

**DOCKETED**

<b>Docket Number:</b>	23-LMS-01
<b>Project Title:</b>	Load Management Standards Implementation
<b>TN #:</b>	254778
<b>Document Title:</b>	San Diego Gas & Electric (SDG&E) Comments - SDG&E Request for Extension of VGI and GIR Rate Uploads to MIDAS
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	San Diego Gas & Electric (SDG&E)
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	3/1/2024 4:06:15 PM
<b>Docketed Date:</b>	3/1/2024

*Comment Received From: San Diego Gas & Electric (SDG&E)*  
*Submitted On: 3/1/2024*  
*Docket Number: 23-LMS-01*

**SDG&E Request for Extension of VGI and GIR Rate Uploads to MIDAS**

*Additional submitted attachment is included below.*



Sarah M. Taheri  
Regulatory Affairs Manager

925 L Street, Ste. 650  
Sacramento, CA 95814

phone: 916.708.7409  
email: STaheri@sdge.com

March 1, 2024

Mr. Drew Bohan  
Executive Director  
California Energy Commission  
715 P Street  
Sacramento, CA 95814

**RE: San Diego Gas & Electric (SDG&E) Application for Extension of Compliance Deadline for Load Management Standards Requirement to Upload Hourly Dynamic Pricing Rates into the MIDAS Database (Docket No. 23-LMS-01)**

Dear Mr. Bohan:

On May 31, 2023, the California Energy Commission (“Commission”) adopted Order No 23-0531-10 (“Order”) regarding the Joint Parties’ Request for Delay of July 1, 2023, MIDAS Rate Upload Deadline. Ordering Paragraph 3 states:

SDG&E shall upload hourly dynamic prices offered through its Vehicle-Grid Integration (VGI) rate and Grid Integrated Rate (GIR) by April 1, 2024. SDG&E shall file reports of its progress towards meeting this deadline with CEC staff on July 1, 2023, October 1, 2023, January 1, 2024, and April 1, 2024.

SDG&E’s January 2024 status update noted the following:

As of October 1, 2023, over 99% of SDG&E’s time dependent rates and modifiers available to SDG&E customers were uploaded into MIDAS. SDG&E has not yet uploaded information pertaining to the two hourly rates – the VGI and GIR rates – for which it was previously granted an extension through April 1, 2024. These two rates impact a small proportion of SDG&E customers (570 meters or 0.045% of the population).<sup>1</sup>

However, uploading hourly rate structures into MIDAS will be an extremely resource intensive process absent an automated system. Development of such a system necessitates additional IT development. While SDG&E understands that this automation may be needed in the future as additional hourly pricing offerings become available, SDG&E is concerned that completing this work now (for such a limited portion of customers) may not be cost-effective. As such, we continue to

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<sup>1</sup> As of February 2024, SDG&E currently has 600 meters or 0.045% of the population enrolled in VGI and GIR rates.

evaluate whether an extension beyond the April 1, 2024, timeframe, and/or an exemption for certain rates, may be appropriate to address the timing and cost issues discussed above.

SDG&E has now concluded that an extension is necessary for the April 1, 2024, requirement to upload the hourly dynamic prices offered through its VGI and GIR rates. To reduce the cost-benefit ratio for the upload for these rates, SDG&E is seeking to tie the upload of its VGI and GIR rates to the upload of its forthcoming Real-Time Pricing (RTP) import pilot rate(s), as described below.

### **Request for Extension of Compliance Deadline**

California Code of Regulations Section 1621(e) provides a process for the Commission to consider extensions, delays, or modifications to a Large IOU's compliance with the Load Management Standards requirements. The regulations require that applications for extension, delay, or modification shall demonstrate that requiring timely compliance will result in at least one of the following: extreme hardship; reduced system reliability or efficiency; or implementation that is not technologically feasible or cost-effective.

