF suggested that the RTP rate design should be more locational based such as having
11 prices tied to specific SDG&E circuits, which would provide distribution related benefits.²¹

12 SDG&E agrees with all three parties that inclusion of a distribution RTP rate
13 component should be explored in the future. However, as VGIC directly states, there is
14 significant complexity in adding a distribution RTP component, which is the reason it
15 recommends that a distribution component in the RTP rate design should be explored in a
16 future phase of this proceeding, or in another proceeding.²² SDG&E did not add a
17 distribution component in Stage 1 of its RTP Pilot because of the complexity in adding a
18 distribution component, which would have delayed the implementation of the RTP Stage 1
19 Pilot. However, SDG&E agrees that a RTP distribution component should be considered in
20 the future. SDG&E proposes to hold at least one workshop prior to the Stage 2 RTP Pilot

¹⁹ Cal Advocates Prepared Testimony of Vanessa Martinez (Chapter 1) at 1-24 - 1-26.

²⁰ VGIC Opening Testimony of ED Burgess at 28.

²¹ EDF Opening Testimony of Steven Moss at 8-10.

²² VGIC Opening Testimony of ED Burgess at 28.

1 being filed to discuss Stage 2 rate design, including the inclusion of a distribution RTP rate
2 component.

3 **IV. THE COMMODITY EXPORT COMPENSTATION CREDIT IS AN ADD-ON**
4 **OPTION TO SCHEDULE EV-HP**

5 Electrify America argues that SDG&E provided no discussion in its testimony on the
6 interaction between the Commodity Export Compensation Credit option and the
7 subscription charge that is part of the Schedule EV-HP rate design.²³ However, as stated in
8 SDG&E's Prepared Supplemental Direct Testimony of Jeff DeTuri, the interaction between
9 the Commodity Export Compensation Credit option and Schedule EV-HP, is that the Export
10 Compensation Credit will be an add-on option to customers taking service Schedule EV-
11 HP.²⁴

12 Electrify America further argues that the billing of subscription charges under
13 Schedule EV-HP limits the benefits that an EV customer on EV-HP could realize from the
14 Commodity Export Compensation Credit option because the customer's use of more
15 demand during low priced periods to prepare to export during high priced periods could
16 result in the customer's demand billed under the subscription charge being higher.²⁵
17 SDG&E does not deny that this is a potential outcome that a customer should consider when
18 deciding whether to move demand in order to have energy to export to SDG&E's grid.
19 SDG&E is providing these customers with an opportunity to benefit if the customer is able
20 to export energy to the SDG&E grid at higher prices than the sum of the cost of generating

²³ Electrify America Prepared Answer Testimony of Jigar Shah at 6 - 8.

²⁴ SDG&E Prepared Supplemental Direct Testimony of Jeff DeTuri (Chapter 1) (August 15, 2022) at JDT-5

²⁵ Electrify America Prepared Answer Testimony of Jigar Shah at 7.

1 and delivering that energy to the grid. SDG&E does not believe participation in the Export
2 Compensation Credit should permit an EV-HP customer to significantly increase demand on
3 the grid without paying the associated subscription charges for that higher demand,
4 especially since EV-HP customers already receive a significant benefit by currently paying
5 subscription charges based on the recovery of only marginal costs. Subscription charges are
6 based on the maximum monthly demand of the EV-HP customer regardless of the timing of
7 that demand. Accordingly, the CPUC should disregard Electrify America’s attempt to argue
8 for an additional incentive for customers exporting energy to the SDG&E grid because the
9 cost-based Commodity Export Compensation Credit proposed by SDG&E is the appropriate
10 incentive provided to EV-HP customers for exporting energy to the SDG&E grid.

