PREPARED SUPPLEMENTAL REPLY TESTIMONY OF DAN SAKAGUCHI, MS, ON BEHALF OF THE CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE ON R.20-11-003, THE ORDER INSTITUTING RULEMAKING TO ESTABLISH POLICIES, PROCESSES, AND RULES TO ENSURE RELIABLE ELECTRIC SERVICE IN CALIFORNIA IN THE EVENT OF AN EXTREME WEATHER EVENT IN 2021
The California Environmental Justice Alliance ("CEJA") submits the following supplemental reply testimony on the Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, proceeding R.20-11-003. This testimony responds to Administrative Law Judge Stevens’ ruling on June 14, 2021 and is timely served pursuant to that Ruling.

SUPPLEMENTAL REPLY TESTIMONY OF DAN SAKAGUCHI

I. INTRODUCTION

Q. Please state your name, position and organization.
A. My name is Dan Sakaguchi, and I am a Staff Researcher at Communities for a Better Environment ("CBE") where I have been on staff since August 2018. My CV and qualifications were set out in my January 11, 2021 opening testimony on behalf of the California Environmental Justice Alliance ("CEJA").

Q. What is the purpose of this testimony?
A. The purpose of my testimony today is to respond to the Supplemental Testimony served by the Pacific Gas and Electric Company ("PG&E") on July 7, 2021, and to clarify the similarities and differences between elements of PG&E Power Saver Rewards Pilot ("PSRP") to CEJA’s proposed Just Flex Rewards ("JFR") program. This is in response to ALJ Stevens’ June 14, 2021 Ruling, which stated that “[a]ll parties are granted the opportunity to serve reply testimony, no later than July 21, 2021, that responds to the CEJA Just Flex Rewards and PG&E Residential Rewards Pilot Program proposal refreshes.”

Q. What are the similarities between PG&E’s PSRP and CEJA’s JFR?
A. PG&E recognizes, as does CEJA, the limitations posed by smart technology demand response (“DR”) programs, particularly for low-income customers and for disadvantaged
communities ("DACs"). As a result, PG&E has proposed multiple participation options for the PSRP, of which Option A (referred to also as “Behavioral DR” in the proposal) does not require smart technology.

There are several key similarities between Option A of the PSRP and CEJA’s JFR. Overall, both programs provide incentives for bundled and non-bundled residential customers on an opt-out basis to reduce electricity consumption during emergency events. While Option A is not limited to low-income customers or DACs, it prioritizes such customers by only providing flat incentive payments to them. Also as in CEJA’s proposal, Option A involves a communication platform to provide timely alerts to customers of upcoming events and to provide performance reports after events. Lastly, both programs are fundamentally quite simple. Under CEJA’s JFR, the utilities would send an identical, batch SMS to customers, who need only reply with a text prior to the emergency event, confirming their participation. After the event, the utilities would similarly send a batch SMS, and customers would simply reply confirming they reduced their load during the required hours.

Q. **What are the differences between Option A of PG&E’s PSRP and CEJA’s JFR?**

Why should the CPUC adopt CEJA’s JFR?

A. Despite the many similarities, there are several critical differences between Option A of the PSRP and JFR. CEJA believes these differences may limit participation by low-income and DAC customers while also limiting load reduction potential.

First, under PG&E’s proposal, only customers who receive Home Energy Reports (HER) would be eligible for Option A. While the HER communication platform appears to be an ideal mechanism to communicate real-time alerts and updates to customers, this would substantially limit the eligibility of low-income customers and DACs. Instead, CEJA’s JFR involves the use of

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1 PG&E Supplemental Testimony, p. 1.
2 *Id.*, p. 4.
3 *Id.*, p. 4.
4 *Id.*, p. 5.
5 While not stated explicitly, this is assumed from PG&E’s reported figures that 1.6 million customers receive HER (p. 5), 1.4 million PG&E customers receive bill discounts through either CARE or FERA (p. 8), Option A incentives would be offered to 696,000 customers annually (p. 14), and 1.6 million customers would participate in Option A in total (pg. 16). CEJA assumes this implies that the 1.6 million HER customers would receive the emergency conservation alerts, of which only 696,000 customers are in DACs or are low-income.
text, and if necessary, phone communication, which can be built on top of other existing
platforms utilized for wildfire and PSPS event outreach. While we recommend the IOUs
leverage the HER platform when possible, we recommend that non-HER customers be eligible
as well, and that text communication be used primarily to allow for wider participation.

