

SDG&E Follow-up to May 23, 2019 Demand Charge Workshop
In A.19-03-002 (SDG&E's 2019 GRC Phase 2 Proceeding)
Alternative Scenario for Distribution Demand Charge Research Study
(June 6, 2019)

Introduction

At the May 23, 2019 demand charge workshop, San Diego Gas & Electric Company (“SDG&E”) agreed to run an alternative scenario related to the distribution demand charge research study that SDG&E served on parties to A.19-03-002 (SDG&E's 2019 GRC Phase 2 proceeding) on May 3, 2019. In determining the allocation of peak and non-peak distribution costs from 2014-2016, SDG&E used its current time-of-use (“TOU”) periods that the Commission approved in Decision (“D.”) 17-08-030 and SDG&E implemented on December 1, 2017 pursuant to Advice Letter 3130-E. At the May 23, 2019 workshop, parties asked SDG&E to re-run the results of its distribution demand charge research study using the TOU periods that were in effect during 2014-2016 to allocate peak and non-peak distribution costs. The results of this re-run are set forth below.

Results of Workshop Scenario

Analysis 1

Step 1 & Step 2: Unchanged from the May 3, 2019 study.

Step 3: SDG&E examined the circuit and substation peak demands and their relationship to customer classes' demand coincident with the system peak period. To determine the allocation of the distribution capacity-related costs, SDG&E determined the percentage of circuits and substations that peaked during the peak period (11am – 6pm). The percentage of circuits and substations that peak during the on-peak period, and the respective magnitudes, were used to calculate the percentage of capacity-driven distribution costs that should be considered for recovery through a peak demand charge.

As displayed in Workshop Alternative Table 4 below, between 59.5% and 62.2% of SDG&E's circuits peaked during SDG&E's previous summer on-peak period of 11 a.m. to 6 p.m. (compared with the range of 58.2% and 67% in the May 3, 2019 study). Workshop Alternative Table 5 shows that between 63.1% and 67.5% of SDG&E's substations peak during SDG&E's previous summer on-peak period (compared with the range of 65.9% and 76.8% in the May 3, 2019 study).

Workshop Alternative Table 4: SDG&E Circuits Peaking During Historical On-Peak TOU Period

		Circuit	
		On-peak (11 am - 6 pm)	Off-Peak
2014	Count (%)	61.5%	38.5%
	Total (MW)	2,834	1,696
2015	Count (%)	62.2%	37.8%
	Total (MW)	2,800	1,755
2016	Count (%)	59.5%	40.5%
	Total (MW)	3,067	2,047

Workshop Alternative Table 5: SDG&E Substations Peaking During Historical On-Peak TOU Period

		Substation	
		On-peak (11 am - 6 pm)	Off-Peak
2014	Count (%)	67.5%	32.5%
	Total (MW)	2,725	1,322
2015	Count (%)	64.3%	35.7%
	Total (MW)	2,706	1,538
2016	Count (%)	63.1%	36.9%
	Total (MW)	2,756	1,673

Analysis 2

Step 1: Per Ordering Paragraph 2 of Resolution E-4951, SDG&E assumed that 74% of its distribution costs are demand-related. SDG&E also used its historical TOU on-peak periods in this analysis.

Specifically, OP 2 of E-4951 requires that the study be modified such that;

- (a) SDG&E uses the EPMC-based attribution of 74% of distribution costs as demand-related as the starting point, bypassing SDG&E’s proposed Step 1 distribution cost analysis and proceeding directly to its Step 2 load analysis and,
- (b) SDG&E provides that up to 74% of distribution cost could be subject to recovery in a peak-related demand charge, depending on the outcome of SDG&E’s Step 2 load analysis.

See Workshop Alternative Attachment A3 for this revised scenario. Workshop Alternative Attachment A3 shows that 39.5% of the total distribution demand-related marginal costs

revenues would be assigned to on-peak, as compared to the May 3, 2019 alternative study of 57.9%. In addition, 60.5% of the total distribution demand related marginal cost revenues would be allocated to non-coincident, as compared to the May 3, 2019 alternative study of 42.1%. For convenience, SDG&E also has included Attachments A1 and A2 from the May 3, 2019 study, which remain unchanged.