

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

Application of San Diego Gas & Electric
Company (U 902 M) for Approval of Demand
Response Programs and Budgets for Years 2009
through 2011

Application 08-06-002

**AMENDED APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-M)
FOR APPROVAL OF DEMAND RESPONSE PROGRAMS AND BUDGETS FOR
YEARS 2009 THROUGH 2011**

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VOLUME II OF VI

Application of San Diego Gas & Electric
Company (U-902-M) for Approval of
Demand Response Programs and Budgets
for the Years 2009 through 2011.

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CHAPTER II
PREPARED DIRECT TESTIMONY
OF MARK W. WARD
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
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CHAPTER II
PREPARED DIRECT TESTIMONY
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5 **I. PURPOSE**

6 The purpose of my testimony is to describe the portfolio of demand response (“DR”) .
7 programs, and associated budgets, that SDG&E proposes to offer to its customers during the
8 three-year program cycle of 2009-2011. This testimony presents SDG&E’s proposed portfolio
9 of DR programs and associated budgets, explains SDG&E’s program development process, its
10 plan on how to interface with its customers in marketing and implementing these programs, and
11 how the proposed programs make up a key component of SDG&E’s integrated demand side
12 management portfolio. Additionally, because SDG&E’s proposed portfolio of programs spans a
13 new three-year cycle, my testimony describes SDG&E’s proposal to present proposed program
14 modifications and updates to the Commission during this period, as well as SDG&E’s proposal
15 to maintain ongoing budget and funding flexibility within its program portfolio.

16 **Summary of Estimated Demand Response Programs Load Impacts**

17 The following table summarizes the estimated load impacts (in megawatts) SDG&E
18 anticipates being able to achieve through its proposed DR programs portfolio:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total MW	115	185	265

19
20 The load impacts have been developed using the Load Impact Protocols most recently adopted
21 by the Commission in D.08-04-050, and are presented herein for summary purposes. The
22 discussion surrounding the development of the load impacts, as well as the supporting materials

1 underlying the load impacts are sponsored by SDG&E's witness Kathryn Smith, and appear in
2 her testimony.

3 **II. BACKGROUND**

4 **A. Demand Response Programs History**

5 SDG&E has been developing and offering to its customers an array of DR programs
6 since 2001. During this time period, the scope of these programs has changed as more
7 experience is gained, and the concept of DR as a vital and integral element of resource planning
8 and energy management has become more fundamental and accepted. While perhaps not as
9 broad or as mature as the initiatives of SDG&E's Energy Efficiency ("EE") portfolio, DR is
10 nonetheless a critical component of SDG&E's Customer Programs portfolio as well as an
11 essential element of its energy procurement and management strategy.

12 **B. Significant Commission Decisions/Proceedings**

13 In 2001, the Commission issued a series of three decisions which directed SDG&E to
14 design and implement numerous DR programs. D.01-04-006 ordered SDG&E to implement a
15 Base Interruptible Program (BIP), a Voluntary Demand Response Program (VDRP), an Optional
16 Binding Mandatory Curtailment Program (OBMC), and an Air Conditioner Cycling (A/C
17 Cycling) program. Subsequently, D.01-07-025 was issued, suspending the VDRP, and replacing
18 it with the Demand Bidding Program (DBP). D.01-06-009 authorized SDG&E to implement a
19 Rolling Blackout Reduction Program (RBRP), utilizing customer's backup generation
20 capabilities to augment energy supplies. In addition to these Commission decisions, Senate Bill
21 (SB) No. 5 (1st Extra Session, 2001), also referred to as SBX1 5, required the utilities to
22 implement the Scheduled Load Reduction Program (SLRP).

23 During 2002, the Commission issued two additional decisions furthering the development
24 and implementation of DR programs. In D.02-04-060, the Commission extended DR programs

1 to the conclusion of the rate design phase of each utility's next General Rate Case (GRC). This
2 same decision extended SDG&E's RBRP program to be consistent with all other interruptible
3 programs and approved modifications to SLRP. On July 17, 2002, the Commission issued D.02-
4 07-035, authorizing changes to DBP. Most notably, DBP was transitioned to a reliability
5 program and could be triggered by the California Independent System Operator (CAISO) on a
6 Day-Ahead or Day-Of basis.

7 **C. Rulemaking 02-06-001**

8 On June 10, 2002, the Commission opened a new proceeding, R. 02-06-001, the
9 Advanced Metering, Demand Response and Dynamic Pricing Rulemaking, which continued and
10 expanded the development and evaluation of DR programs and related dynamic pricing
11 structures. In R. 02-06-001, the Commission stated:

12 We emphasize that demand-responsive capabilities are important regardless of the
13 ultimate electricity market structure that emerges in the next few years. A
14 perfectly functioning wholesale and/or retail electricity market is not a
15 precondition for development of demand response. On the contrary, demand-
16 responsive capability can be a tool in mitigating the effects of a dysfunctional
17 market, as well as for controlling costs, even in a completely vertically integrated
18 and regulated market.¹

19 As the first task of R. 02-06-001, the Commission stated its intent to "...consider a
20 strategic approach to the orderly development of demand-responsiveness capability in the
21 California electricity market over the next 18 months."² As a key element of the process by
22 which the Commission initiated the activities associated with R. 02-06-001, two statewide
23 working groups were created to bring together key stakeholders to exchange ideas and develop
24 programs and proposals aimed at achieving the objectives articulated in R. 02-06-001. These

¹ See R.02-06-001, mimeo, at page 1.

² See R. 02-06-001, mimeo, at page 3.

1 two groups set out to work collaboratively and comprehensively across the state toward the
2 development of more expansive statewide and utility-specific DR program portfolios.

3 **1. Establishment of Annual Demand Response Program Targets**
4 **(D.03-06-032)**

5 On June 6, 2003, following initial working group activities pursuant to R. 02-06-001, and
6 considering the extensive interagency discussions involving agency decision makers from,
7 among others, the CPUC, the California Energy Commission (CEC) and the California Power
8 Authority (CPA), collectively known as Working Group 1 (WG 1), the Commission issued D.03-
9 06-032. This key decision:

10 ...addresses the interagency vision for advancing statewide demand response
11 goals, links the task of meeting those goals with utility procurement requirements,
12 and adopts an initial set of voluntary tariffs and programs for large customers
13 whose electricity use exceeds 200 kW per month. The decision also sets annual
14 megawatt (MW) targets to be met through demand response and included in
15 investor-owned utility (IOU) procurement plans.³

16 D.03-06-032 went on to note:

17 Early on during WG 1 meetings, the Principals endorsed the idea of developing a
18 long-term 'vision' and set of goals for demand response to help guide the efforts
19 of participants in this proceeding. The aim was not to prejudge issues but instead
20 to provide a framework and set of goals within the context of which activities in
21 this proceeding would be set.⁴

22 D.03.06-032 adopted a series of annual target goals for DR programs, establishing
23 aggressive load reduction targets. For SDG&E, the adopted goals were 30 MW for 2003, 80
24 MW for 2004, and 3% of annual system peak demand for 2005, growing to 4% in 2006 and 5%
25 in 2007 and beyond. A fundamental component, yet a continual challenge of SDG&E's focus in
26 designing its portfolio of DR programs has been the annually-increasing program goals.

³ See D.03-06-032, mimeo, at page 2.

⁴ See D.03-06-032, mimeo, at page 2.

1 On November 18, 2005, the Commission issued D.05-11-009, which closed R. 02-06-
2 001. D.05-11-009 noted that significant progress has been made in the development of DR
3 programs, and identified several key issues for further development. Those issues included,
4 among others, the development of protocols for assessing the load impacts and cost-effectiveness
5 of DR programs. Subsequently, the Commission opened a new Rulemaking, R. 07-01-041, on
6 January 25, 2007, establishing a forum in which these, and an expanded slate of issues, including
7 the reassessment of the annual DR program targets and the integration of DR programs into the
8 California Independent System Operator's Market Redesign and Technology Upgrade (MRTU)
9 process, would be addressed. Work on those issues within the scope of R. 07-01-041 continues
10 today.

11 In the meantime, as noted above, the Commission has recently issued D.08-04-050, dated
12 April 24, 2008, adopting protocols for the assessment of the Load Impacts to be achieved
13 through the implementation of DR programs. Those protocols, which have been utilized to
14 calculate the load impacts to be derived from SDG&E's portfolio of DR programs proposed
15 herein, with the summary results presented both earlier in my testimony and throughout the
16 individual program proposals, are discussed and sponsored in the testimony of SDG&E's witness
17 Kathryn Smith. While the Commission has not yet issued a decision adopting protocols for the
18 evaluation of the Cost Effectiveness of DR programs, the parties have developed and filed with
19 the Commission proposed protocols addressing Cost-Effectiveness evaluations of DR programs.
20 Those proposed protocols have been utilized to evaluate the programs within SDG&E's
21 proposed 2009 – 2011 DR programs portfolio, with the results addressed in the testimony of
22 SDG&E's witness Kevin McKinley.

1 **2. 2006 – 2008 Demand Response Programs (D.06-03-024 and**
2 **D.06-11-049)**

3 On March 15, 2006, the Commission issued D.06-03-024, adopting the uncontested
4 settlement agreement developed and filed by parties⁵ participating in A.05-06-017, SDG&E's
5 Application proposing its 2006 – 2008 DR programs and budgets. D.06-03-024 adopted the
6 programs, budgets and implementation details as set forth in Appendix A, the "Amended
7 Settlement of 2006 – 2008 Demand Response Program". D.06-03-024 was significant in the fact
8 that it adopted the first full multi-year cycle of DR programs and budgets for SDG&E, setting in
9 place a portfolio of programs and program options for customers spanning multiple years, and
10 providing both continuity of programs as well as the flexibility to make certain program
11 modifications and maintaining limited budget flexibility during the three-year cycle. All these
12 elements are critical components to maintaining a vibrant and comprehensive program portfolio
13 that is both stable and predictable on the one hand, yet dynamic and flexible on the other.

14 Perhaps more importantly, D.06-03-024 adopted the all-party, uncontested settlement
15 agreement addressing the 2006 – 2008 program portfolio and budgets, reflecting, in SDG&E's
16 view, the consensus agreement as to the importance of DR programs as part of the resource mix,
17 along with an appropriate level of funding. SDG&E views the settlement and the support for it
18 as articulated in D.06-03-024, as yet another step in the evolution of DR programs and their
19 important role in California's Energy Action Plan. D.06-03-024 adopted for SDG&E a portfolio

⁵ Participating parties included SDG&E, SCE, PG&E, the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), Aglet Consumer Alliance (Aglet), San Francisco Community Power, and the Association of California Water Agencies (ACWA). SDG&E's A.05-06-017 was consolidated with the companion applications of Pacific Gas and Electric Company (A.06-06-006) and Southern California Edison Company (A.05-06-008), all three of which were addressed by the Settlement Agreement and approved by D.06-03-024.

1 of both day-ahead and day-of programs, as well as key supporting programs such as Technical
2 Assistance/Technology Incentives and Customer Education, Awareness and Outreach, and
3 subsequent Measurement and Evaluation work, all designed to help educate and assist customers
4 in their participation in DR, and to evaluate the role and results of the programs.

5 Subsequently, in response to the provisions of an Assigned Commissioner's Ruling⁶
6 dated August 9, 2006, SDG&E submitted proposals on August 30, 2006 to augment and expand
7 several of its existing DR programs for 2007 and 2008. All of these proposals were aimed at
8 expanding and enhancing various aspects of SDG&E's DR programs, with the ultimate goal of
9 increasing customer enrollments in the programs and achieving a higher degree of customer
10 participation. Among the proposals SDG&E made were the simplification and streamlining of
11 program enrollment processes, implementation of "soft" program triggers, under which SDG&E
12 sought more flexibility in activating program events, standardization of program triggers,
13 aligning many program incentive structures and values to provide better program comparability,
14 an augmentation of the Technical Assistance/Technology Incentives (TA/TI) program through
15 the addition of a new Automated Demand Response (AutoDR) component, addition of two new
16 cycling options for SDG&E's Summer Saver (A/C Cycling) program, and enhancement of the
17 opportunities for third party participants to aggregate customer loads and participate in
18 SDG&E's various DR programs.

19 The Commission issued D.06-11-049, dated November 30, 2006, in which a large
20 number of SDG&E's program augmentation proposals for 2007 - 2008 were adopted. In
21 addition to those proposals addressed by SDG&E, D.06-11-049 set forth several further specific
22 requirements regarding the establishment of the new AutoDR program as a component within

⁶ Assigned Commissioner's Ruling Requiring Utility Proposals To Augment 2007 Demand Response Programs, issued August 9, 2006, in A.05-06-017, et al.

1 the TA/TI program, and directing the pursuit of Requests for Proposals (RFP's) and bilateral
2 contracts for permanent load shifting programs. SDG&E has pursued both of these initiatives in
3 2007 and 2008, with each also being included in the proposed 2009 – 2011 program portfolio,
4 and discussed in more detail in subsequent sections below.

5 **3. Default Critical Peak Pricing and Peak Time Rebate Programs**
6 **(D.08-02-034)**

7 By D.08-02-034, dated February 28, 2008, the Commission adopted a settlement
8 agreement in SDG&E's 2008 General Rate Case, Phase 2 (A.07-01-047), containing among
9 other items, the implementation of two new DR programs and tariffs for both its residential and
10 non-residential customers. These new programs are the Peak Time Rebate (PTR) program for
11 residential and small commercial customers and the default Critical Peak Pricing (CPP-D)
12 program for commercial and industrial customers. These two new programs, once fully
13 implemented and operational, are expected to become significant new additions to SDG&E's DR
14 program portfolio. Each program is discussed in more detail in subsequent sections below.
15 Tariffs for each program were filed by SDG&E in Advice Letter 1978-E, dated March 28, 2008,
16 and were subsequently approved by the Commission.

17 **III. DEMAND RESPONSE PROGRAM DESIGN CONSIDERATIONS**

18 In developing its portfolio of proposed DR programs SDG&E has undertaken a
19 comprehensive evaluation of its customer base as well as its existing programs and customer
20 reaction to them. Additionally, SDG&E has considered the variety of DR, EE and other similar
21 programs that are offered by utilities elsewhere, both in California and across the country. In this
22 rich information age, automation is becoming increasingly important, and the evolution and
23 development of technology and enabling strategies has accelerated rapidly. SDG&E evaluated
24 other programs in the context of such factors as program design, program acceptance, customer

1 participation and performance, and the costs to develop, market, administer and implement and
2 evaluate the programs.