Second, PG&E’s proposed incentive model appears ill-suited to meaningfully and
effectively incentivize low-income and DAC participants. PG&E proposes an annual $10
incentive paid at the end of each season. PG&E incorrectly asserts that JFR would also provide a
flat annual incentive of $10 per customer. Instead, as clarified in my July 7, 2021 Supplemental
Testimony, CEJA proposes a flat, per-event incentive of $5 for each customer for a 5 hour ERLP
event (using a rate of $1 per hour based on a rate of $2.00/kwh). Further, JFR only grants this
incentive for customers that have both opted in prior to the event and have self-verified after the
event that they completed the required load reductions. As stated in my July 7 supplemental
testimony, evidence from past behavioral DR programs shows that incentives must be sizable
and timely in order to be effective. With three to five events called per year, PG&E’s annual rate
of $10 could result in per-event compensation of only $2.00 to $2.50, which is likely inadequate
to encourage load reductions. CEJA believes these differences in incentive model can ensure that
load reductions exceed PG&E’s projections of 0.035 kW per customer. By providing larger per-
household incentives, for example, the PG&E DAC Behavioral DR Pilot in Fresno achieved load
reductions of 0.69 kW on average per customer. An evaluation of the program assumed a load
drop capacity of 0.5 kW in estimating load potential from larger scale efforts, just as I did in my
Supplemental Testimony. This demonstrates the reasonableness of the JFR’s 0.5 kW
assumption for our flat rate calculation.

Lastly, we note several structural differences between the two programs. Naturally, the
PSRP would apply only to PG&E’s service territory, whereas JFR would apply statewide. CEJA
believes that low-income customers and DACs in Southern California Edison and San Diego Gas

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6 See generally CEJA Supplemental Testimony, CEJA-03.
8 See also CEJA Supplemental Testimony, CEJA-03, p. 16 n. 9 and p. 11 n. 24 (citing CEC studies and Greentech article).
9 PG&E Supplemental Testimony, p. 16.
10 PG&E’s behavioral DR pilot in Fresno, a partnership with Olivine, saw an average load shed of 0.69 kW. See PG&E, "Serving the Underserved: Lessons learned from Behavioral Demand Response Implementation", presentation delivered at the 43rd PLMA Conference on May 12th, 2021. See https://www.peakload.org/43rd-conference-agenda.
& Electric service territories should also have the opportunity to participate. CEJA is also concerned by the high administration costs required in the PG&E proposal, between 38 to 40 percent of the total budgets.\textsuperscript{11} Given that both Option A and JFR leverage existing communication platforms, we expect that administration costs should be much lower. The program should be designed to maximize customer incentives, as possible.

Q. Based on PG&E’s testimony, do you recommend any changes to JFR?

A. There are several elements of PG&E’s proposal that are aligned with the goals of JFR and if incorporated would improve the program. In particular, we recommend including the suite of outreach strategies proposed by PG&E, such as invitational emails, a web landing page, and cross-program promotion using the Energy Savings Assistance and CARE/FERA programs for low-income customers.\textsuperscript{12} We also recommend the inclusion of an annual stakeholder process, as PG&E recommends, to evaluate program efficacy, receive requested changes, and to implement improvements.\textsuperscript{13} CEJA had similarly recommended an evaluation of our pilot after a year, and we believe that PG&E’s proposed annual stakeholder process combined with our recommendations for inclusion the relevant stakeholders will allow for the necessary review and potential modification of the pilot.

Overall, we believe that PG&E’s inclusion of a Behavioral DR option for low-income customers and DACs in its proposal demonstrates the need and potential benefits of a program like JFR. We request that it be included within the options that the Commission approves.

Q. Was this material prepared by you or under your supervision?

A. Yes, it was.

Q. Insofar as this material is factual in nature, do you believe it to be correct?

A. Yes, I do.

\textsuperscript{11} Id., p. 14.
\textsuperscript{12} Id., pp. 8-9.
\textsuperscript{13} Id., p. 12.
Q. Insofar as this material is in the nature of opinion or judgment, does it represent your best judgment?
A. Yes, it does.

Q. Do you adopt this testimony as your sworn testimony in this proceeding?
A. Yes, I do.

Q. Does that conclude your testimony?
A. Yes.