11 **V. SDG&E’S STAGE 1 RTP PILOT IS REVENUE NEUTRAL**

12 TURN argues that SDG&E’s proposed Stage 1 RTP Pilot rate design is not revenue
13 neutral because it is missing an important rate component that exists in the PG&E adopted
14 RTP rate that ensures revenue neutrality. For this reason, TURN proposes that SDG&E be
15 required to amend its Stage 1 RTP Pilot to include a revenue neutral rate component.²⁶

16 TURN is mistaken - SDG&E’s proposal achieves revenue neutrality through its
17 Total Base Commodity Rate Component. SDG&E agrees with TURN that it is important
18 for the RTP Pilot rate to be designed to be revenue neutral, which is why SDG&E’s
19 proposed Stage 1 RTP Pilot rate design includes the Total Base Commodity Rate
20 component. As stated in SDG&E’s Prepared Supplemental Direct Testimony of William G.
21 Saxe “[t]his base commodity rate ensures that participating Stage 1 RTP Pilot customers still
22 contribute to the recovery of the allocated class commodity costs and that RTP customers

²⁶ TURN Prepared Testimony of David Cheng at 2-4.

1 are not being subsidized by non-participating customers.”²⁷ The Total Base Commodity
2 Rate is like the adopted PG&E Revenue Neutral Adder (RNA) rate component that TURN
3 references²⁸ in that both the RNA and Total Base Commodity Rate components result in
4 revenue neutrality by applying an adder on top of the commodity energy and capacity rate
5 components to ensure that the rates for RTP customers like non-RTP customers are based on
6 the full recovery of the authorized commodity revenues allocated to the applicable customer
7 class. For this reason, the CPUC should disregard TURN’s proposal that would require
8 SDG&E to include a RNA-like rate component because SDG&E’s proposed Stage 1 RTP
9 Pilot rate design already includes the revenue neutrality Total Base Commodity Rate
10 component.

11 **VI. SUMMARY AND CONCLUSION**

12 For the reasons stated above, SDG&E’s proposed updated Stage 1 RTP Pilot CPP
13 Commodity Capacity Adder and Total Base Commodity Rate, presented in Attachment A,
14 are just and reasonable. Attachment A was updated to reflect the recovery of only marginal
15 generation capacity costs in the CPP Commodity Capacity Adder, and the recovery of non-
16 marginal generation capacity costs in the Total Base Commodity Rate to maintain revenue
17 neutrality. Therefore, the CPUC should adopt the optional Stage 1 RTP Pilot commodity
18 import and export compensation rate design proposed by SDG&E, as stated in SDG&E’s
19 Prepared Supplemental Direct Testimony of William G. Saxe,²⁹ updated to reflect the

²⁷ SDG&E Prepared Supplemental Direct Testimony of William G. Saxe (Chapter 3) (August 15, 2022) at WS-6.

²⁸ D.22-08-002.

²⁹ See generally SDG&E Prepared Supplemental Direct Testimony of William G. Saxe (Chapter 3) (August 15, 2022).

1 | proposed revisions to the CPP Commodity Capacity Adder and Total Base Commodity
2 | Rate, described above and presented in Attachment A. In addition, SDG&E proposes to
3 | hold at least one workshop prior to the Stage 2 RTP Pilot being filed to discuss the Stage 2
4 | rate design, including the possible inclusion of a distribution RTP rate component.

5 | This concludes my prepared rebuttal testimony.

ATTACHMENT A

**ILLUSTRATIVE STAGE 1 RTP PILOT UPDATED CPP COMMODITY CAPACITY
ADDER AND TOTAL BASE COMMODITY RATE**

ATTACHMENT A
ILLUSTRATIVE STAGE 1 RTP PILOT CPP COMMODITY CAPACITY ADDER AND TOTAL BASE COMMODITY RATE

	SDG&E CUSTOMER CLASSES		
	<u>Residential</u>	<u>Small Commercial</u>	<u>M/L C&I</u> <u>Agricultural</u>
<u>Illustrative CPP Commodity Capacity Adder (\$/kWh)</u>			
Supplement Direct Testimony	\$0.85113	\$1.53747	\$2.12583
Rebuttal Testimony Based on Recovery of Only Marginal Generation Capacity Costs	\$0.44368	\$0.84695	\$0.98163
<u>Illustrative Total Base Commodity Rate (\$/kWh)</u>			
Supplement Direct Testimony	\$0.06502	\$0.05791	\$0.06209
Rebuttal Testimony Including Recovery of Non-Marginal Generation Capacity Costs	\$0.07288	\$0.06322	\$0.07073
			\$0.05347
			\$0.05655