

Application: A.17-09-005
Exhibit No.: SDG&E-10
Witnesses: Julia Mendoza

PREPARED REBUTTAL TESTIMONY OF
JULIA MENDOZA
CHAPTER 10
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 23, 2018



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**PREPARED REBUTTAL TESTIMONY OF
JULIA MENDOZA
CHAPTER 10**

I. INTRODUCTION

The purpose of my rebuttal testimony is to respond to the prepared direct testimony submitted by intervening parties in San Diego Gas & Electric Company’s (“SDG&E’s”) Port of San Diego Energy Management Plan (“EMP”) Application (“A.”) 17-09-005 (“Application”). In my rebuttal testimony, I address recommendations for SDG&E’s proposed Enhanced Partnership Program (“EPP”) presented by the Office of Ratepayer Advocates (“ORA”) witness Karl Stellrecht.¹ These recommendations should be disregarded.

My rebuttal testimony is organized as follows:

- Section II – SDG&E’s response to ORA’s erroneous assumption that the EPP should not be funded because it supports a narrow set of customers.
- Section III – SDG&E’s response to ORA’s mistaken assertion that SDG&E has not shown that the EPP funding avoids duplication with other funding sources.
- Section IV – SDG&E’s response to ORA’s flawed argument that no evidence has been provided to show that support and coordination of the EMP will provide concrete benefits.
- Section V – Summary and Conclusion.

¹ Direct Testimony of ORA (“ORA Testimony”), Chapter 4 (Stellrecht).

1 **II. SDG&E’S RESPONSE TO ORA’S ERRONEOUS ASSUMPTION THAT THE**
2 **EPP SHOULD NOT BE FUNDED BECAUSE IT SUPPORTS A NARROW**
3 **SET OF CUSTOMERS**

4 ORA witness Stellrecht states that “[s]hifting the cost of the EPP to non-participating
5 ratepayers is an unreasonable and unjust subsidy of a narrow set of customers.”² In
6 response, SDG&E believes it is helpful to illustrate the size and breadth of the set of
7 customers benefitted by the EMP and, by extension, the EPP. This population includes the
8 San Diego Unified Port District’s (“District”) facilities and District tenants from the
9 following five District member cities: Chula Vista, Coronado, Imperial Beach, National
10 City, and San Diego. In addition, the nearly 300 SDG&E customers within the District’s
11 tidelands boundary account for over 1,230 electric and gas meters. There are over 20
12 different industry types that engage in operations along the 34 miles of the San Diego Bay
13 waterfront. The District, District tenants, and the adjacent communities, including the
14 disadvantaged communities of National City and Chula Vista,³ will benefit from the
15 reduction of greenhouse gas (“GHG”) emissions, the growth of green jobs, and the
16 economic development in the San Diego region from projects brought forward through the
17 EPP in support of the District’s EMP, and Climate Action Plan (“CAP”) goals and
18 objectives. It is worth noting that a key responsibility for the EPP is to engage with
19 stakeholders, and understand their sustainability goals, and capture new ideas for GHG
20 reduction projects. SDG&E and the District received over twenty letters in support of
21 SDG&E’s

² ORA Testimony (Stellrecht) at 4-2:14-16.

³ Disadvantaged communities as ranked in the top 25% of disadvantaged communities by the California Environmental Protection Agency (CalEPA). See, CalEPA, *CalEnviroScreen 3.0* (January 2017), available at <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf>

1 Application.⁴ These support letters came from a wide variety of interested parties
2 including elected officials, the Port of San Diego’s Ship Repair Association, the Industrial
3 Environmental Association of California, the South County Economic Development
4 Council, the San Diego Tourism Authority, and various District tenants. SDG&E, the
5 District and many of these interested parties understand the importance of having this
6 Application approved, including the EPP, to provide the incremental resources to achieve
7 GHG reductions, through projects in Energy Efficiency, Clean Transportation, Clean
8 Generation and Advanced Technologies. There is a diverse and significant number of
9 customers that will benefit from the EMP, with oversight from the EPP.