3 The feedback received from customers, as well as review of national, statewide and local
4 studies, indicates some of the challenges faced by utilities in the design and implementation of
5 DR programs. Financial considerations have frequently been cited by customers as a barrier to
6 DR program participation, including that either the rewards (or incentives) were not high
7 enough, the risks were too great, or the capital outlay and operational changes necessary to
8 participate were too difficult to overcome. Unwillingness or the inability to shed load during
9 higher demand periods were also cited as barriers.⁹

10 SDG&E recognizes that a great deal of time is required in order to create and sustain
11 customer awareness of programs, generate customer interest, incite action and support customers
12 after their enrollment in programs. Unlike some other utility customer program efforts, DR
13 program events are episodic, variable and uncertain, and therefore require ongoing education and
14 communication efforts to engage and maintain customer involvement and participation.

15 Additionally, due to the voluntary nature of most DR programs, actual load reduction,
16 when requested during program events, has typically been less than the enrollment potential.
17 The Independent System Operator – New England (ISO-NE) has found that annual customer
18 dropout rates can approach 40 - 50%.¹⁰ These factors necessitate that ongoing education and
19 marketing efforts, and associated costs be allocated to keeping customers engaged in programs
20 where enrollment and actual demand reduction events can be months apart, and actual program
21 events can be sporadic across a given program year and from one program year to another.

⁹ Quantum Consulting Inc., *Working Group 2 Demand Response Program Evaluation - Non-Participant Market Survey Report*, August 5, 2004, pp 26-27.

¹⁰ RLW Analytics, Neenan Associates, *An Evaluation of the Performance of the Demand Response Programs Implemented by ISO-NE in 2004*, December 29, 2004, p 2-6.

1 SDG&E has taken critical customer feedback, as well as research results on both its and
2 other utility programs, into consideration in the development of the evolving DR program
3 portfolio. Based on the analysis of other programs, qualitative, quantitative and anecdotal
4 research and its own staff recommendations, SDG&E believes that its proposed 2009 – 2011
5 program proposals reflect a program and product mix that will best serve its customers, provide a
6 framework for support and integration into the Smart Meter network, promote the development
7 and implementation of enabling technologies, and help to meet the established annual targets as
8 set forth by the Commission.

9 SDG&E also believes that it is very important to develop and offer a stable, predictable
10 and understandable portfolio of programs, so that customers are not faced with constantly
11 changing programs, or with programs that change dramatically from year to year. In addition, a
12 manageable portfolio, consisting of a reasonable number of programs—neither too many nor too
13 few—is also an important feature. SDG&E does believe that it is important that its programs
14 offer a sufficient number of options that customers can select from, as a way of maximizing the
15 appeal of the portfolio. At the same time, however, it is equally important that the portfolio, or
16 the number of various program options, not be so large as to become confusing or unwieldy. In
17 SDG&E’s case, there is a finite number of customers from which participation in DR programs
18 can come, which necessitates a good deal of careful consideration not only in the design of
19 individual programs, but in the number and mix of programs, including pilots, so as not to “over
20 saturate the market” and bring too much confusion to customers.

21 By offering an integrated DR and EE programs portfolio, while also considering such
22 other initiatives as distributed generation, renewable energy, low income energy efficiency,
23 Greenhouse Gas Emissions (GHG) and the California Solar Initiative (CSI), SDG&E can work

1 with its customers to help them find opportunities to maximize the synergies that are created by
2 and amongst these various products and services. EE involves the permanent, longer-term
3 reduction of energy usage in a manner that does not affect a customer's level of service or
4 productivity, generally accomplished by such actions as replacing older equipment with newer,
5 more efficient versions. It can also be accomplished by permanently shifting the timing or
6 pattern of energy usage. DR, on the other hand, more typically involves a load reduction for a
7 limited period of time in response to an external trigger or event, and, with the recent
8 introduction of the concept of Permanent Load Shifting in D.06-11-049, has become a broader
9 package of load reduction strategies. These all require the customer to have in place an
10 identified demand reduction strategy, technologies or processes (either human or mechanical) to
11 implement the strategy, and the motivation (whether financial or something other) to temporarily
12 reduce their load below what might be considered normal or optimal levels of service.
13 Customers must consider and balance financial, technical, operational, social and other issues in
14 the development of their demand response and energy management strategies.

15 Ideally, the end result is a packaged, cost-effective level of load reduction that maximizes
16 the efficient use of the capital invested by both SDG&E and the customer through their
17 participation in the various programs. This integrated approach also benefits customers by
18 helping them maximize the efficiency of their operations and energy use, and at the same time,
19 reduce their overall energy costs. In turn, SDG&E can leverage these synergies toward the
20 efficient operation of its electric system by working with customers and third-party market
21 participants to help reduce overall system load (i.e., through deployment of EE programs,
22 renewables and distributed generation) and by helping to shift or reduce peak loads (through DR
23 programs).

1 This approach is all the more important because of anecdotal research that suggests that
2 many customers may be either unaware of DR or, if they are aware, not necessarily fully
3 knowledgeable on how they can participate in or benefit from DR programs. It is equally, and
4 perhaps even more important that some customers are simply not interested in DR, or believe
5 that they just cannot reduce load any further than they already have. For those business
6 customers who are aware of DR, some may believe that the activity is painful, incompatible with
7 business operations, or simply not possible because they have already lowered their energy
8 consumption as much as is possible, even on a temporary basis. The CEC cited this as one of
9 five technical barriers to greater acceptance of DR.¹¹ In Quantum's statewide program
10 evaluation, DR program non-participants viewed demand reduction as incompatible with
11 business operations.¹² In fact, over 80% of the non-participants said they did not participate in
12 the DBP because they were unable to shift or reduce load. SDG&E believes that this represents
13 a major stumbling block toward wider customer participation in DR programs.

14 Customer participation in DR programs has historically been difficult to achieve within
15 the residential sector as well. Limited customer awareness about and opportunities for DR
16 continue to be major barriers toward participation. However, SDG&E's past experience has
17 shown that customers are more likely to consider program participation when provided with
18 information that clearly describes the benefits and level of participation necessary and the
19 technology that is available to automate the demand reduction. Overcoming such barriers has
20 been and remains a challenge. EE, through a generation of program years, has matured into a
21 simple, accessible and acceptable movement. DR must be simple, accepted and paired with

¹¹ California Energy Commission, *Action Plan to Develop More Demand Response*, Report P400-02-016F, July, 2002, p. 37.

¹² Quantum Consulting Inc., *Working Group 2 Demand Response Program Evaluation, Summary of Phase 1 Research*, April 8, 2004, p. 4-6.

1 other initiatives that have been successful in the minds of customers. By combining efforts with
2 EE, a known, successful initiative that has saved customers money, the IDSM approach will help
3 overcome this barrier. As part of a recent American Council for an Energy-Efficient Economy
4 report, authors York and Kushler cited Quantum's work in California, concluding that integrated
5 approaches may help attract customer participation in programs.¹³

6 Evaluators of California's critical peak pricing and demand-bidding program
7 observed that most eligible customers stood only to save modest amounts from
8 their annual energy bills. The evaluators recommended, 'One strategy for
9 capturing a greater share of the value proposition is by integrating programs and
10 services to address different aspects of that proposition.'

11 To be successful, it is essential to coordinate and integrate the two concepts and, in
12 particular, present customers with ways in which to participate in both types of programs
13 simultaneously to maximize the value of their investments. SDG&E believes the IDSM effort
14 will greatly benefit customers by providing a more uniform message about energy management
15 and minimizing or even eliminating any confusion between DR and EE. SDG&E expects that
16 customers will be more willing to enroll in DR programs as part of an overall energy
17 management strategy, thereby resulting in significantly higher levels of energy savings and load
18 reduction. As an example, if customers can first be introduced to the concept of energy
19 management and cost savings through a DR program, and by their participation can identify
20 ways by which their load can be reduced on a temporary, short-term basis, that experience can
21 open the door toward something more permanent, and something that could be accomplished
22 through participation in an EE program.

23 In order to maximize customer participation in the programs that are most effective and
24 beneficial to them, and to maximize the DR under specific programs, the array of DR programs

¹³ Dan York, Martin Kushler, *Exploring the Relationship Between Demand Response and Energy Efficiency*,
March, 2005, p. 52.

1 and other initiatives must be both intuitive to customers and easy for them to understand and
2 implement at their facilities. Through the integration of DR and EE programs, each with
3 different and unique, yet complementary features, SDG&E has attempted to reach the broadest
4 group of customers possible. As SDG&E and its customers gain more experience with these
5 programs, further opportunities and program modifications will be identified. This will allow
6 SDG&E to fine tune its portfolio just as customer and other stakeholder input has worked to
7 improved energy efficiency over the years.

8 Integrated messaging is essential to creating awareness. Each EE and DR program
9 proposed by SDG&E will allude to comprehensive solutions recognizing both permanent and
10 episodic peak load reduction. IDSM, however, encompasses more than adding DR bullet points
11 to EE program literature and vice versa. This is simply a starting point to introduce a
12 comprehensive solutions-orientation. IDSM moves from integrated education collateral to
13 integrated audits, technology, applications, incentives, partnerships and measures. SDG&E has
14 proposed a mix of DR and EE activities in both its 2009-2011 DR and EE program portfolios.
15 This integrated portfolio approach allows for joint marketing and outreach, workshops and
16 seminars and ease of customer understanding.

17 In the “Administrative Law Judge’s Ruling Providing Guidance on Content and Format
18 of 2009-2011 Demand Response Activity Applications” (the “Guidance Ruling”), dated
19 February 27, 2008, as well as the “Joint Assigned Commissioner’s Ruling Providing Guidance
20 on Integrated Demand-Side Management in 2009 – 2011 Portfolio Applications” (the “ACR”),
21 ALJ Hecht and Commissioner Chong describe a number of issues which the utilities are
22 expected to address in their proposals for the 2009 – 2011 DR and EE program cycle. Beginning
23 at page 6 of the Guidance Ruling, and continuing through page 8, the utilities are directed to

1 address the EE/Demand Side Management Strategic Planning Effort and the Coordination of
2 Marketing, Education and Outreach. Specifically, the Guidance Ruling, at page 7, provides:

3 “...The Applications should describe programs, activities, and funding requests
4 for combined or coordinated DR/EE activities, and should enumerate them
5 separately from non-EE-related projects to ensure the total funding amount for
6 these programs is clear and can be separated from DR-only activities.”
7

8 The Guidance Ruling goes on, at page 8, to provide:

9 “...The Applications should include specific proposals for implementing the
10 coordinated approaches to marketing and outreach in the (EE) Strategic Plan (as
11 provided for in D.07-10-032). The Applications should describe the utilities’
12 plans to leverage these funds to undertake joint marketing of DR programs with
13 other DSM programs, especially EE.”
14

15 The DR programs, activities and budgets presented herein are part of an integrated
16 Customer Programs portfolio, which addresses, promotes and implements a variety of programs
17 dealing with DR, EE, low income energy efficiency and other initiatives. As described, the DR
18 programs, as an element of that broader portfolio, are designed and intended to address the
19 specific energy resource needs on specific high temperature, high energy consumption, supply
20 and/or transmission constrained, or other emergency situation days. This is but one element of
21 the broader portfolio. Similarly, many of the supporting program components, such as the TA/TI
22 programs, the Customer Education, Awareness and Outreach initiatives, the proposed
23 Residential Automated Controls (RACT) pilot, and the Demand Response Emerging
24 Technologies (DR-ET) program, while presented herein as a component of the DR portfolio, are
25 also part of the broader support and outreach campaigns, all designed to support an integrated
26 DSM effort. The program structures and budgets presented herein reflect the components
27 specifically associated with DR, in an effort to separately identify those activities and associated
28 budgets for which SDG&E seeks approval through this proceeding. The specific components
29 associated with EE and low income energy efficiency are addressed within those specific

1 proceedings in order to identify the specific elements associated with those programs. The
2 aggregate of the DR, EE and low income energy efficiency activities and budgets comprise the
3 totality of the DSM efforts proposed by SDG&E.

4 In order to more fully address the requirements of the ALJ's Guidance Ruling, SDG&E
5 has included in its EE application (A.08-07-023), filed on July 21, 2008 (see the testimony of
6 SDG&E witness Athena Besa in that proceeding), further discussion regarding its coordination
7 of marketing, education and outreach efforts, as well as its EE/Demand Side management
8 strategic planning efforts and proposals. While SDG&E agrees that it is important that there be a
9 coordinated education and outreach effort for the combined portfolios, SDG&E also believes that
10 it is important, as the Guidance Ruling has indicated, to separately enumerate the costs
11 associated with both the DE and EE efforts. That importance is highlighted by the different
12 ratemaking treatment afforded to the DR and EE costs.

13 Additionally, through the testimony of Athena Besa developed and filed in this
14 proceeding, SDG&E has incorporated in this proceeding the IDSM testimony and discussion that
15 was originally filed in A.08-07-023.

16 **IV. DEMAND RESPONSE PROGRAM PORTFOLIO**

17 **A. Introduction**

18 The following discussion presents an overview of the various programs that make up the
19 DR programs component of SDG&E's integrated portfolio of programs for 2009-2011. Each of
20 these programs is briefly discussed in the sections that follow, with any proposed changes to
21 those programs for 2009-2011 highlighted. Budgets supporting each proposed program, as well
22 as a summary of the projected load impacts are contained in Appendix A, while detailed program
23 concept papers, with program descriptions, implementation plans and other significant details
24 contained in Appendix B.

1 As described more fully below, SDG&E is proposing to implement a comprehensive
2 portfolio of integrated DR programs and budgets for the three-year 2009 – 2011 program cycle.
3 The proposed annual program budgets are summarized below, with further detail contained in
4 Appendix A:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Program Budget (\$ million)	\$ 15.8	\$ 16.4	\$ 16.3

7
8 The budgets proposed herein are associated with the portfolio of demand response
9 programs discussed in subsequent sections of my testimony and set forth in Appendix B. Any
10 additional program budgets that are proposed and associated with other programs, including
11 proposed MRTU pilot programs, are discussed separately within the testimony of other SDG&E
12 witnesses in this proceeding, and are in addition to the proposed budgets set forth in my
13 testimony.

14 **B. Demand Response Programs**

15 SDG&E proposes that the following programs be continued, or newly established, as
16 integral components of its 2009 – 2011 DR programs portfolio. Each proposed continued or new
17 program is described in general terms in the following sections, and each is represented by a
18 detailed Program Concept Paper contained in Appendix B. Additionally, SDG&E has included
19 in the discussion below, as well as in Appendix B, information on those programs within its
20 proposed DR programs portfolio that have been adopted by the Commission in other
21 proceedings, and which make up a portion of the overall portfolio. And finally, Appendix B
22 contains a summary matrix which presents summary information on each program, including a
23 brief description, anticipated load impacts from the programs, the proposed 2009 – 2011
24 program budget summary and program event triggers.

