

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

Application of Pacific Gas and Electric Company
(U 39 E) for Approval of its Demand Response
Programs, Pilots, And Budgets for Programs
Years 2023-2027.

Application 22-05-002
(Filed May 2, 2022)

And Related Matters.

Application 22-05-003
Application 22-05-004

**REPLY COMMENTS OF THE VEHICLE-GRID INTEGRATION COUNCIL ON
PROPOSED DECISION DIRECTING CERTAIN INVESTOR-OWNED UTILITIES'
DEMAND RESPONSE PROGRAMS, PILOTS, AND BUDGETS FOR THE YEARS 2024-
2027**

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In accordance with the Rules of Practice and Procedure, Rule 14.3 of the California Public Utilities Commission (“Commission”) and the email ruling extending comment deadline issued by Administrative Law Judge (“ALJ”) Jason Jungreis on November 22, 2023, the Vehicle-Grid Integration Council (“VGIC”) hereby submits these reply comments on the *Proposed Decision Directing Certain Investor-Owned Utilities’ Demand Response Programs, Pilots, and Budgets for the Years 2024-2027* (“PD”), issued by the Commission on November 6, 2023.

Opening comments reveal broad dissatisfaction by stakeholders in the PD’s extensive rejection of programmatic approaches to demand response (“DR”). It is not lost on VGIC that the investor-owned utilities (“IOUs”) applications are not being assessed in a vacuum. IOU ratepayers will be subject to a truly unprecedented cost burden over the next decade. In just the next couple of years, Pacific Gas and Electric Company (“PG&E”) and Southern California Edison (“SCE”)

may invest over \$23 billion in wildfire mitigation/undergrounding measures.¹ The CPUC-commissioned *Electrification Impacts Study* estimates that \$50 billion of distribution upgrades will be needed by 2035 to support the state’s electrification policy goals, namely transportation electrification (“TE”).² VGIC recognizes the risk of overburdening ratepayers with these costs and believes the Commission should do everything in its authority to mitigate these costs while still achieving these important policy goals. However, party opening comments on the PD make **abundantly clear that the Commission is on the verge of erroneously rejecting several sensible pilots that could mitigate these costs and are, in fact, some of the only tools the Commission has at its disposal to do so.** VGIC acknowledges that the Commission is also seeding long-term load management strategies through the CalFUSE framework contemplated in R.22-07-005. While VGIC generally supports the CalFUSE framework for long-term dynamic rate implementation, we caution against putting all eggs into one basket, as this creates unnecessary risk. We also reiterate that California cannot afford to restrict the load management tools it can use. Given the tight system constraints posed by extreme weather, aging infrastructure, increased renewable penetration, wildfire mitigation costs, and transportation electrification, there is no option but for the Commission to use every justifiable tool in its toolbox to achieve the many goals and constraints of the state. With this in mind, VGIC summarizes below in Table 1 the opening comments demonstrating the many factual errors and erroneous claims of justification for rejecting what VGIC considers to be no-regrets EV DR pilots and measures:

¹ Kavya Balaraman. *PG&E, SCE detail plans to spend more than \$23B through 2025 to prevent wildfires in their footprints*. Utility Dive. March 28, 2023. <https://www.utilitydive.com/news/pge-sce-vegetation-management-resilience-california-wildfires/646163/>

² Kevala, Inc. *Electrification Impacts Study Part 1: Bottom-Up Load Forecasting and System-Level Electrification Impacts Cost Estimates*. Adopted in R.21-06-017. May 9, 2023. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M508/K423/508423247.PDF>