SDG&E believes that timely compliance with the requirement to upload hourly time dependent VGI and GIR rates by April 1, 2024, would not be cost-effective. As such, SDG&E respectfully requests an extension of the deadline to upload VGI and GIR rates until SDG&E uploads its Real-Time Pricing (RTP) import pilot rate, or until 120 days (approximately 4 months) after SDG&E's RTP import pilot rate has been approved by the California Public Utilities Commission (CPUC), whichever is sooner.

In November of 2023, the CPUC dismissed SDG&E's December 2021 application for an RTP import pilot rate, without prejudice, and ordered SDG&E to "file a new dynamic import rate application within 90 days after the Commission issues a final decision in [Rulemaking] R.22-07-005 that provides guidance for dynamic rate applications."<sup>2</sup> The current schedule in R.22-07-005 states that a proposed decision, with the relevant guidance, is expected in March 2024.<sup>3</sup> SDG&E would then file its application for an RTP import pilot rate within 90 days of the final decision in that proceeding. Pursuant to SDG&E's request for extension proposed herein, the VGI and GIR hourly dynamic prices would be uploaded after the final decision in SDG&E's RTP import pilot rate application.

SDG&E recognizes that this request for extension seeks a delay of compliance until after forthcoming CPUC decisions are issued, and that the exact amount of time requested is uncertain. However, as detailed below, given the small number of customers impacted and the significant cost of compliance, the cost-benefit ratio for compliance for these rates is very low and will be significantly improved if SDG&E can combine compliance for these rates with compliance for its RTP pilot rate.

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<sup>2</sup> D.23-11-006 at Conclusions of Law 1-2; see *also id.* at Ordering Paragraph 1.

<sup>3</sup> R.22-07-005, Assigned Commissioner's Phase 1 Scoping Memo and Ruling (November 22, 2022) at 9.

## **Justification for Request**

Uploading VGI and GIR rates by April 1, 2024, is not cost-effective. As mentioned above, these two rates impact a very small number of SDG&E customers – only 600 meters to be exact. This amounts to 0.045% of SDG&E's total customer population. And to comply with LMS § 1623(b) for these rates, SDG&E estimates it will cost \$450-675k annually in IT systems to support and maintain these uploads. These costs are required to support the day-ahead and day-of uploads of California Independent System Operator (CAISO) commodity and base rate hourly pricing, as well as uploads of the complex calculations supporting the VGI Distribution Critical Peak Pricing hourly adders and the VGI Commodity Critical Peak Pricing hourly adders. All these prices must be uploaded and verified on a daily basis to ensure accurate pricing. If SDG&E were to upload VGI and GIR prices on April 1, 2024, SDG&E expects it would have to spend at least \$900k of ratepayer funds before it is able to upload prices associated with the RTP pilot rate. This is a significant investment of on-going ratepayer dollars for relatively few benefiting ratepayers. Thus, due to the limited benefit and high cost of implementation, SDG&E believes compliance is not cost-effective and should be delayed until it becomes more cost-effective.

Extending the deadline as proposed would align the timing for the upload of VGI and GIR rates into MIDAS with a larger upload grouping of hourly rates, making the needed technological investments more cost-effective. SDG&E expects its proposed RTP pilot rate will make hourly, time-dependent rates available for many more, if not all, SDG&E customer classes, reaching a much more significant portion of SDG&E's customer base.<sup>4</sup> Accordingly, combining uploads associated with the RTP pilot with the VGI and GIR uploads would spread the costs amongst significantly more customers and significantly more eligible customers.

## **Conclusion**

Thank you for your consideration of this request. To best support a process that recognizes the currently established deadline, SDG&E seeks resolution of this matter prior to April 1, 2024. Please do not hesitate to contact me should you have any questions or need additional information.

Sincerely,



Sarah M. Taheri  
Regulatory Affairs Manager

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<sup>4</sup> SDG&E notes that it cannot predict, with any certainty, the eligibility for its expected RTP pilot rate. However, SCE and PG&E have RTP pilot rates eligible to significant percentages of their customers. See D.24-01-032. Further, SDG&E expects to propose eligibility for its RTP Pilot rate to include all customer classes, with the exception of streetlighting.