1 **1. Critical Peak Pricing Programs (CPP)**

2 SDG&E's category of Critical Peak Pricing programs includes two available customer
3 options, both discussed more fully below, which include the recently-adopted Default Critical
4 Peak Pricing (CPP-D) program⁷, which became effective on May 1, 2008, as well as an
5 optionally-available Critical Peak Pricing-Emergency program alternative, which has been in
6 effect through the current 2006 – 2008 program cycle, and which was authorized to be continued
7 in conjunction with the new CPP-D program just adopted. The CPP programs provide for an
8 increased energy rate that applies to consumption during a critical peak period when activated by
9 a pre-determined set of circumstances and activated by a program event. This process creates a
10 financial incentive to motivate customers to reduce their energy consumption during program
11 event periods. The higher critical peak period rate is offset by correspondingly lower rates
12 during all other non-event hours throughout the year. The two specific CPP programs are
13 described in the following sections.

14 **a) (Default) Critical Peak Pricing (CPP-D)**

15 CPP-D is a new, day-ahead, DR rate option that became effective on May 1, 2008,
16 pursuant to the All-Party and All-Issue Settlement in SDG&E's 2008 General Rate Case, A.07-
17 01-047, which was adopted by the Commission in D.08-02-034. SDG&E has been anticipating
18 this new rate-based DR program for several years, and has been actively working with its
19 customers in anticipation of the new program. Initially, CPP-D will be made available to non-
20 residential bundled customers with electric loads of 20kW or greater and who have a fifteen-
21 minute interval data recording meter with telecommunications. Later in 2009, as SDG&E's
22 Smart Meter program begins its deployment across the service territory, CPP-D will become the

⁷ The new CPP-D program was adopted by the Commission in D.08-02-034.

1 default rate for bundled customers 20kW and above, as the meters are installed and the necessary
2 billing infrastructure is implemented.

3 The implementation of CPP-D across SDG&E's service territory is expected to be phased
4 in over time, both as a result of the phased deployment of smart meters and the associated
5 communications and billing infrastructure, as well as the need to compile the requisite twelve
6 months of interval metering data on which to base the billing analyses for customers.
7 Particularly for those customers who presently do not have an interval meter installed, the
8 installation of a new smart meter will represent the first opportunity to begin collecting 15-
9 minute interval consumption data. It is only after the collection of this data over a full 12-month
10 period that CPP-D can be properly implemented and the billing analyses completed for these
11 customers. For that reason, CPP-D will not become effective for those customers with a newly-
12 installed interval meter through the Smart Meter program until after the first twelve months.

13 The Commission recently issued D.08-07-045, in which PG&E was directed to await
14 migrating customers onto their default CPP program until those customers had twelve months of
15 interval data accumulated⁸. SDG&E intends to seek Commission approval of that same
16 approach with respect to the implementation of its CPP-D program in its upcoming 2009 Rate
17 Design Window Application proceeding, which is currently expected to be filed in November,
18 2008.

19 CPP-D, in conjunction with the deployment of Smart Meters, provides customers with
20 the information and opportunity to manage their electric costs by either reducing their energy
21 consumption during high-cost pricing program event periods, or by shifting all or a portion of
22 their energy consumption from the higher-cost pricing periods to lower-cost pricing periods.

⁸ See D.08-07-045, mimeo, at page 23.

1 The CPP-D program is designed for bundled customers whose maximum demand is
2 equal to or exceeds 20 kW for twelve consecutive months, and whose facilities are equipped with
3 the necessary fifteen-minute interval data recording meter and telecommunications equipment.
4 Customers may choose to pay for the higher-priced critical peak period electricity when it is used
5 during a program event period, or they may opt to reserve a specific amount of energy through
6 the payment of a fixed Monthly Capacity Reservation Charge (CRC). In either instance, the
7 higher critical peak period energy charge paid by the customer or the CRC payments reflects the
8 customer's decision to either consume energy during the critical peak period, reserve a specific
9 amount of energy, or to reduce consumption during the critical peak periods.

10 Historically, customer participation in DR programs has been low, largely due to low
11 customer acceptance or a lack of customer education. With an aggressive awareness and
12 education campaign associated with the implementation of the CPP-D program, SDG&E hopes
13 to increase customer understanding and acceptance of DR, and thereby achieve greater
14 participation and results. Through the introduction of the CRC provision of the CPP-D program,
15 customers will be able to self-select and reserve a specific level of generation capacity that will
16 meet their individual electricity needs during critical peak pricing program events which, in turn,
17 will provide customers with the economic incentives to reduce their energy consumption to their
18 CRC level during a CPP-D program event. The simple concept behind the CRC is to provide
19 customers with a hedge against the CPP-D critical peak rate, by providing them the opportunity
20 to reserve the specific level of capacity they anticipate needing, at a fixed price.

21 CPP-D is a day-ahead DR program, under which customers are notified by 3:00 pm on
22 the day prior to the activation of a program event, which is determined based on established
23 program triggers. Customers will have this advance notice of a CPP-D program event and can

1 prepare for their own level of changes to energy consumption on the day of the program event.
2 As a means of assisting customers with their transition onto CPP-D, the program offers bill
3 protection for the first 12 months that a customer is on the program. Bill protection provides
4 customers with a risk-free opportunity to test CPP-D and gain experience with the flexibility
5 offered under this new program.

6 The introduction of CPP-D is expected to provide a significant contribution to the
7 availability of DR resources to SDG&E, with SDG&E's load impact analysis estimating a load
8 reduction potential from CPP-D of **60 MW** in 2010. Because the funding for the CPP-D
9 program implementation and administration is included within SDG&E's 2008 General Rate
10 Case, and adopted by D.08-02-034, by this Application, SDG&E does not at this time seek
11 incremental funding for the CPP-D program, nor does SDG&E seek any changes to the CPP-D
12 program from what was just adopted by D.08-02-034. As SDG&E and its customers gain further
13 experience with CPP-D, and should a future need arise for additional program funding or
14 program changes, SDG&E will address those in a manner consistent with its proposals herein
15 regarding additional program funding and program revision proposals. Additionally, because
16 CPP-D is a rate-based program, and was developed in the context of SDG&E's rate design
17 proposals in its 2008 General Rate Case, SDG&E reserves the right and option to propose
18 updates or modifications to the CPP-D program in future Rate Design Window, General Rate
19 Case or similar proceedings.

20 **b) Emergency Critical Peak Pricing (CPP-E)**

21 CPP-E is an existing voluntary program option under which participating customers are
22 called upon with very short advance notice (30 minutes) on a day-of basis of the need for an
23 immediate load reduction. Participating customers typically have previously identified the
24 actions they can take to reduce load on such a short-notice basis, and can therefore provide a

1 very valuable resource to SDG&E in times when near-immediate load reductions are necessary
2 in response to system emergency or other extreme conditions. As a result of the Settlement
3 Agreement adopted by D.08-02-034, and the establishment of CPP-D, the CPP-E program was
4 authorized to be continued, and will be a component of the 2009 – 2011 DR program portfolio.

5 CPP-E is available on an optional basis to customers with a minimum demand of 20 kW
6 who can respond rapidly to the need for load reductions, and who wish to opt-out of the CPP-D
7 program. CPP-E is designed for customers who have the ability to modify their business
8 operations and reduce load with extremely short notice. SDG&E will activate a CPP-E event
9 primarily during a system reliability emergency, as determined by SDG&E. This could include,
10 but is not necessarily limited to a CAISO Stage 1 or Stage 2 alert, or when local grid operators
11 determine that firm load reliability is threatened. CPP-E provides for a maximum of 80 event
12 hours per year, with events limited to no more than six hours per day, four days per week and 40
13 hours per month.

14 SDG&E proposes no further changes to CPP-E for the 2009 – 2011 program cycle,
15 beyond the changes that were just approved by D.08-02-034. The primary modification resulting
16 from that decision was a revision in the customer eligibility threshold, now established at 20 kW,
17 down from the previous minimum load requirement of 300 kW. SDG&E's load impact analysis
18 of CPP-E estimates a load reduction potential from CPP-E of **2 MW** in 2010.

19 SDG&E's proposed budget for the CPP-E program is approximately **\$0.3 million** over the three
20 year cycle, as set forth in Appendix A. Additionally, however, because CPP-E is a rate-based
21 program, and was developed in the context of SDG&E's rate design proposals in its 2008
22 General Rate Case, SDG&E reserves the right and option to propose updates or modifications to
23 the CPP-E program in future Rate Design Window, General Rate Case or similar proceedings.

1 **2. Peak Time Rebate Program (PTR)**

2 As with SDG&E's new Default Critical Peak Pricing Program, the Peak Time Rebate
3 (PTR) program is a new program, adopted by the Commission in D.08-02-034, under which
4 customers have the opportunity to earn a bill credit for lowering their consumption during PTR
5 events across a billing period. Eligible customers include residential and small commercial
6 customers with demands less than 20 kW. Under the provisions of D.08-02-034, PTR has been
7 approved to become effective only after eligible customers have had a Smart Meter installed at
8 their premises, and SDG&E has completed the required IT and billing system modifications
9 necessary to provide implementation of PTR and reflect the appropriate customer bill impacts.
10 PTR billing and associated bill impacts are currently anticipated to begin in 2010.

11 The PTR program provides that, when conditions warrant, customers are typically
12 notified on a day-ahead basis by SDG&E that a PTR event will occur on the following day. In
13 more extreme, or emergency, situations, a PTR event can be called on a day-of basis to help
14 address the emergency, although day-of events are not the primary design and intended use of
15 the program. During a regularly-scheduled billing period, customers who are able to achieve
16 load reduction during PTR events will receive a program incentive in the form of a bill credit.
17 PTR is designed to encourage large-scale customer participation in DR events associated with
18 SDG&E's Smart Meter installation. Customers must have a Smart Meter in order to participate
19 in and receive the PTR bill credit. PTR is a two-level rebate program, providing a basic
20 incentive level for load reductions along with a higher incentive level to customers with
21 automated enabling technologies at their premises. Customers will be provided information
22 about their level of participation through web presentment channels, e-mails and on their energy
23 bill. The applicable bill credit will be calculated for participating customers using the tiered
24 incentive payment structure, based on their reduction in electric usage below their established

1 customer-specific reference level (CRL—a customer reference level—which is a specific
2 calculation of energy consumption against which a reduction in consumption will be measured)
3 on program event days during a billing period. The specific definitions of the Residential and
4 Small Commercial customer CRL for weekday and weekend/holiday program events are found
5 in SDG&E's Commission-approved Schedule PTR. The basic incentive level is \$0.75/kWh,
6 with a higher level incentive level of \$1.25/kWh available to customers with enabling load
7 reduction technology. The establishment of the higher incentive level associated with the use of
8 enabling technology is a clear incentive to customers to encourage the installation and use of
9 such technologies. Furthermore, the proposed Residential Automated Controls pilot programs
10 (RACT), discussed in a subsequent section of my testimony, is intended to evaluate the customer
11 acceptance and use of enabling technologies, as a way to further encourage and support the use
12 of such technologies in customer participation in DR programs.

13 The actual reduction in consumption is measured using the CRL, with any resulting bill
14 credit reflected in the customer's next regularly-scheduled billing period in which the actual
15 consumption is less than the CRL. If no PTR events are called or the actual consumption is
16 equal to or greater than the CRL, then no bill credit will be given. In calculating the CRL for
17 individual customers, SDG&E will utilize the net load of those customers employing
18 Photovoltaics (PV), in order to reflect the PV generation they employ, in order to provide an
19 appropriate recognition of that generation in calculating the customer's PTR credit. The PTR
20 credit calculation will reflect any change in PV generation for those customers between the event
21 day and the days used in the CRL, along with any additional reduction in load that the customer
22 is able to achieve during a PTR event.

1 Customers will be eligible for PTR participation after the installation and testing of their
2 Smart Meter, and will be provided with a PTR education kit including information on the PTR
3 program, a description of the meter and energy consumption data they will be provided and
4 guidance on how to reduce their energy consumption on PTR events. The intent of the
5 information is to assist customers in achieving the bill credit. The kit may include additional
6 items, such as energy calculation tools, to assist the customer in achieving the credit on their
7 energy bill. Furthermore, through this kit and other integrated marketing communications
8 methods, customers shall be encouraged to sign up for day-ahead electronic notifications of peak
9 days through email, text, voicemail, and other similar technologies.

10 The establishment of PTR is a very significant step in providing residential and small
11 commercial customers with an opportunity to participate in a dynamic rate environment while
12 contributing to and receiving immediate benefits from their DR activities. PTR relies on the
13 modification of customer behavior, social change and customer acceptance of new programs and
14 technologies that make managing energy easier. PTR is an opportunity for SDG&E to begin to
15 transform its customer's knowledge about time-dependent energy costs through the introduction
16 of time-differentiated incentive rates to customers who have not been traditionally been exposed
17 to these types of rate structures. Additionally, through the establishment of SDG&E's proposed
18 Residential Automated Controls Technology (RACT) Pilot, discussed in a subsequent section of
19 my testimony, SDG&E will be exploring customer acceptance and use of various enabling
20 technologies as a way to further enhance the success of the PTR program.

21 The fundamental objective of PTR is to achieve load reduction during peak energy
22 consumption periods. Customers are far more likely to respond positively to a PTR event if they
23 have a clear understanding of what is being asked of them and are given enough information to

1 allow them to make an educated and informed decision. In order to help accomplish that
2 objective, SDG&E plans to market the PTR program through a number of channels, including
3 mass media, utility bills, direct mail and the SDG&E website. In association with outreach
4 activities, SDG&E will leverage public relations opportunities to reach out to customers and
5 utilize “feet on the street” campaigns. SDG&E will also work with account representatives to
6 reach the small commercial customers as well as work with its commercial energy efficiency
7 staff to ensure customers are fully educated about the benefits of program participation.

8 Participants will be provided educational information that is designed to 1) encourage
9 sign-up in a peak day notification service, 2) present tactical solutions that help the customer
10 understand how to change their energy usage behavior during peak-time rebate event
11 notifications, and 3) encourage the installation of enabling automated technologies.

12 Notifications to inform customers of peak-time periods may take the form of outbound calls,
13 email, text message, SDG&E website or the general media. Information on high efficiency
14 appliance replacement and low cost\no cost energy efficiency improvements will also be
15 provided in a welcome kit provided to customers. SDG&E personnel will speak to customers at
16 SDG&E sponsored events and community events to ensure frequent exposure to and
17 understanding of PTR.

18 The introduction of PTR is expected to provide a significant contribution to the
19 availability of DR resources to SDG&E, and to broaden the participation of residential and small
20 commercial customers. SDG&E’s load impact analysis estimates a load reduction potential from
21 PTR of **47 MW** in 2010. Because the initial funding for the customer communication and PTR
22 education was included in SDG&E’s Smart Meter proceeding, and adopted by D.07-04-043, by
23 this Application, SDG&E does not at this time seek incremental funding for the PTR program.