Table 1

Utility	2024-2027 DR Portfolio Application Element	Proposed Decision Determination	PD Errors as Cited in Opening Comments	Impact on Commission’s Broader Ratepayer Cost Concerns
All	Emergency Load Reduction Program (“ELRP”) Pilot	Reduces sub-group A.5 minimum dispatch from 30 to 20 hours	Tesla, CALSSA, and VGIC cite the <u>lack of record evidence, flawed logic, and incorrect assertions.</u> ³	Given the limited enrollment in A.5, the cost is extremely minimal.
		Finds it reasonable to address telematics-based participation in ELRP in DRIVE OIR only.	Auto Innovators’ and VGIC cite the Commission’s glaring <u>misreading of D.22-011-040.</u> ⁴	Minimal incremental cost is required as capabilities are already embedded in many EVs.
PG&E	Multi-DER Automated Response Technology (“ART”) Program	ART budget set at \$23.8 million over 4 years, a ~32% reduction in annual allowance compared to the legacy SmartAC program.	Uplight and Google demonstrate that the budget is insufficient to integrate new DERs, like EVs, citing the <u>Total Resource Cost test of 4.48 indicates a no-regrets opportunity to scale ART participation beyond the currently-enrolled thermostats.</u> ⁵	The high TRC test scores indicate little risk to ratepayers of expanding this program budget so it can enroll other DERs. VGIC notes that DR reduction potential is likely even greater for EVs relative to thermostats, given that the customer experience is more “behind-the-scenes,” with the desired state of charge achieved by morning to be ready for the daily commute.
SCE	Mass Market DR (“MMDR”) Pilot	Rejects MMDR Pilot, which would have supported EV participation in California’s demand response portfolio.	Auto Innovators’ and WeaveGrid cite the PD’s <u>erroneous claim that the MMDR is duplicative of SCE’s Smart Energy Program,</u> which does not cater to multi-DER customers or incorporate sophisticated but proven load management. ⁶	The proposed MMDR budget of \$1.46 million is an order of magnitude less than SCE’s SB 676 VGI pilot budget filed in AL 4542-E and authorized up to \$12 million under D.20-12-029.
SDG&E	EV DR Pilot (“EVDRP”)	Rejects EVDRP, which would have	Auto Innovators’, ev.energy, VGIC, and WeaveGrid cite	The proposed EVDRP budget of \$3.3 million is a fraction of

³ See Opening Comments of Tesla and CALSSA at 2-6 and Opening Comments of VGIC at 4-9.

⁴ See Opening Comments of Auto Innovators’ at 10-11 and Opening Comments of VGIC at 13-15.

⁵ See Opening Comments of Uplight at 5-7 and Opening Comments of Google at 5-7.

⁶ See Opening Comments of Auto Innovators’ at 8 and Opening Comments of WeaveGrid at 6-7.

		supported EV participation in California’s demand response portfolio.	the PD’s <u>misunderstanding of how EVDRP fundamentally differs from SCE’s Charge Ready DR Program and CCA Pilots</u> , which do not cater to residential bundled customers, manage distribution system peaks, or incorporate sophisticated but proven load management techniques. ⁷	SDG&E’s SB 676 VGI pilot budget authorized under D.20-12-029.
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In addition to the above-listed arguments detailing the factual errors and inconsistencies within the PD, Cal Advocates makes a critical point in opening comments regarding cost-effectiveness testing and the applicability of the Total Resource Cost (“TRC”) 1.0 score criteria. Cal Advocates accurately details the TRC’s importance for approving DR program expansions that have demonstrated poor TRC scores and that carry significant costs give the program scale. However, VGIC notes that the above-referenced proposals, except for PG&E’s ART program, are all new pilots that should not be assessed only on the merits of the TRC test. With this in mind, VGIC urges the Commission to correct the errors cited in opening comments and adopt a Final Decision that embraces the *net benefits* of authorizing DR pilot efforts that unlock EV load flexibility in the face of mounting wildfire mitigation and distribution system electrification costs through 2035.

⁷ See Opening Comments of Auto Innovators’ at 9-10, Opening Comments of ev.energy at 2-5, Opening Comments of VGIC at 9-13, and Opening Comments of WeaveGrid at 2-6. See also Charge Ready DR Pilot 2022 Results in SCE’s eMobility Q3 Program Advisory Committee (PAC) Meeting, which detailed ~25% peak load reduction through the program and described 2022 as the “Best performance of Charge Ready DR Pilot in terms of kWh reduction.” Critically, the Charge Ready DR Pilot is *not* focused on distribution system peaks and only focused on system-level peaks, as ELRP is. In contrast, SDG&E’s EVDRP may target distribution system peaks, as well, offering an entirely new suite of grid support capabilities from EV DR resources, namely in congested EV-heavy residential circuits and industrial areas with multiple electrified fleets.

VGIC appreciates the opportunity to submit these reply comments on the Proposed Decision. We look forward to further collaboration with the Commission and stakeholders on this important initiative.

Respectfully submitted,

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