10 **III. SDG&E’S RESPONSE TO ORA’S MISTAKEN ASSERTION THAT SDG&E**
11 **HAS NOT SHOWN THAT THE EPP FUNDING AVOIDS DUPLICATION**
12 **WITH OTHER FUNDING SOURCES**

13 ORA mistakenly argues that “SDG&E has not demonstrated that the EPP funding
14 avoids duplication of existing funds already sought in other proceedings, and grants”⁵ and
15 “[t]o avoid potential duplicative funding for the EPP activities that may be funded by other
16 ongoing proceedings or grants the Commission should deny SDG&E’s request.”⁶ As stated
17 in my prepared direct testimony, “the EPP is intended to support management, oversight and
18 other incremental activities for EMP-related proposals that have already been proposed in
19 other proceedings.”⁷ The EPP does not duplicate existing funds; it supports the

⁴ See, Application (“A”) 17-09-005, Appendix H, Letters of Support.

⁵ ORA Testimony (Stellrecht). at 4-2:19-20.

⁶ ORA Testimony (Stellrecht) at 4-4:21-22.

⁷ See, Direct Testimony of Julia Mendoza at JM-3:20-22.

1 administration of those funds and grants. For clarification, the EPP has an oversight role in
2 the hierarchy of the individual EMP components as illustrated below.



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6 As such, the EPP will provide oversight support for individual projects, but will not
7 be responsible for implementing the individual projects and therefore will not fund activities
8 already funded through other California Public Utilities Commission (“Commission”)
9 proceedings or other grants. SDG&E will manage the EPP in a similar manner to its
10 existing Local Government Energy Efficiency Partnership Program with the District, and
11 will negotiate a separate EPP Agreement that clearly identifies allowable activities for EPP
12 expenditures, to ensure there is no overlap with funding sought in other proceedings or
13 grants. Additionally, SDG&E will implement a task authorization process for the EPP,
14 whereby the District will submit a Task Authorization to SDG&E for approval prior to using
15 any of the approved EPP funding. The purpose of getting an EPP agreement in place,
16 identifying allowable EPP expenditures, and having a task authorization process is to ensure
17 the proper use of ratepayer funding in support of the EMP’s and the District’s CAP goals to
18 significantly reduce GHGs in the region, benefitting San Diego residents.

19 ORA argues that “[t]he Commission should not authorize ratepayer funds for the
20 EPP to administer programs supported by grants.”⁸ However, such view is shortsighted and

⁸ *Id.* at 4-5:9-10.

1 ignores the needs associated with the Application and administration of grants. The EPP will
2 support grant research, grant applications, and GHG reporting efforts. ORA also argues that
3 SDG&E’s Application for Approval of Electric Program Investment Charge Triennial Plan
4 (“EPIC-3”) already includes a program budget that “estimates \$916K for program-level
5 administrative activities. It is unclear why this funding is insufficient to administer the
6 mobile battery project and why additional ratepayer funding is necessary and beneficial to
7 ratepayers.”⁹ While the EPIC-3 mobile battery proposal is not yet approved, should SDG&E
8 receive Commission approval, the EPIC-3 team will research the benefits of stackable
9 mobile batteries. The EPP will allow the District and SDG&E to build upon that research,
10 and seek key findings about how battery storage may be able to assist the District to manage
11 the demand on their cruise ship shore power account in the future. The EPP activities for
12 EPIC-3 are separate and distinct from the EPIC-3 administration activities SDG&E has
13 requested approval for. The EPP will plan, track, and report on the status of all EMP
14 proposals, regardless of the funding source, in an oversight role, ensuring that GHG
15 reductions are being captured accurately specific to the District’s CAP GHG reduction
16 goals. It is worth noting that if the EPIC-3 application is not approved, forward progress
17 will continue through the EPP to allow the District to stay up to date on grant opportunities,
18 Commission-approved programs, and will fund needed research and planning for new and
19 innovative solutions for GHG reductions.

⁹ *Id.* at 4-5:2-5.