1 SDG&E's Smart Meter initiative includes funding for the initial customer education and
2 communications regarding PTR through the Smart Meter deployment cycle, which at present is
3 expected to extend through the majority of the 2009 – 2011 demand response program cycle. As
4 SDG&E and its customers gain further experience with PTR, and should a future need arise for
5 additional program funding, SDG&E will address that in a manner consistent with its proposals
6 herein regarding additional program funding proposals. Additionally, as with CPP-D, because
7 PTR is a rate-based program, and was developed in the context of SDG&E's rate design
8 proposals in its 2008 General Rate Case, SDG&E reserves the right and option to propose
9 updates or modifications to the PTR program in future Rate Design Window, General Rate Case
10 or similar proceedings.

11 **3. Capacity Bidding Program (CBP)**

12 SDG&E's CBP is still a relatively new program, having recently been established
13 effective June 1, 2007. SDG&E proposes that CBP be continued as a key component of the DR
14 portfolio for the 2009 – 2011 program cycle, in order that the program continue to be available as
15 a resource and can continue to grow and expand. SDG&E continues to receive inquiries from
16 third-party providers and customers regarding CBP, and anticipates growth in the program as a
17 result of these ongoing communications and marketing efforts.

18 CBP functions as a supply-side bidding program, under which customers make a monthly
19 commitment to provide a load reduction when called upon during program events. Participating
20 customers receive a monthly capacity incentive payment for their committed load reductions, as
21 well as an energy incentive payment based on the actual amount of energy reduction during a
22 program event period. Participating customers are also subject to performance penalties, should
23 they fail or fall short of delivering the committed load reduction when called upon to do so.

1 In order to maximize the opportunity for customers to participate in CBP, enrollment is
2 open to all customers with demands above 20 kW, including bundled utility service customers,
3 Direct Access (DA) customers, and Community Choice Aggregation (CCA) customers.

4 Customers may enroll in CBP either individually directly through SDG&E, or they may enroll as
5 part of an aggregated group through an approved third-party Aggregator/Provider. Participation
6 through a third-party offers the advantage of participating as a member of a diverse customer
7 group, whereby the third party aggregator/provider is able to combine, leverage and manage the
8 load reduction potential of a number of participating customers within the aggregated group to
9 provide SDG&E with a single aggregated capacity bid and load reduction.

10 The CBP program incorporates both a day-ahead and a day-of program option, in order to
11 provide customers with the flexibility of designating the load reductions they are able to provide
12 with a day-ahead event notification as well s the load reductions they can provide on a shorter,
13 day-of event notification. Customers are permitted to designate their separate day-ahead and
14 day-of capacity nominations, but cannot designate the same nominated load under both options.
15 SDG&E believes that by providing both options enables customers to better identify load
16 reductions that they can provide under either scenario, and thereby create a greater opportunity to
17 realize the maximum load reduction potential. And further, by offering a day-ahead notice
18 program option, while also incorporating a day-of program notice option, CBP provides SDG&E
19 with a valuable, multi-faceted resource for day-ahead planning and for short, same-day notice in
20 response to temporary, same-day, short notice emergency conditions that may not be know a day
21 in advance.

22 In addition to the day-ahead and day-of options, CBP also offers participating customers
23 a variety of program “product types” within each option. These different product types reflect

1 varying load reduction time durations, providing for minimum as well as maximum load
2 reduction periods. As with the day-ahead and day-of alternatives, the variety of CBP program
3 product types is intended to provide participating customers with the flexibility of selecting from
4 among a mix of alternatives in identifying the load reduction time frames that best suit their
5 operational and other parameters. By providing such options, SDG&E believes that customers
6 are better able to align their load reduction capability with their ability and flexibility to deliver
7 load reductions when needed.

8 CBP is designed to be operational during the months of May through October, with the
9 capacity payments specified each month intended to be reflective of the varying energy market
10 prices from month to month, and of greater value during the peak summer months of July
11 through September, and lesser value during the shoulder months of May and October. The
12 program event trigger is based on an equivalent energy market heat rate of 15,000 Btu/kWh,
13 intending to fit CBP into an exemplary typical day's energy resource supply curve. Functioning
14 in much the same fashion as a generation supply, the intent of this heat rate trigger is that a CBP
15 event would be triggered whenever the energy market would dictate that an equivalent 15,000
16 Btu/kWh resource would be acquired. SDG&E has previously identified examples of
17 representative conditions that might cause a CBP event to be triggered as including, but not
18 necessarily limited to unexpected high temperatures, resource limitations, generating unit
19 outages, transmission outages, CAISO warnings or emergency alerts or an SDG&E system
20 emergency.

21 SDG&E believes that CBP has proven to be a successful program, in terms of customer
22 acceptance, enrollment and participation, after just its first year of operation, as evidenced by the
23 current and expected future enrollment levels, and proposes to continue the program during the

1 2009 – 2011 program cycle with no changes to the program provisions currently in effect.
2 SDG&E’s proposed budget for the CBP program is approximately **\$6.8 million** over the three
3 year cycle, as set forth in Appendix A.

4 The continuation of CBP is expected to provide a significant contribution to the
5 availability of demand response resources to SDG&E, and to provide ongoing options to
6 customers wishing to participate in demand response. SDG&E’s load impact analysis estimates
7 a load reduction potential from CBP of **21 MW** in 2010.

8 **4. Base Interruptible Program (BIP)**

9 The Base Interruptible Program (BIP) is a statewide voluntary program that offers
10 participants a monthly capacity payment in the form of a bill credit in exchange for their
11 commitment to reduce their energy consumption to a pre-determined minimum level when called
12 on to do so with short notice during emergency situations. BIP imposes a significant penalty to
13 participating customers for non-performance during a program event. Customers who have the
14 capability to reduce their demand by 15% or a minimum of 100 kW, whichever is higher, and
15 who have an IDR meter and telecommunications equipment installed are eligible to participate in
16 BIP. Participants may either be utility bundled or direct access customers. BIP is designed for
17 customers who have a firm load reduction plan in place and can reduce load with certainty when
18 requested. There is, however, a penalty for non-performance that is far greater than the
19 incentive. Research and customer feedback has shown that customers believe the risks outweigh
20 the rewards.⁹

21 In an effort to improve customer acceptance and participation in BIP, as part of its 2007
22 and 2008 program augmentation and enhancement proposals, SDG&E sought modifications to

⁹ Quantum Consulting Inc. *Working Group 2 Demand Response Program Evaluation - Non-Participant Market Survey Report*, August 5, 2004.

1 BIP that included a reduction of the penalty provisions, the addition of new program triggers
2 based on the issuance of a CAISO Stage 2 alert or when extreme temperature conditions impact
3 system load, and to expand the participation of third-party aggregators who can enroll an
4 aggregated load of at least 100 kW. These program modifications were approved by the
5 Commission in D.06-11-049.

6 SDG&E proposes that the existing BIP program be continued through the 2009 – 2011
7 program cycle, in order to maintain, and provide opportunities to expand, the program.
8 Particularly with respect to the participation by third-party aggregators, SDG&E has seen the
9 program expand, albeit slightly, during the current 2006 – 2008 program cycle. SDG&E agrees
10 with the Commission’s comments in D.06-11-049 that “...BIP was created as a statewide
11 program, in part so that it attracts customers in multiple service territories. We believe the
12 program should be continued on a statewide basis.” (D.06-11-049, mimeo, at page 31.

13 SDG&E believes that BIP will continue to be an attractive program option, as evidenced
14 by the recent increase in inquiries and participation by third-party providers and aggregators, and
15 proposes to continue the program during the 2009 – 2011 program cycle, with no changes to the
16 program provisions currently in effect. SDG&E’s proposed budget for the BIP program is
17 approximately **\$1.7 million** over the three year cycle, as set forth in Appendix A. At the time of
18 the filing of this application, SDG&E notes it was participating in discussions involving PG&E,
19 SCE, the California Large Energy Consumers Association (CLECA) and other parties regarding
20 potential proposed modifications to certain provisions of the BIP program. Because those
21 discussions had not concluded, SDG&E has not included herein proposals to modify the
22 program. However, SDG&E will continue to work with these parties, and should agreements be

1 reached as to specific proposed modifications, SDG&E will bring those proposals before the
2 Commission in an appropriate manner.

3 The continuation of BIP is expected to provide a valuable contribution to the availability
4 of demand response resources to SDG&E, and to provide ongoing options to customers wishing
5 to participate in demand response. SDG&E's load impact analysis estimates a load reduction
6 potential from BIP of 5 MW in 2010.

7 **5. Summer Saver Program (A/C Cycling)**

8 SDG&E's Summer Saver Program is a direct load control cycling program available to
9 residential, small business and agricultural customers with central air conditioners.

10 Administered under a third-party¹⁰ contract, the program utilizes direct load control during the
11 summer months to cycle customer end-use equipment as a tool to assist SDG&E in managing
12 electric system demand. Through direct load control, the program provides for participants'
13 equipment to be automatically controlled during times of high energy consumption, constrained
14 energy supplies or transmission capacity, or other system emergency conditions. As currently
15 designed, Summer Saver Program events may be triggered by SDG&E based on a CAISO Stage
16 1 or Stage 2 event, or based on local system emergency or other conditions as determined by
17 SDG&E.

18 On June 9, 2004, the Commission issued D.04-06-011, which approved a number of
19 utility proposals to address short-term and long-term grid reliability needs. Among those
20 proposals approved by D.04-06-011 was SDG&E's proposal to implement an Air Conditioner
21 Cycling Program, through a third-party arrangement with Comverge, Inc. The original proposal

¹⁰ SDG&E's initial contract to administer the Summer Saver Program was with Comverge, Inc. Pursuant to the Second Amendment to the contract, effective January 19, 2007, the contract was assigned from Comverge, Inc. to Alternative Energy Resources, Inc. (AER), a wholly-owned subsidiary of Comverge, Inc.

1 from Comverge was in response to SDG&E's May 16, 2003 Request for Proposals (RFP), and
2 targeted commercial customers with maximum demands no greater than 100 kW. SDG&E's
3 original contract with Comverge was approved by D.04-06-011, which also directed SDG&E to
4 amend the contract to include a residential customer component. SDG&E filed Advice Letter
5 1639-E on November 18, 2004, requesting approval of the First Amendment to the contract with
6 Comverge, which was approved by the Commission in Resolution E-3913, dated February 10,
7 2005. The amended contract, which is the basis of the Summer Saver Program, specified a 10-
8 year term, with an initial target load reduction capacity of 30.2 MW, and with a maximum
9 allowable demand response capacity of 70 MW (up from the original contract provision of 40
10 MW).

11 Subsequently, in D.06-11-049, the Commission approved SDG&E's proposals to add a
12 number of augmentations and improvements to its existing DR programs, which included several
13 additions to the Summer Saver Program. Those additions included providing residential
14 customers with a new 100% cycling option in addition to the existing 50% cycling option, and
15 offering non-residential customers a new 30% cycling option in addition to the existing 50%
16 cycling option. Further, the program was expanded to allow weekend program events for new
17 program participants. As a result of the expanded program provisions, SDG&E and Comverge
18 negotiated the Second Amendment to the contract underlying the Summer Saver Program, which
19 was filed with the Commission in SDG&E's Advice Letter 1871-E on February 1, 2007. The
20 Second Amendment to the contract was approved, in part, by the Commission in Resolution E-
21 4078, dated April 12, 2007. As part of that Second Amendment, SDG&E and Alternative
22 Energy Resources (AER), Inc.¹¹ agreed to an increase in the target load reduction capacity from

¹¹ Another part of the Second Amendment included a provision to assign the contract from Comverge, Inc. to Alternative Energy Resources, Inc. (AER), a wholly-owned subsidiary of Comverge.

1 the original 30.2 MW to a new level of 42.2 MW, with a further revision to increase the
2 maximum allowable DR capacity from the original 40 MW to 100 MW at AER's sole discretion.

3 The Summer Saver Program is an integral component of SDG&E's DR portfolio, and,
4 pursuant to the existing contract between SDG&E and AER, will continue through (and beyond)
5 the 2009 – 2011 program cycle. As a result of the Commission's prior approval of the program
6 as a component of the May 16, 2003 RFP process in D.04-06-011, and the integration of the
7 program and associated funding up to the maximum allowable capacity of 100 MW, SDG&E
8 does not at this time seek any incremental funding for the Summer Saver Program.

9 SDG&E will continue with its current program marketing strategy and tactics during the
10 2009 – 2011 program cycle. The currently-effective contract between SDG&E and AER
11 outlines specific marketing activities associated with AER's program development and
12 implementation work, and additional opportunities will be evaluated to help further promote the
13 program in conjunction with other energy management programs.

14 Because the Summer Saver program is available to residential customers, and with the
15 anticipated implementation of the PTR program during the 2009 – 2011 program cycle, it is
16 possible that there may be occasions on which both a Summer Saver and PTR program event
17 will be activated on the same day. In those situations where both programs are called as a day-
18 ahead event, customers participating in the Summer Saver and PTR programs will receive the
19 capacity payment credit provided by their initial enrollment in the Summer Saver Program, as
20 well as the PTR energy credit of \$1.25/kWh of load reduction achieved during the PTR event.
21 SDG&E does not consider this to represent a duplication of program incentive payments, as the
22 capacity payment provided by the Summer Saver Program is just that---a capacity payment made
23 in exchange for the customer's enrolled capacity in the program, capacity over which the

1 program maintains direct load control. The PTR energy credit payment reflects an incentive
2 payment made only on the condition of an actual measured load reduction achieved during a
3 program event.

4 **6. Residential Automated Controls Technology Pilot (RACT)**

5 SDG&E proposes to introduce a new Residential Automated Controls Technology
6 (RACT) pilot. This three-year pilot is designed to test, implement and evaluate several new and
7 existing load reduction technologies as part of a campaign within the residential customer sector.
8 The results obtained from this pilot will be used in further evaluation and promotion of new
9 technology-driven programs that support the use of automated enabling technologies that will
10 work in conjunction with SDG&E's Smart Meter deployment to achieve load reduction goals
11 during critical peak energy usage periods. With the introduction of new DR programs such as
12 CPP-D and PTR, and with the rapid evolution of enabling technology, SDG&E views the RACT
13 as an ideal platform to accomplish the multiple objectives of introducing and promoting new
14 programs while at the same time introducing and expanding the notion of enabling technology to
15 facilitate and grow participation in programs. With new programs and ever-changing
16 technology, customers must be kept engaged, informed and educated on how to effectively
17 optimize their opportunities and benefits through participation in DR programs.

