SDG&E Cost Causation and Neutrality Presentation: Approach to Determine Cost Refunds

March 26, 2018
Bill Credit Methodology

- Pre-determine a Credit per kWh for each current IOU Demand Response Program

“SDG&E Demand Response Program Credit” rate and resulting dollar amount would be presented as a line-item on bills of applicable CCA customers, each billing period

- SDG&E Demand Response Program Credit rate would be based on:
  - The sum of IOU’s current-year’s authorized revenue requirement in rates, for each similar and approved CCA DR program
  - Authorized customer-class sales (kWh)
  - DR Credit Rate will be set to zero if result is less than $0.00001 per kWh (which equates to less than ½ cent per month when applied to an average-use residential customer)

- Authorized Revenue Requirement used in the calculation would include DR program administration costs allocated to the impacted customer class
Bill Credit Methodology – Additional Details

• CARE Customers
  – Line-item SDG&E Demand Response Credit would be the same as for non-CARE customers
  – Line-item CARE Discount would be slightly reduced due to the lower bill amount that the CARE Discount percentage is applied to

• FERA Customers
  – Line-item SDG&E Demand Response Credit would be the same as for non-CARE customers
  – No impact on FERA discount since SDG&E UDC rates, by usage tier would be unchanged

• Tariff for the Credit
  – Propose to include language in the CCA tariff, rather than develop a unique tariff

• Education and Outreach
  – Education to focus on how are these costs allocated among programs and then rolled into the credit, timing of credits and so forth
  – Tied to eligibility, and notification for current program participants
• How SDG&E’s Demand Response cost recovery mechanism works
  – DR Program costs are recovered through Distribution UDC rates
  – SDG&E collects, in current rates, what was spent on DR Programs in the previous year
  – DR Program budgets are authorized in DR applications
  – DR Program expense are booked to a memo account
    • Advanced Metering and Demand Response Memorandum Account (AMDRMA)
    • Therefore, tracking can identify actual DR expenses for DR costs spent on programs CCA customers are eligible for
    • Starts with zero balance each year
  – AMDRMA account flows into a Balancing Account for cost recovery
    • Rewards and Penalties Balancing Account (RPBA)
    • Trued up each year
    • Distribution component of rates adjusted annually