

NRDC DATA REQUEST
NRDC-SDG&E-DR-02, REQUEST 1
APPLICATION FOR APPROVAL OF ELECTRIC VEHICLE HIGH POWER CHARGING RATE (A.19-07-006)
SDG&E RESPONSE
DATE RECEIVED: December 3, 2019
DATE RESPONDED: December 16, 2019

1. Please refer to the attachment in response to NRDC DR-01 Q1 (“NRDC DR-01_Q1.xlsx”) showing Schedule AL-TOU Marginal Costs.
 - a. This file contains no On-Peak Distribution Demand Costs, and yet Table WS-2 on page WS-4 of Mr. Saxe’s testimony shows that Schedule AL-TOU has both summer and winter on-peak distribution demand charges. Are these charges to recover embedded distribution costs only, and not marginal costs? Or do these charges recover marginal generation capacity costs or some other costs? Please explain.

SDG&E Response: The Schedule AL-TOU on-peak distribution demand charges presented in Table WS-2 of the Prepared Direct Testimony of William G. Saxe recover distribution demand related costs adopted for recovery in distribution on-peak demand charges in California Public Utilities Commission (“Commission”) Decision (“D.”) 17-08-030. These costs represent recovery of marginal distribution demand costs scaled up by the Equal Percent Marginal Cost (“EPMC”) distribution factor to ensure recovery of SDG&E’s Commission authorized distribution revenue requirement.

As explained on page WS-3 of the Prepared Direct Testimony of William G. Saxe, the proposed EV-HP rates do not reflect distribution demand on-peak demand charges because SDG&E is proposing to recover allocated distribution on-peak demand costs through on-peak energy charges rather than on-peak demand charges, as presented in Table WS-2.

- b. Please explain how the marginal generation capacity costs for summer on-peak demand (e.g., \$11.79/kW for secondary service) are reflected in Schedule AL-TOU rates. Are these reflected in the commodity charge (EECC), or some other rate component? If they are reflected in the commodity charge, are they recovered through the CPP added or some other component?

SDG&E Response: The \$11.79/kW marginal generation summer on-peak capacity costs for secondary service are recovered in the commodity charges of Schedule AL-TOU, which are in Schedule EECC for non-Critical Peak Pricing (“CPP”) customers and Schedule EECC-CPP-D for CPP customers. Based on the current adopted Schedule AL-TOU rate design, 50% of the \$11.79 in marginal generation summer on-peak capacity costs are recovered through the on-peak commodity summer demand charges for non-CPP customers and the CPP Event Day Adder for CPP customers, with the remaining 50% recover through the applicable commodity energy charges.

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- c. If the marginal generation capacity costs for summer on-peak demand are not recovered through the CPP adder, please explain how the CPP adder is derived.

SDG&E Response: As explained in response to Question 1.b above for M/L C&I customers taking commodity service on Schedule EECC-CPP-D, 50% of the marginal generation summer on-peak capacity costs are recovered through the CPP Event Day Adder, with the remaining 50% recovered through the applicable commodity energy charges.

- d. Please explain how the marginal generation capacity costs for summer off-peak energy (e.g., \$0.02191/kWh for secondary service) are reflected in Schedule AL-TOU rates. Are these reflected in the commodity charge (EECC), or some other rate component?

SDG&E Response: The \$0.02191/kWh marginal generation summer off-peak capacity costs are recovered through the summer off-peak commodity charges of Schedule AL-TOU, which are the summer off-peak commodity charges in Schedule EECC-AL-TOU and Schedule EECC-CPP-D for Schedule AL-TOU customers.

- e. Please explain how the marginal energy costs are reflected in Schedule AL-TOU rates. Are these reflected in the commodity charge (EECC), or some other rate component?

SDG&E Response: Marginal energy costs are recovered in the commodity energy charges in Schedule EECC and Schedule EECC-CPP-D for Schedule AL-TOU customers.

2. Refer to Table WS-3 on page WS-5 of Mr. Saxe's testimony.

- a. Please explain the RS Charges and why it is set at \$0.00002 for Schedule AL-TOU and \$0.0001 for Schedule EV-HP.

SDG&E Response: The RS costs reflect demand-related and energy-related costs, with the demand-related costs being negative in 2019. For Schedule AL-TOU, the energy-related costs are recovered in energy charges of \$0.00002/kWh while the demand-related costs are recovered in demand charges. However, because the negative demand-related costs are very small and demand charges are rounded to the second decimal place for billing purposes, the resulting RS demand charge for Schedule AL-TOU is \$0.00. For Schedule VGI, both the energy-related and demand-related RS costs are recovered in energy charges, and thus the inclusion of the negative demand-related costs results in a lower RS energy charge for Schedule

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VGI of \$0.00001/kWh.

- b. Please explain how the transmission energy charge of \$0.02724/kWh was developed, given that the workpapers for Chapter 2 (tab “EV-HP Rate Design Modifications”) shows a VGI transmission energy charge of \$0.04190/kWh.

SDG&E Response: The current total transmission charge for Schedule VGI is \$0.02724/kWh.¹ This total transmission charge consists of both the \$0.04190/kWh transmission charge for VGI and -\$0.01466/kWh transmission credit for the M/L C&I customer class associated with the Transmission Revenue Balancing Account Adjustment and the Transmission Access Charge Balancing Account Adjustment.

3. Refer to the workpaper “EVHP Workpapers Chapter 2.xlsx” tab “EV-HP Rate Design Modifications” and tab “WS DT Attachment A.”

- a. Is the CPP adder not included in the tab “EV-HP Rate Design Modifications” because the rate does not change from Schedule AL-TOU?

SDG&E Response: Correct. It is assumed that EV-HP customers will remain on Schedule EECC-CPP-D when defaulted to this commodity rate since this CPP commodity rate does not have demand charges. For this reason, as shown on Attachment A of the Prepared Direct Testimony of William G. Saxe the proposed EV-HP rates include the CPP Event Day Adder.

- b. Please identify how much revenue is designed to be recovered through the CPP adder for schedule AL-TOU and the determinants (kWh).

SDG&E Response: The current June 1, 2019 CPP Event Day Adder is designed to recover \$67,720,889 in revenues based on 36,554,907 in CPP Event Day Adder kWh determinants.

- c. Please explain how the CPP Capacity Reservation Charge functions and provide the associated revenues and determinants.

SDG&E Response: As explained in Special Condition 9 of Schedule EECC-CPPD, the Capacity Reservation is an option provided to customer that allows them to reserve a portion of their generation capacity, specified in kW, that will be protected from being billed the CPP Event Day Adder during CPP events.

¹ Transmission rates effective June 1, 2019, per SDG&E Advice Letter 3377-E approved by Energy Division letter on June 21, 2019.

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[As noted below, portions of the following response (redacted in black) are CONFIDENTIAL and considered Protected Material subject to the applicable NDA.]

The Capacity Reservation charge is designed to be revenue neutral which means it is designed to recover all of the marginal generation capacity costs (\$67,720,889) through the Capacity Reservation Charge assuming customers select 100% of their on-peak demand to be reserved ([REDACTED] kW of annual on-peak demand for the M/L C&I class).

Please note that the annual commodity on-peak kW data for the M/L C&I customer class provided in this response is considered Confidential pursuant to Section V.B. of the IOU Confidentiality Matrix, adopted as Appendix 1 of D.06-06-066.