18 SDG&E proposes to enroll up to 1,500 participants over the three-year program cycle in
19 this pilot. We will focus on major home appliances or equipment, typically associated with
20 having substantial peak-time electricity usage. The operational hours of these appliances or
21 equipment will be targeted for curtailment or modification of usage through one or more of the
22 automated technology devices being evaluated through the RACT program. The automated
23 technologies and devices provided to pilot participants may include, but are not necessarily
24 limited to Energy Management Systems, Programmable Communicating Thermostats, Room Air

1 Conditioner Curtailment Systems, Smart Appliances and Equipment, and pool pump and water
2 heater automatic cycling devices. This list of technologies and devices is not meant to imply
3 either an all-inclusive list or to foreclose the prospect of additional technology that may become
4 available in the future. SDG&E will continue to evaluate the introduction and availability of
5 new technologies in an effort to maintain as robust a pilot as possible and evaluate the widest
6 range of commercially-available viable technologies. To the extent practical and feasible,
7 SDG&E will utilize an RFP process in an effort to select and incorporate the latest technologies
8 in the pilot.

9 The pilot is intended to gather data to allow for the examination and evaluation of the
10 customer acceptance and functional capabilities of these systems and devices under various event
11 scenarios, as well as to provide a platform to evaluate and help expand the role of enabling
12 technology. Additionally, the pilot is intended to gather important information with which the
13 acceptance, use and value of the various technologies can be evaluated and considered as more
14 permanent solutions to enable energy management and load reduction strategies. Customer data
15 and information obtained from the RACT pilot regarding customer acceptance of enabling
16 technologies, and the ability to influence and automate changes to customer's energy
17 consumption and energy savings behavior will help SDG&E in the evaluation and development
18 of related energy management strategies and DR programs. The RACT pilot will also help with
19 the introduction of an integrated DR and EE program approach through a whole-house solution,
20 accomplished through the use of automated appliances, equipment and technology to simplify
21 changes in energy use patterns. SDG&E may consider using the pilot to also evaluate the
22 effectiveness of advanced monitoring and visual display tools to improve residential in-home
23 energy consumption efficiency and management. An example of this integrated approach is a

1 system that is programmed to control appliance energy usage on a daily schedule, which also has
2 the capability to initiate a response to a DR program event signal and reduce or curtail appliance
3 energy usage during a program event period. SDG&E will also evaluate the potential pilot
4 technologies for their compatibility and capability to function in conjunction with the Smart
5 Meter network and the associated communication channels to deliver the conservation signal and
6 messages.

7 The concept of DR has only recently been introduced within the residential sector.
8 Additionally, the opportunities to expand the level of customer knowledge and participation in
9 DR programs have been more limited than those associated with EE improvements. More
10 customer education as well as assistance in enabling customers to automatically respond to a DR
11 program event is a necessary requirement in order to achieve significant and consistent load
12 reduction when needed. The information gathered will enable SDG&E to further refine not only
13 future DR and EE program offerings, but also specific technology offerings and customer
14 communications all packaged to maximize customer participation in such programs.

15 The pilot will focus on pre-1987 residences (but may also consider some post-1987) and
16 will activate and monitor the associated curtailment technologies during critical peak energy
17 usage events as a result of CAISO Stage II alerts, local transmission and/or distribution
18 emergencies, local high-load periods and high-energy-price events under the CAISO's MRTU
19 effort. All program participants will be required to have an installed SDG&E Smart Meter and
20 maintain end-use appliances or equipment that can be curtailed. The selection criteria for
21 participation in the pilot has been identified as single family units that sustain an average
22 summer energy usage of 700 kWh per month (based on 2007 and 2008 consumption history), as
23 well as multi-family units using an average of 400 kWh per month. Homeowner and renter

1 residential segments will be identified and targeted for program marketing separately based on
2 the technology approaches that are deemed most effective and valuable to the respective
3 customer segments, with that hypothesis tested and evaluated during the pilot duration. Smart
4 Meter data will be used to develop energy use profiles and to identify appliances and equipment
5 which are major contributors to peak energy consumption within the home. This interval data as
6 well as participant-specific survey information is important in determining which appliances or
7 equipment are not essential during critical energy use periods. These non-essential appliances or
8 equipment can be outfitted with automated curtailment devices to maximize customer
9 acceptance. Real-time energy usage data will be delivered to participants in a way that promotes
10 behavioral changes to allow the customer to reduce monthly energy consumption and cost.
11 Participants will have access to their in-home energy usage through internet-based usage
12 information and will also have access to participant-specific suggested behavioral changes, such
13 as air conditioning usage and laundry habits.

14 The RACT pilot affords an excellent opportunity for SDG&E to field test and validate
15 curtailment designed to provide demand reduction solutions for both homeowners and renters of
16 single and multi-family residences. Potential participants will be requested to supply minimal
17 information concerning their in-home appliances and equipment to meet participation
18 requirements. At the time of the specific technology installation, the participant will be given
19 information concerning the specific DR technology that will be utilized. The utility- sent signal
20 and/or communication will allow participants to have enabling technologies to more effectively
21 reduce electric usage during a PTR event, or as other conditions may warrant, based on
22 automated features.

1 During a PTR, or other DR program event, participants will be provided with messaging
2 informing them of the event and the need to reduce energy consumption, as well as related
3 information on EE measures and opportunities. This information will be provided through such
4 channels as telephone calls and messages, electronic mail, direct mail, text messages and
5 information provided through SDG&E's Smart Meter network. Within the RACT pilot, SDG&E
6 will seek to maintain a proportional distribution of the various enabling technologies being
7 evaluated, with a not-to-exceed 40% penetration cap for any particular device or technology.
8 This limitation will ensure a diverse group of technologies is being tested and evaluated.

9 The pilot will operate throughout the year, with customers subject to load curtailments at
10 any time during the year, based on proposed program event triggers. For example, events may
11 be called based on, among other factors, CAISO Stage II Alerts, local transmission or
12 distribution emergencies, local system load exceeding 4,000 MW or high electricity price events.
13 The duration of a typical event would be from, but not necessarily limited to, 11:00 am to 6:00
14 pm. Unique transmission or distribution emergencies may call for events to be initiated or
15 extended outside this timeframe. Participating customers who maintain one or more of the pilot
16 enabling technologies will receive a bill credit of \$1.25/kWh for their load reductions achieved
17 **during an SDG&E PTR program event**, in accordance with the provisions of the PTR
18 program tariff. Based on the data obtained from the pilot, SDG&E will review and consider
19 potential future program designs and offerings as well as possible changes to program incentives
20 that may lead to further program and participation improvements.

21 This pilot will utilize automated enabling technologies to create an environment within
22 the home that promotes energy management solutions. Pilot participants will be given the
23 opportunity through various technologies to maximize PTR incentives when they achieve

1 verified demand reduction during PTR events, in accordance with the provisions of the PTR
2 program tariff. With the pending introduction of the PTR program and its incentive structure for
3 energy usage reduction during program events, the vast majority of residential customers will be
4 exposed to their first experience with the concept of dynamic pricing.

5 The PTR program is designed to encourage the use of enabling technologies for load
6 reduction, through its two-tiered incentive structure. A fundamental objective of the RACT pilot
7 is to gather information as to the acceptance and use of a range of enabling technologies to best
8 achieve the load reduction goals of the PTR (and possible future additional) program. Customer
9 acceptance of the program design as well as enabling technology is a significant hurdle in
10 accomplishing the load reduction objectives of any program. With the introduction of a new
11 program to a customer segment not previously exposed to DR programs at a large scale, SDG&E
12 views the RACT as a significant step toward furthering the objectives of customer education,
13 understanding, acceptance and participation. SDG&E also hopes to learn from the RACT
14 whether or not technology cost considerations are an issue in customer decisions regarding the
15 extent to which they are able to participate in programs such as PTR.

16 At the conclusion of each pilot year, participants may be offered a further program
17 incentive in exchange for completing a survey regarding the pilot and associated technologies.
18 Ultimately, the primary objectives of the pilot are to identify, integrate, and evaluate demand
19 responsiveness through the use of automated residential load shedding technologies as well as to
20 promote DR enabling technologies that will lead to changes in customer behavior.

21 The RACT pilot will incorporate customer welcome kits that include information on
22 program specifics, enabling technology options and alternatives, DR program opportunities and
23 benefits, and technology installation guidance to help minimize on-site installation cost through

1 customer self-installation. Specifically selected customers will be able to view different
2 technologies online and SDG&E will work with them to determine which technologies might
3 best suit their circumstances and promote load reduction opportunities, based on various
4 installation options, appliance or equipment functionality requirements and in-home
5 communication capabilities.

6 SDG&E will provide continual and ongoing energy consumption data, including data on
7 participant's energy usage patterns during a DR program event, along with information that will
8 enable them to deduce the role of the enabling technology in assisting and augmenting their
9 consumption pattern changes. This is intended to be a continual process to maintain customer
10 interest and participation, with an ultimate goal of transitioning pilot program performance into
11 technology-enabled, longer term, sustained changes in energy consumption patterns, such that a
12 more predictable and sustainable response to DR program events is fashioned.

13 This proposed new pilot differs greatly from the evaluations and small-scale
14 demonstrations conducted by SDG&E's DR and EE Emerging Technologies (DR-ET) programs.
15 The DR-ET programs typically identify and evaluate the technical capabilities and viability of
16 technologies for ultimate DR and/or EE program implementation. Unlike the DR-ET programs,
17 the proposed RACT pilot will only focus on commercially-available technologies. Additionally,
18 the DR-ET programs are not specifically budgeted to accommodate large-scale and potentially
19 multi-year pilots. However, with input from DR-ET programs and through this program's
20 technology assessment from large-scale pilots, SDG&E is better able to fully evaluate customer
21 acceptance, customer persistence and customer preference. SDG&E has experienced some
22 success with long-term pilots, such as the Smart Thermostat pilot that was authorized by D.01-
23 03-073.

1 Pilot-specific program evaluation and data analysis will be accomplished through mail-in
2 and telephone customer surveys, from both pilot participants and non-participants. Surveys of
3 non-participants will focus on questions regarding customer openness to the idea of installing
4 enabling technologies in their homes, given the introduction of programs such as PTR,
5 identification of the barriers to such installations, the potential appeal of different technologies,
6 and the types of program incentives (both associated with the availability of enabling technology
7 and installations, as well as demand response program participation) that would be likely to elicit
8 purchase and installation of technology and participation in a demand response program.

9 Among the issues and questions that SDG&E will seek to address during the RACT pilot,
10 as well as through its subsequent surveys and evaluations are the following types of research
11 questions:

- 12 ▪ To what extent are customers willing to have curtailment devices installed in their home?
- 13 ▪ Are there certain appliances or equipment that customers are more willing to curtail than
14 others?
- 15 ▪ What features of the enabling technology devices do customers like most? Which do
16 they like least?
- 17 ▪ What information do customers need in order to use the devices effectively?
- 18 ▪ Are customers likely to override an automated control system when an event is auto
19 triggered?
- 20 ▪ Will these devices encourage more efficient energy management behavior on an on-going
21 basis?
- 22 ▪ To what extent do the devices increase customer awareness of EE and DR opportunities?

- 1 ▪ To what extent do customers understand peak demand and the need to curtail at certain
- 2 time periods?
- 3 ▪ What customer or household characteristics are associated with willingness to curtail
- 4 during DR events? For example, are these customers more likely to respond positively to
- 5 messages about global warming, good citizenship, etc.?
- 6 ▪ What features of the program encourage customers to remain on the program?
- 7 ▪ What benefits and penalty are significant when applying real-time pricing?
- 8 ▪ What cost or other barriers exist with respect to customer purchase and use of various
- 9 enabling technologies?

10 Survey results collected from this pilot will be used to develop a better understanding of

11 customer acceptance of automated enabling technologies. The data will also be used to

12 determine how residential customers perceive the need to save energy and curtail energy usage

13 during DR program events. This information will also be used to improve program educational

14 materials and strategies for future program years, to identify more acceptable and effective

15 enabling technologies, and to identify new opportunities for residential load curtailment during

16 peak demand situations. The pilot program will evolve to fully utilize Smart Meter data to

17 inform participants where the maximum potential for DR reduction and EE upgrades may arise.

18 With inefficient appliances and equipment identified, the energy usage data will help leverage

19 and validate the quality installation and programming of new EE or DR specific technologies

20 that can be tailored for that particular customer.

21 The RACT pilot differs in several ways from the Automated Demand Response System

22 (ADRS) field trial that evaluated a single advanced energy management technology in 175

23 California households several years ago. Technology advances have greatly reduced the

1 associated cost of enabling technologies, and this reduction in cost provides the opportunity for
2 the RACT to look at multiple technologies and/or vendors, rather than a single vendor and
3 technology as was the case with the ADRS pilot. SDG&E's Smart Meter deployment will
4 ultimately provide customers with more detailed energy usage information and will allow
5 SDG&E to more accurately assess load impacts as a result of the various enabling technologies.
6 By utilizing the technologies incorporated into the RACT pilot, customers will be better
7 positioned to leverage the increased energy usage information to control their energy
8 consumption and costs, while SDG&E will gain a better understanding of customer acceptance
9 of the technologies and potential barriers associated with their use.

10 SDG&E's proposed budget for the RACT pilot is approximately **\$1.7 million** over the
11 three-year cycle, as set forth in Appendix A.

12 **C. Additional Programs**

13 Because this Application is intended to provide a complete portfolio of SDG&E's DR
14 programs, the following section includes descriptions of additional programs for informational
15 purposes only, in the interest of representing the complete portfolio. In this proceeding, SDG&E
16 is not proposing any changes or requesting additional funding for the programs listed below.

17 **1. Optional Binding Mandatory Curtailment (OBMC)**

18 The Optional Binding Mandatory Curtailment Program (OBMC) is a voluntary program
19 whereby participants are exempted from rolling blackouts/rotating outages in exchange for
20 reducing power on their circuit upon 15-minute notice from SDG&E during an electricity
21 shortage. Customers who can commit to reducing up to 15% of the total circuit load during an
22 OBMC event are eligible to participate.

23 Following the energy crisis, by D.01-04-006, the Commission authorized OBMC as a
24 statewide program. OBMC was expected to have wide appeal, as it exempts participating

1 businesses from rolling blackouts and/or rotating outages. Participation in OBMC ensures that
2 businesses on an impacted electric circuit will not face power outages, affording those customers
3 the opportunity to eliminate such inconveniences as work interruptions, increased costs, etc.

4 Following its establishment, SDG&E initially had two large manufacturers enroll in
5 OBMC in 2001, but as the apparent risk of blackouts seemingly diminished, those customers
6 dropped from the program in 2002. Because the program impacts an entire circuit, calling for
7 load reductions across the circuit, the feedback SDG&E received from these customers
8 suggested their lack of confidence in other customers on the circuit also committing to a load
9 reduction sufficient to ensure a minimum reduction of 15%.

10 SDG&E will continue to make OBMC available to customers who may find it suitable to
11 their operational needs, and for whom it makes sense to participate. SDG&E will maintain the
12 existing program collateral and educational material, but will minimize the program expenditures
13 due to the lack of customer interest in the program.