1 **IV. SDG&E’S RESPONSE TO ORA’S FLAWED ARGUMENT THAT NO**
2 **EVIDENCE HAS BEEN PROVIDED TO SHOW THAT SUPPORT AND**
3 **COORDINATION OF THE EMP WILL PROVIDE CONCRETE BENEFITS**

4 ORA’s argument is flawed when they state “[t]he Commission should deny
5 SDG&E’s request for cost recovery for the EPP because it has failed to show that the EPP
6 provides tangible benefits to ratepayers.”¹⁰ SDG&E strongly disagrees with this point. The
7 EPP is intended to support the District’s CAP goals, which are guided by state regulations
8 such as AB 32, California’s Global Warming Solutions Act of 2006, which seeks to reduce
9 GHG emissions statewide to 1990 levels by 2020.¹¹ The EPP is a needed resource to
10 provide oversight, planning, tracking and measurement of the District’s efforts. Without the
11 support provided via the EPP, SDG&E will be hampered in its efforts to work
12 collaboratively with the District to bring forward projects and proposals that will reduce
13 GHGs, and allow SDG&E and the District to measure and account for those reductions. The
14 District’s CAP seeks to reduce GHG emissions by 10% less than the 2006 baseline year by
15 2020, and 25% less than the baseline by 2035. The pie chart below illustrates the potential
16 GHG reduction sources the District and SDG&E intend to use to help the District achieve its
17 2020 GHG reduction goal.

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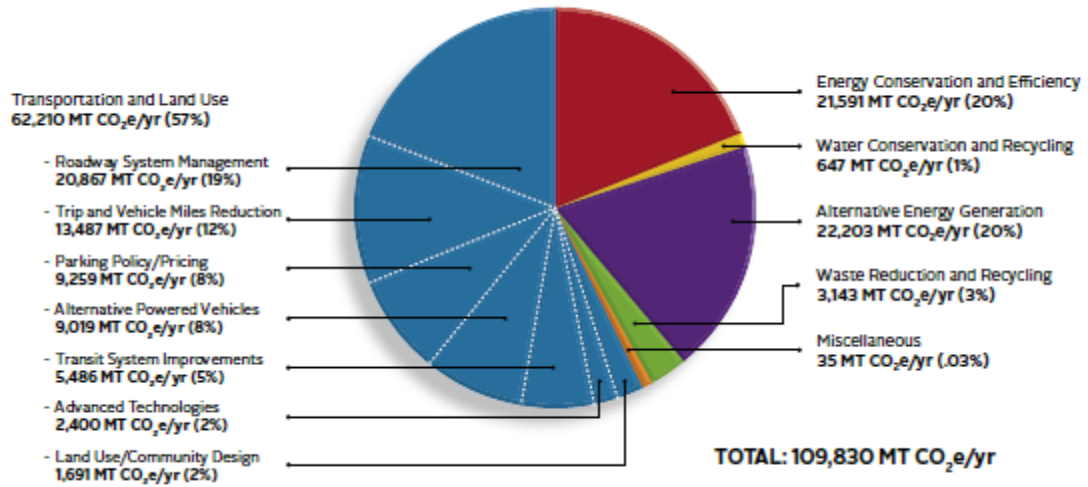
¹⁰ ORA Testimony (Stellrecht) at 4-3:14-16.

¹¹ Cal. Health & Safety Code, Sec. 38500 *et seq.*

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POTENTIAL 2020 GHG REDUCTION SOURCES¹²

POTENTIAL 2020 GHG REDUCTION SOURCES



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V. SUMMARY AND CONCLUSION

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In summary, my rebuttal testimony responds to the prepared direct testimony

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submitted by ORA in SDG&E's EMP Application.

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For the reasons stated in this rebuttal testimony, the Commission should:

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1. Adopt SDG&E's proposal for the EPP, which benefits a large and diverse range of

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SDG&E customers, and includes dedicated resources to accomplish GHG reduction

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goals laid out in the District's CAP beyond administration funding requested in other

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applications.

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2. Reject ORA's assertion that the EPP does not provide demonstrable benefits.

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This concludes my prepared rebuttal testimony.

¹² See, Port of San Diego - Climate Action Plan 2013 at 16, available at <https://pantheonstorage.blob.core.windows.net/environment/Port-of-San-Diego-Climate-Action-Plan.pdf>.