14 2. **Scheduled Load Reduction Program (SLRP)**

15 The SLRP was initially established pursuant to the provisions of California SB5X, dated
16 January 17, 2001. Customers electing to participate in SLRP are required to reduce their electric
17 load during specific time periods of their choosing, and are paid an incentive for that reduction,
18 which must be a minimum reduction of 100 kW or 15% of total load. SDG&E has included
19 SLRP in its demand response program through the 2006 – 2008 program cycle, but has not
20 received any customer enrollments. SDG&E proposed to eliminate SLRP as part of its 2006 –
21 2008 program portfolio, in A.05-06-017, but because the Commission determined that the
22 program is Legislatively-mandated, that proposal was denied by D.06-03-024. SDG&E will
23 continue the program through the 2009 – 2011 program cycle, and will maintain the existing

1 program collateral and educational material, but will minimize the program expenditures due to
2 the lack of customer interest in the program.

3 Most recently, by D.08-02-034, the Commission adopted the continuation of both OBMC
4 and SLRP, along with minimal funding through that proceeding. Both programs will remain a
5 small components of SDG&E's demand response program portfolio for the 2009 – 2011 cycle.

6 **D. Technical Assistance and Technology Incentives (TA/TI)**

7 SDG&E believes that both the Technical Assistance (TA) and Technology Incentive (TI)
8 programs are an essential strategy through the 2009 – 2011 program cycle in order to identify
9 opportunities, develop, grow and sustain load reduction through DR program participation, as
10 well as a means by which enabling technology can be further encouraged and utilized to help
11 achieve load reduction opportunities. The TA/TI programs function as a two-step process in the
12 development of DR opportunities. As the first step in the process, the TA audit helps customers
13 identify DR load reduction and management opportunities. The TI program operates as the
14 second step in the process, by helping customers focus their attention and investment on specific
15 opportunities and through the installation and use of specific enabling technologies and systems.

16 Market and financial barriers continue to exist, which must be overcome before even
17 more widespread participation in DR programs can be achieved, although the recent adoption of
18 default critical peak pricing tariffs for SDG&E's larger customers is expected to provide a
19 further incentive toward program enrollment and participation. Some of these barriers include
20 customer perceptions that load reduction is not possible in their business, or that they have
21 already done all that they can to reduce energy consumption. The fact that certain enabling
22 technologies or systems are not present in many facilities is another barrier to overcome, which
23 the TA/TI programs are specifically designed to address. Growing awareness of such
24 technologies and systems, and the potential impacts of default critical peak pricing tariffs are

1 expected to increase customer interest in TA/TI programs, and such interest is expected to
2 provide even further motivation to customers to invest in enabling technologies leading toward
3 participation in DR programs. Despite this growing interest, not all customers will find
4 enrollment and participation feasible without the assistance and incentives provided through the
5 TA/TI programs.

6 Support for TA and TI comes from various research studies that have reported that the
7 majority of customers do not believe they can reduce load. Some customers believe that energy
8 management opportunities have been exhausted or that load reduction is painful²⁴, incompatible
9 with business operations or simply not possible.²⁵ Lawrence Berkeley National Laboratory
10 (LBNL) has observed that DR programs require a greater degree of education, customer
11 handholding and energy audits.²⁶ Other reports have concluded that there is a lack of necessary
12 technology at customer locations.²⁷

13 The TA and TI programs, in conjunction with Customer Education, Awareness and
14 Outreach, are intended to help overcome these barriers, through the identification of load
15 reduction opportunities and technologies to enable such opportunities. The TA process helps to
16 build awareness of the load reduction opportunities and provide customers with a specific
17 recommended course of action on how to reduce load and to facilitate their participation in DR
18 programs. The TI program offers financial incentives and also makes available interest-free

²⁴ California Energy Commission, *An Action Plan to Develop More Demand Response in California's Electricity Markets*, P400-02-016F p. 37, July 2002.

²⁵ Quantum Consulting Inc., *Working Group 2 Demand Response Program Evaluation – Summary of Phase 1 Research*, April 8, 2004.

²⁶ Charles Goldman, *Price Responsive Load Program - Framing Paper #1*, Prepared for the New England Demand Response Initiative, p. 15, March 2002.

²⁷ U.S. Government Accountability Office, *Electricity Markets: Consumers Could Benefit from Demand Programs, but Challenges Remain*, GAO-04-844. 2004.

1 On-Bill Financing toward the acquisition and installation cost of enabling technologies to
2 facilitate participation in DR programs. In many cases, customers have reported that, absent the
3 TI financial incentives, the cost of technology and equipment is cost-prohibitive.

4 Particularly with the introduction of the new Default Critical Peak Pricing (CPP-D)
5 program, as recently adopted by D.08-02-034, SDG&E believes and, in fact, has begun to see, a
6 resurgence in the level of customer interest and motivation toward participation in DR programs,
7 and toward managing energy consumption and costs. As customers become more familiar with
8 CPP-D, SDG&E believes that this trend of increasing awareness and interest in DR, energy
9 management and, in particular, the use of enabling technologies will increase. The TA program,
10 as well as the associated TI program is an important vehicle in working with customers to
11 identify their DR and energy management opportunities, and to provide the financial incentives
12 that are very often necessary to motivate and assist customers with the purchase and installation
13 of energy management technologies, systems, strategies and enabling technology devices.

14 Recent results from the 2006 – 2008 Statewide TA/TI Program Process Evaluation,
15 conducted by ECONorthwest suggest that a significant percentage of TA/TI program participants
16 are very satisfied with the TA/TI program. SDG&E believes that, with this level of satisfaction,
17 coupled with the several proposed program modifications discussed below, the TA/TI and
18 AutoDR program can, and will, continue to grow and produce success through the 2009 – 2011
19 program cycle.

20 The evaluation report did, however, also identify several areas of the TA/TI program
21 process that were of concern to program participants. Examples cited included:

- 22 --usefulness/timeliness of audit reports
- 23 --delays in receiving audit reports

1 --lack of follow-up to audit report and recommendations

2 --disruption of participant's business operations

3 --savings (from DR participation) not worth the cost of technology installation/upgrade

4 With the exception of concerns voiced regarding energy cost savings and the cost of the
5 technology installations/upgrades, SDG&E views many of these concerns to be process oriented;
6 that is, issues related to the completion of the audit, review of the audit, communications with the
7 customer regarding audit findings and recommendations, and follow-up activities with the
8 customer regarding implementation of audit recommendations. SDG&E believes that it can, or it
9 has already addressed many of these concerns through internal process improvements, and that it
10 has made considerable efforts toward making the TA/TI/AutoDR process more efficient,
11 streamlined and useful to participants. A key example of this is the implementation of SDG&E's
12 Customer Relationship Management (CRM) system, designed to manage the overall interaction
13 with customers on such projects as TA/TI/AutoDR. Based on the evaluation findings, SDG&E
14 will identify further process improvements that may be necessary to enhance the success of the
15 TA/TI program, and will continue to work to improve the processes associated with program
16 implementation.

17 **1. Technical Assistance (TA)**

18 The TA program is essentially an energy audit service designed to survey a customer's
19 premise or facility to help the customer identify methods for reducing energy costs and to
20 encourage greater participation in DR and EE programs. Customers who have a minimum
21 demand of 20 kW or higher are eligible to receive TA. During the current 2006 – 2009 program
22 cycle, the TA audit process has been geared towards identifying and quantifying DR strategies
23 and finding EE opportunities and leads. SDG&E intends to continue the TA audit process in
24 much this same fashion during the 2009 – 2011 program cycle and incorporate a more

1 comprehensive EE offering as well. In keeping with the IDSM approach, and in seeking to
2 establish a “one-stop,” comprehensive energy assessment, SDG&E proposes that the costs
3 incurred in the completion of the TA audit be allocated between DR programs and EE programs.
4 The TA Auditor will provide SDG&E with the cost of performing the integrated EE/DR TA
5 audit, and provide a percentage split to indicate the cost associated with the EE and DR audit
6 measures identified. This percentage split will be applied to the cost of the TA audit to allocate
7 that cost between the appropriate EE and DR budgets. The payment to the TA Auditor will, of
8 course, not exceed \$100/kW of approved load shed potential, and ultimately will not exceed the
9 actual total cost of the audit.

10 Customers that qualify for a TA audit will receive an in-depth assessment of their
11 facilities and operations, which will include specific recommendations and calculations of kW
12 energy saving potentials. Customers can elect to use a preferred Engineering firm to conduct the
13 TA audit, or they may request that SDG&E assign the audit to a firm that is under contract with
14 SDG&E. After the selected auditor has completed the TA audit, it is reviewed by the TA
15 Review Engineer for verification of the feasibility and calculation of the load reduction potential
16 identified. The DR recommendations will identify not only the load reduction potential, but also
17 recommended strategies, processes and enabling technologies for achieving the load reduction
18 potentials. With the EE offering, the customer may be provided with specific EE
19 recommendations, including estimated costs, savings, payback periods, and the likely program
20 incentives and rebates that may be available. The new integrated TA audit will also recommend
21 appropriate DR and EE programs for the customer to participate in.

22 SDG&E will promote TA through its customer contact personnel, including Account
23 Executives, Program Managers, Demand Response Aggregators, EMS Service Providers and

1 Trade Allies. SDG&E will also leverage its relationships with other companies including the
2 California Center for Sustainable Energy (CCSE), local engineering consultants, lighting or
3 HVAC contractors and equipment vendors. SDG&E's proposed budget for the TA program is
4 approximately **\$10 million** over the three year cycle, as set forth in Appendix A.

5 The following modifications and enhancements to the TA program are proposed for the
6 2009 – 2011 program cycle:

7 **a) Full Integration with Energy Efficiency**

8 As described earlier, TA is an integrated approach (IDSM) to helping customers identify
9 ways to lower their energy costs. SDG&E's integrated IDSM audit would operate under the
10 umbrella of the TA Program and have the following characteristics:

- 11 ▪ Subcontractors will be utilized to provide the audit service;
- 12 ▪ Results will be reviewed from an integrated perspective – ensuring that all DR and
13 EE opportunities have been identified and that the efforts work in concert and are not
14 conflicting;
- 15 ▪ Results will provide the customer with a clear action plan;
- 16 ▪ Follow-up meetings with the customer will encourage implementation of the plan
- 17 ▪ Ultimately, customers will take advantage of DR and EE programs that will help to
18 lower their energy costs and reduce peak demand.

19 **2. Technology Incentives (TI) Program**

20 The TI program provides qualified financial incentives to participating customers that are
21 intended to encourage customer adoption and installation of DR strategies, measures and
22 enabling technologies. TI is designed to help offset the customer's costs of purchasing and
23 installing such systems and technologies by providing a financial incentive and interest-free On-
24 Bill Financing for qualified customers. The financial incentive is associated with the level of

1 energy reduction (kW) that the measure can provide. Eligible technologies include, but are not
2 limited to, energy management systems, remote switches, dual-level lighting, software upgrades
3 and the addition of control points. Upon installation of the equipment, and completion of a load
4 shed test to verify the load reduction, the customer may receive an incentive payment of up to
5 **\$100/kW** of verified load reduction, not to exceed the cost of the project. Further, upon the
6 installation of the equipment, and completion of a load shed test to verify the load reduction
7 enabled by an Automated Demand Response (AutoDR) technology, the customer may receive an
8 incentive payment of up to **\$300/kW** of verified load reduction, not to exceed the cost of the
9 project. The \$100/kW and \$300/kW incentive payment levels represent a ceiling on the actual
10 incentive payments, depending upon the actual installed cost of the equipment.

11 **a) AutoDR**

12 As directed by D.06-11-049, SDG&E developed and implemented a new component of
13 the TA/TI program directed at the installation and implementation of AutoDR technologies at
14 customer premises. That new program initially became effective in 2007, and, in accordance
15 with D.06-11-049, was put in place for an initial one-year period, subject to proposals that were
16 subsequently filed in October, 2007 addressing its continuation and/or expansion.

17 AutoDR is generally defined as fully automated DR initiated by a signal from a utility or
18 other appropriate entity in response to a call for the activation of a DR program event. Further,
19 AutoDR consists of open, interoperable industry standard control and communications
20 technologies designed to work with both common energy management control systems and
21 individual end-use devices. As adopted by D.06-11-049, AutoDR was initially established in
22 2007 to provide a customer incentive payment of \$300/kW of identified load reduction capability
23 that was implemented through the use of an AutoDR technology.

1 D.06-11-049 directed SDG&E to, among other things, file plans for implementing
2 AutoDR technologies for 2007, and subsequently to submit plans to address the continuation
3 and/or expansion of AutoDR for 2008. On November 14, 2007, SDG&E submitted Advice
4 Letter 1941-E, proposing the continuation of its incentive for AutoDR technology deployment as
5 a component of the TA/TI program, and to additionally extend the incentive to third-party
6 contractors' and vendors' standards-based automation technology. (AutoDR was initially
7 established in 2007 as applicable to a single vendor/technology---that associated with the
8 Lawrence Berkeley National Laboratories (LBNL)). SDG&E further advocated that AutoDR
9 represent a standard, and not a single specific technology, and that the application of the AutoDR
10 standard not be limited to just one or two select DR programs, as was the case with the initial
11 AutoDR technology deployments in 2007. Finally, SDG&E proposed that the existing \$300/kW
12 customer incentive level, first established for 2007, be continued in 2008, and that the
13 differential between the non-AutoDR TI incentive of \$100 and the AutoDR TI incentive of \$300
14 be maintained. By letter from the Energy Division, dated January 3, 2008, SDG&E's proposed
15 continuation and expansion of AutoDR technology deployment plans for 2008 was approved.

16 All applications for demand response incentives must be submitted with an invoice and
17 supporting documents to SDG&E for evaluation. The customer must have a load shed test
18 completed, demonstrating and documenting the load reduction capability. The test engineer will
19 validate and approve the results of the load shed test. SDG&E's proposed budget for the TI
20 program is approximately **\$12.7 million** over the three year cycle, as set forth in Appendix A.

21 The following modifications to the TI program are proposed for the 2009 – 2011 program
22 cycle:

1 that the customer be eligible to receive an initial TI incentive payment of **60%** of the actual
2 incentive level. The final **40%** incentive payment will be made upon the customer's enrollment
3 and participation in a specific demand response program for a minimum of twelve consecutive
4 months. This modification would revise the current initial 50% payment level, providing an
5 accelerated financial recovery scenario for participating customers.

6 **E. Customer Education, Awareness and Outreach Programs**

7 Customer Education, Awareness and Outreach Programs are a comprehensive, multi-
8 faceted marketing/communications effort that entails a variety of initiatives aimed at increasing
9 customer knowledge, understanding and acceptance of DR and inciting behavior change/action.
10 This effort is essential to the successful communication, participation and execution of the
11 overall DR program portfolio. These initiatives provide the foundation for delivering DR
12 benefits to customers, and will complement the program-specific marketing efforts to acquire
13 new customers, retain existing customers and encourage participation when called upon. The
14 various general awareness and education initiatives are intended to increase the overall
15 awareness and understanding of: 1) the DR concept; 2) the benefits DR delivers to customers;
16 and 3) the importance of DR programs in both the utility's and the customer's energy
17 management mix.

18 Customer Education, Awareness and Outreach efforts will extend across residential,
19 small/medium commercial, large commercial and industrial and direct access customer
20 segments, and will include the following:

21 **1. Customer Education, Awareness and Outreach Umbrella**

22 The 2009 – 2011 demand response program cycle will be the first planning cycle that
23 SDG&E will implement market segmentation research and messaging. Marketing campaigns
24 will provide a wide range of action-oriented solutions targeted to "personas" identified through

1 segmentation research. Bundled marketing efforts, or a menu of DR, EE and conservation
2 programs will provide customers with a full array of DR and EE options. By providing energy
3 management “packaged” solutions for each industry segment, SDG&E will be better able to
4 communicate with and serve its customers, and customers can more readily see which programs
5 will benefit them.

6 Unlike traditional demand side management, DR programs are generally driven by
7 specific conditions, with program events therefore episodic and somewhat unpredictable. As a
8 result, there may be a long delay between a customer’s enrollment in a program and an actual
9 program event and the need for load reduction. Developing and maintaining an on-going
10 awareness and education campaign, in conjunction with retention efforts, is necessary to not only
11 continue momentum, but to help grow and expand programs and program participation, to help
12 assure that the necessary load reductions occur when DR program events are called. As result,
13 customer education, awareness and outreach efforts must be consistent, comprehensive,
14 continuous and sustainable. Awareness must be developed in order to motivate or change a
15 behavior. Top of mind awareness will be created through the Umbrella Campaign, and be the
16 constant “thread” or platform from which all other education, awareness and outreach programs
17 will launch.

18 While the Customer Education, Awareness and Outreach Umbrella campaign will reach
19 all customers, audience segmentation will be used to determine the appropriate messaging and
20 targeted tactics. The general emphasis will be on increasing awareness and understanding of
21 demand response, its benefits, and how it fits in with the energy management mix among all
22 customer segments, utilizing mass communication channels and basic DR messages. Over time,
23 this broader focus will help to prepare customers for dynamic pricing and the savings

1 opportunities that can be realized through the use of advanced meters, technological changes,
2 enabling technologies, demand side management and, ultimately, behavior changes.

3 Increasing customer awareness of DR will be accomplished utilizing multiple
4 communication channels including the use of mass media, (e.g. print and broadcast advertising)
5 together with targeted communications, (e.g. direct mail), customer contact personnel and
6 educational resources, (e.g. online tools, audits, seminars, workshops and community events).

7 SDG&E will also provide DR information to be integrated into one of the energy end-use
8 modules of the successful Builder/Operator Certification training seminar, a professional third-
9 party managed development program featuring classroom training and in-facility assignments.

10 For the residential market, SDG&E will create partnerships with large-box retailers to offer
11 mutual benefit workshops and seminars within their seminar schedule.

12 Increased focus will be given to those customers who may be closer to adopting DR as
13 part of their energy management mix, e.g. customers with IDR meters, customers with demands
14 greater than 200kW, customers with load that can be temporarily turned off, re-scheduled, or
15 suspended, customers with EMS or direct load control devices connected to air conditioning
16 systems, or other load that can be modulated or cycled, and/or customers who have participated
17 in SDG&E's EE programs. Over time, this segment is expected to significantly increase as
18 SDG&E's Smart Meter Infrastructure is deployed. As more customers are provided with the
19 tools and information to participate in DR programs, a greater emphasis will be made to raise
20 their level of awareness about DR, its benefits and participation levels.

- 21 ▪ Furthermore, online tools or enhancements will be developed to help educate
22 customers by providing an individualized and interactive experience that will
23 illustrate the benefits of DR to each customer. For example, the Energy Challenger is

1 the current online audit tool that will be enhanced to include a more robust DR
2 section. The enhancement will provide customers with personalized DR strategies in
3 addition to the EE recommendations currently provided.

4 SDG&E's proposed budget for the Customer Education, Awareness and Outreach
5 umbrella program is approximately **\$6.0 million** over the three year cycle, as set forth in
6 Appendix A.

7 2. Flex Alert Network (FAN)

8 Flex Alert Network (FAN), formerly known as the Flex Your Power Now (FYPN!), is an
9 extension of Flex Your Power (FYP). FYP is California's statewide EE marketing and outreach
10 campaign, initiated in 2001. It is a partnership of California's utilities, residents, businesses,
11 institutions, government agencies and non-profit organizations all working together to save
12 energy. The campaign includes retail promotions, a comprehensive website, an electronic
13 newsletter, educational materials and advertising. The FYP campaign's primary funding comes
14 from the Public Goods Charge as approved by the Commission.

15 FAN issues a Flex Alert to notify California's businesses, governments and residents
16 when California's energy resources are reaching peak levels to help prevent Stage 1 Electrical
17 Emergencies. When a Flex Alert day is called, Californians are requested to follow specific
18 conservation and load-shifting measures to reduce their electricity usage. The recommendations
19 include turning off all unnecessary lighting, postponing the use of major appliances until after 7
20 pm, and adjusting air conditioning thermostats up to 78 degrees F.

21 California's utilities retained McGuire & Co., Inc., dba Efficiency Partnership, to conduct
22 the statewide campaign. Pacific Gas & Electric (PG&E) is designated as the IOU's project
23 administrator, responsible for entering into and administering the contract, managing the
24 campaign project with the consultant on a day-to-day basis, and coordinating with Southern

1 California Edison and SDG&E. SDG&E proposes that the FAN program be continued during
2 the 2009 – 2011 program cycle, as a component of the overall DR and EE awareness and action
3 campaign. As part of the California Energy Efficiency Strategic Plan, a statewide working group
4 is exploring different alternatives for statewide branding and communications for demand side
5 awareness. The results of these studies are expected to inform the Commission’s decision
6 regarding the future direction of statewide marketing and outreach. Upon receiving further
7 guidance and direction from the Commission as the Strategic Plan process evolves, the FAN
8 program may be modified to further promote a changing statewide brand.

9 SDG&E’s proposed budget for the FAN Program is approximately **\$1.3 million** over the
10 three year cycle, reflecting SDG&E’s proportional allocation from the program administrator, as
11 set forth in Appendix A. This budget proposal reflects both a reduction in the current level of
12 FYPN funding for the 2006 – 2008 program cycle as well as a reduction in each of the three
13 2009 – 2011 program cycle years which, for SDG&E reflects the anticipated increased education
14 and outreach efforts that are expected as the PTR program is implemented during the 2009 –
15 2011 program cycle.

16 **3. Demand Response Emerging Technologies Program (DR-ET)**

17 The DR Emerging Technologies (DR-ET) program, formerly known as the Emerging
18 Markets Program (EMP), is a technology transfer program whereby short-term load reductions
19 are achieved through application and use of new demand management technologies. DR-ET is a
20 non-resource program, similar to the EE-ET program associated with energy efficiency
21 technologies. Unlike other DR programs, DR-ET is essentially one step short of a research and
22 development program, and as such, does not have specific MW goals or targets associated with
23 it. Rather, the program is intended to identify, evaluate and demonstrate technologies that have
24 strong potential to reduce power consumption during periods of higher energy prices or tight

1 energy supplies in all SDG&E customer segments (residential and/or non-residential, i.e.,
2 commercial & industrial), and to help in bringing these technologies to commercial availability.
3 To maximize DR, small-scale technology demonstrations are planned in each customer segment.
4 Working in partnership with customers, inventors and SDG&E program staff, technologies are
5 also evaluated for potential inclusion in statewide codes and standards. Additionally,
6 collaborations with trade associations, organizations and other California utilities are promoted
7 to drive program objectives and reduce demonstration and evaluation costs.

8 The DR-ET program is aimed at increasing applications of new, innovative and cross-
9 cutting technologies to provide greater DR opportunities and results. Innovative products are
10 researched and evaluated by small-scale demonstrations of promising technologies. Up to 10 –
11 20 customer sites may be used in a small-scale demonstration. Increased technology
12 deployments are accomplished through partnerships with inventors, manufacturers and
13 distributors, and by promoting the commercialization of valuable technology. For example, after
14 successful statewide demonstration of the Demand Response Business Network (DRBizNet),
15 DR-ET brought together the inventor with a large third-party technology developer for
16 commercialization of the product. Based on the development stage of a technology, DR-ET also
17 helps to motivate technology inventors, manufacturers and distributors to facilitate the
18 introduction of new products to market that reduce load. When appropriate, incentives may be
19 provided to manufacturers to motivate technological progress for a certain end use. In this
20 process, a set amount of funds may be made available to help bring a new product to market.
21 Through these technologies, residential and/or non-residential (commercial & industrial)
22 customers that have an interval data recorder (IDR) meter and communications equipment are
23 able to participate in DR programs. Unlike the proposed new Residential Appliance Controls

1 and Automation Technology Pilot, this program evaluates and demonstrates early technology
2 development through commercially-available technologies.

3 The DR-ET program also engages in activities of internal and statewide initiatives
4 involving new technology deployments aimed at reducing, managing or controlling the electrical
5 demand of SDG&E's customers. These initiatives may include work with SDG&E's Smart
6 Meter program, Automated Demand Response (AutoDR), Utility Home Area Network (HAN),
7 etc. Additionally, DR-ET is actively involved in supporting efforts related to statewide codes
8 and standards for DR, such as the programmable communicating thermostat (PCT). SDG&E
9 believes that this is an area with great potential for helping to move the market toward innovative
10 DR technologies and standards.

11 To achieve the short-term (2009 – 2011) goals of the California Energy Efficiency
12 Strategic Plan, DR-ET will pursue an integrated DR, EE and renewable energy strategy in its
13 technology demonstrations. This strategy will help to prepare SDG&E to achieve the long-term
14 zero energy performance goals (by 2020 in residential buildings and 2030 in commercial
15 buildings) outlined in the Strategic Plan. SDG&E's witness Terry Mohn has presented testimony
16 in this proceeding addressing SDG&E's industry interoperability standards development plans,
17 as well as SDG&E's plans to automate some DR with a new, integrated system.

18 SDG&E's proposed budget for the DR-ET program is approximately **\$2.1 million** over
19 the three year cycle, as set forth in Appendix A.

20 **a) The Role of Enabling Technologies**

21 The role and value of enabling technologies in assisting customers with their participation
22 in DR programs is without question. As described throughout many of the preceding sections,
23 SDG&E recognizes that role, and has designed many of its program offerings and supporting
24 functions specifically to encourage the identification and installation of enabling technologies as

1 a fundamental means of supporting customer participation in DR programs. By expanding the
2 role and scope of the TA and TI programs, establishing the new RACT program, and continuing
3 and expanding the DR-ET program, SDG&E believes that further progress can be made in
4 bringing additional enabling technology applications into acceptance and use.

5 One fundamental barrier to the installation and use of enabling technologies is the cost of
6 the equipment. Through the continued incentive structure of the TI program, SDG&E believes
7 that more customers will be motivated toward the installation of enabling AutoDR technologies.
8 By providing a higher tiered program incentive payment, the new PTR program provides a clear
9 motivation for customers to identify and install enabling technologies. And finally, through the
10 proposals to modify the incentive payment structure, SDG&E believes that further improvements
11 to customer use of enabling technologies will result.

12 SDG&E has relied on feedback from customers, some of it obtained through the TA
13 process, regarding the desire for enabling technologies, but addressing the financial barriers to its
14 purchase and installation. By maintaining the higher TI incentive level, SDG&E believes that
15 customers will be motivated toward the use of enabling technologies. Previous experience with
16 the Statewide Pricing Pilot (SPP) conducted several years ago provided insights into the value of
17 enabling technologies, and actually gave rise to initial proposals to establish such programs as
18 the TA/TI program, and support for continuing evaluation of such technologies and the
19 expansion and enhancement of new technologies.

20 Programs such as TA/TI and AutoDR are still relatively new, particularly so with
21 AutoDR. SDG&E proposed expansions of AutoDR for 2008, which are just now beginning to
22 be seen in terms of broadened market participant involvement in TA audits and provision of
23 technologies and customer-specific solutions and installations. SDG&E's proposed continuation

1 of the broadened AutoDr program for 2009 – 2001 is intended to facilitate this expansion of the
2 AutoDR and related enabling technologies deployment. Similarly, the recent approval of the
3 new CPP-D and PTR programs are expected to increase customer awareness of and motivation
4 toward enabling technologies, and they search for new and more innovative ways to participate
5 in DR programs and more efficiently manage their energy costs. SDG&E’s customer education,
6 awareness and outreach efforts are designed to help facilitate and encourage these efforts.

7 **4. PEAK Student Energy Actions Program (PEAK)**

8 The PEAK Student Energy Actions Program is a comprehensive student learning
9 experience intended to teach elementary school students the value of smart energy management.
10 Managed by the Energy Coalition, the overall goal of the PEAK program is to instill an
11 efficiency ethic in students, through standards-based lessons, hands-on activities, and real-world
12 application in their homes, schools and communities.

13 PEAK is dedicated to the proposition that the individual actions taken by students
14 produce significant results. The PEAK program will provide a meaningful way to engage
15 elementary school students living in San Diego County and Southern Orange County to serve as
16 advocates of smart energy management in their homes, schools and communities.

17 The potential for energy savings and DR generated by the PEAK program is
18 multifaceted. Each school participating in the PEAK Student Energy Actions Program will also
19 benefit from energy savings realized by the actions of PEAK students, teachers, and facility staff
20 through energy awareness, conservation and the DR and EE activities conducted on campus, and
21 extended to the home environment through the learning process.

22 SDG&E will continue the PEAK Student Energy Action Program for the 2009 – 2011
23 program cycle, but in accordance with the Energy Efficiency Strategic Plan, programs of this
24 educational nature are expected to be transitioned into broader, statewide efforts in the coming

1 years. SDG&E's proposed budget for the PEAK Student Energy Action Program is
2 approximately **\$0.9 million** over the three year cycle, as set forth in Appendix A.

3 **F. Other Programs**

4 **1. Permanent Load Shifting (PLS)**

5 In D.06-11-049, the utilities were directed to initiate a Request for Proposal (RFP)
6 process to solicit five-year proposals from third parties for permanent load shifting programs.
7 SDG&E was authorized to allocate \$4 million of existing DR program funding to fund the PLS
8 proposals. SDG&E issued its PLS RFP and selected two proposals from among the responses.
9 Resolution E-4098 approved SDG&E's selected vendors and contract provisions. For the 2009 –
10 2011 program cycle, SDG&E's proposed budget to administer the PLS contracts is
11 approximately **\$0.3 million**, as set forth in Appendix A.

12 As directed by the Guidance Ruling, Appendix E presents copies of SDG&E's two PLS
13 contracts recently signed.

14 **G. Codes and Standards (C&S)**

15 The Codes and Standards (C&S) program is a crosscutting program that promotes
16 upgrades and enhancements to building and appliance efficiency standards and codes.
17 The C&S program undertakes technical assessments known as Codes and Standards
18 Enhancement (CASE) studies are that are performed for enhanced design practices and
19 technologies to develop codes and standards that are more stringent than current state and
20 national minimum standards. The CASE studies' results are presented to standards and code
21 setting bodies like the California Energy Commission (CEC) and key stakeholders to encourage
22 adoption of DR activities or measures. The C&S program also offers expert testimony to
23 promote standards that approach best practices in DR, which becomes critically important in
24 negotiation with stakeholders throughout the public workshops and hearings process. Since,

1 program activities are conducted over long-term code upgrade cycles, involvement in building
2 code cycles requires several years of continuous support of the C&S program; from the inception
3 of a proposed code to the time that a code becomes effective.

4 The C&S program will undertake several activities to move the code to incorporate
5 demand response program strategy and development. The program will assess which rates,
6 tariffs, equipment, software, protocols, consumer information and other measures would be most
7 effective in achieving demand response, undertake research where there are technology gaps and
8 evaluate demand response voluntary standards that reduce or shift electricity when customers
9 receive signals that encourage load reduction.

10 SDG&E's proposed budget for DRP-related C&S activities during the 2009 – 2011
11 program cycle is **\$0.6 million**, as set forth in Appendix A.

12 **H. Eliminated Demand Response Programs**

13 In the development of its proposed portfolio of DR programs for 2009 – 2011, SDG&E
14 has considered its existing programs as well as those programs, such as CBP, CPP-D and PTR
15 that have recently been added to the current portfolio. In doing so, SDG&E has identified
16 several current programs that are, in many ways, duplicative of programs proposed to be
17 continued beyond 2008, or are rendered "obsolete" or ineffective by new program proposals. As
18 such, SDG&E's 2009 – 2011 program portfolio proposal does not include the following current
19 programs, both of which SDG&E proposes to discontinue after 2008. Each would be terminated
20 effective January 1, 2009:

21 **1. Demand Bidding Program (DBP)**

22 DBP currently exists as a voluntary program, with both Day-Ahead and Day-Of options,
23 through which participating customers can earn bill credits by reducing their energy consumption
24 by a minimum of 10% during a program-activated event. SDG&E believes that continuing the

1 DBP program, while simultaneously offering such programs as BIP, CBP, CPP-D and CPP-E is
2 redundant, and that the availability of the proposed programs in the 2009 – 2011 portfolio
3 actually affords customers with a broader array of program options from which to choose.
4 SDG&E proposes that DBP be discontinued effective January 1, 2009.

5 **2. Peak Day Credit Program**

6 The Peak Day Credit Program currently offers customers a bill credit, ranging from 10%
7 up to a maximum of 20% in exchange for a load reduction of similar proportion during program-
8 activated events. As with DBP, SDG&E believes that the introduction and/or continuation of
9 programs within its proposed 2009 – 2011 portfolio provides customers with a similar, and even
10 greater, array of program options and incentives. As a result, SDG&E proposes that the Peak
11 Day Credit Program be terminated effective January 1, 2009.

12 **V. ANNUAL PROGRAM MODIFICATIONS/UPDATES**

13 **A. Recommended Annual Process to Modify Programs**

14 SDG&E has proposed herein its recommended portfolio of DR programs and associated
15 program budgets for the three-year period of 2009 through 2011. As originally noted in its
16 October 29, 2004 filing with the Commission, in which it proposed DR programs and budgets
17 for the 2005 through 2008 period,³² SDG&E believes that longer term (i.e., multi-year) programs
18 and funding are critical elements of a DR program portfolio, and are essential in order to
19 maintain and grow customer participation in these programs. Continuity and stability of
20 programs are important elements in helping to assure the viability and sustainability of program
21 success. SDG&E reiterated that belief in A.05-06-017, in proposing its DR portfolio for the
22 2006 – 2008 program cycle.

³² “Filing of San Diego Gas & Electric Company to Propose 2005-2008 Reliability Triggered Demand Response Programs” dated October 29, 2004 in R.02-06-001, at page 5.

1 Just as important, however, is the establishment of a process by which SDG&E can
2 propose and seek Commission approval of DR program changes, including, for example,
3 program and/or budget modifications, elimination or revision of programs or program elements
4 that prove to be unsuccessful, and enhancements or additions to programs that may be
5 developed, either through practical experience, technological developments or customer
6 feedback as programs are implemented over the course of the three year program cycle proposed
7 herein. A perfect example of this as it relates to the 2009 – 2011 program cycle is the ongoing
8 work amongst the three California utilities, the Commission staff, the CEC, the CAISO and
9 many market participants regarding the implementation of the CAISO's new MRTU structure.
10 The exact nature and magnitude of possible DR program changes, which may include anything
11 from minor program modifications (such elements as program trigger levels, customer
12 notification provisions, performance penalty provisions and operational modifications) to the
13 complete elimination of a particular program and establishment of an entirely new program, is
14 not fully known at this time.

15 Particularly over a multi-year program cycle, SDG&E believes that a mechanism to
16 enable and facilitate program changes during the cycle will enable SDG&E to maintain a
17 dynamic portfolio of programs, and will provide customers with the widest array of program and
18 options within which to participate.

19 The Commission recognized the value of multi-year program funding, and addressed
20 several of the uncertainties which support the establishment of a mechanism to facilitate mid-
21 cycle program changes in D.05-01-056, which approved SDG&E's portfolio of DR programs
22 and funding for 2005:

23 We agree that multi-year program authorization and funding is desirable, but
24 given the newness of these programs, their lack of track record of demonstrated

1 value to ratepayers, and the uncertainty of advanced metering infrastructure
2 deployment...that may affect future customer penetration and program plans...

3 Evaluating these programs under a more rigorous process is appropriate for 2006-
4 2008 program years given the large budgets that are anticipated over the three-
5 year period.³³

6 SDG&E further believes, as the Commission acknowledged in D.05-01-056, that “multi-
7 year funding would provide program stability and align the budget cycles for DR efforts with
8 those of EE programs which would promote development and delivery of integrated programs
9 and demonstrate stability of program design to potential customers.” (D.05-01-056, mimeo, page
10 12.) SDG&E believes that the entire framework of the DR portfolio, and customer acceptance
11 and participation, can be further enhanced by the establishment of an annual Advice Letter
12 Process through which Commission approval of program modifications and enhancements can
13 be achieved. SDG&E submits that such a process is superior to waiting for the next multi-year
14 program cycle, in terms of maintaining a sustainable portfolio of programs and enabling those
15 programs to keep pace with changing customer expectations and interests as well as with
16 technological or other changes.

17 The ongoing value of this process was further recognized by the participating parties and,
18 ultimately by the Commission itself, in the establishment of the current three-year DR program
19 cycle adopted by D.06-03-024. Section D. of the Settlement Agreement adopted by D.06-03-024
20 contained specific provisions governing DR program and budget flexibility, which allowed for
21 the shifting of certain authorized budget funds within the adopted guidelines.

22 As also set forth in the February 27, 2008 ALJ Guidance Ruling, to the extent that there
23 are program changes, new program needs or other revisions necessary as a result of any

³³ Decision 05-01-056, mimeo at pages 12-13.

1 unexpected features of the CAISO's MRTU process, SDG&E will submit to the Commission
2 any program changes necessary to meet those needs.

3 **1. Program and Budget Flexibility/Fund Shifting**

4 In order to maintain the budget flexibility adopted for the 2006 – 2008 program cycle,
5 SDG&E proposes that the program and budget flexibility guidelines and parameters reflected in
6 the settlement agreement be continued into the 2009 – 2011 program cycle, with certain
7 modifications, as set forth below:

- 8 a. Proposals may be filed by Advice Letter to seek Commission authorization to
9 implement during the 2009 – 2011 program cycle newly-developed programs to be
10 funded within the authorized funding levels for the 2009 – 2011 program cycle.
- 11 b. SDG&E proposes that it retain for the 2009 – 2011 program cycle the existing
12 flexibility, as is currently in place for the 2006 – 2008 cycle, to reallocate up to 50%
13 of authorized budget funds between programs in a given budget category, provided
14 that no program authorized and funded by the Commission will be terminated without
15 prior Commission authorization. For purposes of this provision, the budget
16 categories are: (1) specified programs¹²; (2) statewide informational, educational and
17 developmental programs¹³; (3) Technical Assistance/Technology Incentives/AutoDR
18 (TA/TI); and (4) other programs. Consistent with the provisions of the 2006 – 2008
19 cycle settlement agreement, SDG&E will maintain its TA/TI program as a separate
20 program category for purposes of the budget flexibility guidelines, and would only
21 propose that funds within the TA/TI program be subject to shifting within that

¹² SDG&E's specified programs include those programs identified in Section 1 of the attached program budget table (i.e., Capacity Bidding Program, Summer Saver Program, Critical Peak Pricing Program(s), Peak Time Rebate Program, etc.), as well as SDG&E-specific marketing, education and outreach programs.

¹³ SDG&E's specified programs in this category include FYPN, PEAK, and Emerging Technologies.

1 program. SDG&E proposes that a new provision be added to this reallocation
2 authorization, by which up to 25% of authorized budget funding may be shifted
3 *between* budget categories.

4 c. Proposals to shift program budget funding within authorized budgets but *exceeding*
5 either the 25% or the 50% guidelines as set forth above may be filed by Advice
6 Letter.

7 d. Any DR program funding for a particular program year that is unspent at the end of
8 that year will automatically carry over into subsequent years within the 2009 – 2011
9 program cycle.

10 e. SDG&E proposes that it retain the flexibility adopted by the 2006 – 2008 cycle
11 settlement agreement to modify existing DR programs adopted for the 2009 – 2011
12 cycle as long as such modifications remain within the overall three-year cycle budget
13 authorizations within each budget category and the budget fund-shifting guidelines
14 set forth above.

15 f. SDG&E proposes that it retain the right to file any proposals or requests for
16 incremental funding for new or existing programs by Advice Letter or, if warranted,
17 by Application to the Commission.

18 **2. Annual Advice Letter Filings**

19 SDG&E proposes that the Commission continue to authorize the annual filing of an
20 Advice Letter, no later than October 15 of each year during the 2009-2011 program cycle (i.e.,
21 October 15, 2009 and October 15, 2010). The primary purpose of these annual Advice Letters
22 would be to propose specific program changes, based on its ongoing experience and customer
23 feedback regarding DR program operation, designed to enhance the portfolio of authorized DR
24 programs for succeeding years within the 2009 – 2011 program cycle. SDG&E notes that the

1 timing of its proposed annual Advice Letter would enable it to consider the results of each just-
2 concluded summer season, analyze the customer participation rates, consider customer feedback,
3 evaluate new or revised technologies that enable customer participation in programs, and any
4 other relevant factors that might warrant revisions to existing programs.

5 In addition, to the extent that this annual evaluation of programs and feedback from
6 customers would identify potential new DR programs, SDG&E proposes to incorporate such
7 proposals in the annual Advice Letter filing, as identified above within the provisions of the
8 program and budget flexibility. SDG&E believes that there is a high likelihood that the
9 availability of new technologies during the three-year program cycle will enable SDG&E to
10 design new programs that are currently not available, or make improvements to existing
11 programs or perhaps even cancel programs that show to be ineffective. By the conclusion of
12 each summer DR "season" SDG&E and its participating customers will have gained valuable
13 experience in implementing approved programs, and will have more information with which to
14 identify barriers to broader customer participation, as well as new program opportunities which
15 can be addressed through the annual Advice Letter filing. SDG&E relies on customer feedback
16 as to the effectiveness, or possible limitations of existing program design to help develop
17 improvements to programs. During the current three-year cycle from 2006-2008, SDG&E
18 believes that establishment of the Advice Letter process by which program changes can be
19 implemented has allowed for the enhancement of its demand response program portfolio, and has
20 increased the likelihood of designing and matching programs to customer interests. SDG&E
21 believes that use of the annual Advice Letter filing process in the 2009 – 2011 program cycle is
22 equally as necessary and important, and proposes that it be continued.

1 **3. Approval of Advice Letter Filings**

2 Because of the need for advance planning, customer education, awareness and
3 communications, and the need to insure that supporting infrastructure and systems are in place to
4 enable DR programs, SDG&E requests that the Commission establish a schedule by which the
5 annual Advice Letter filing is approved. SDG&E recommends that the Commission issue the
6 appropriate Resolution or other approval of the annual Advice Letter filing by January 1 of each
7 year during the 2009-2011 program cycle (i.e., January 1, 2010 and January 1, 2011). Approval
8 by January 1 of each year enables SDG&E to maintain the continuity of its DR program
9 portfolio, incorporate any proposed and approved program changes, and communicate with its
10 potential program participants with a lead time sufficient to allow those customers to address
11 their internal issues and processes in advance of the summer DR season. SDG&E's experience
12 has been that the later Commission approval is received for current year programs, the more
13 difficult it is to effectively package and deliver customer communications and education on
14 programs, and therefore, the more difficult it is to enroll customers and to achieve successful
15 participation rates. Maintaining the continuity and momentum associated with prompt program
16 approvals is a key element toward achieving program success.

17 **VI. MULTIPLE PROGRAM PARTICIPATION**

18 SDG&E believes that it is important to continue and expand upon the existing DR
19 program conditions and tariff provisions which allow in some case, and manage in others, a
20 customer's ability to simultaneously participate in multiple DR programs. SDG&E anticipates
21 that continuing to allow customers greater flexibility to participate in a mix of programs will
22 ultimately lead to a greater level of DR when needed, than could be achieved through restricting
23 a customer's participation to just a single program. To the extent that additional load reduction
24 potential exists, and that potential can be realized through multiple program participation,

1 SDG&E wants to avoid leaving those megawatts “on the table” through unnecessarily restricting
2 multiple program participation. SDG&E also believes that it is just as important to establish
3 processes and safeguards governing multiple program participation so that customers do not
4 receive multiple or duplicative incentives for the same load reduction, and that load reductions
5 are credited to the appropriate program(s) by virtue of a hierarchy of program precedence.
6 Customers must also be made aware of, and understand these provisions if they are to maximize
7 their potential demand response through multiple program participation.

8 Following the authorization of SDG&E’s DR program portfolio for 2005, and SDG&E’s
9 subsequent customer education and outreach efforts, SDG&E received customer feedback
10 expressing concerns about having to select single programs in which to participate, from among
11 a number of potentially viable and beneficial programs. In some instances, customers may have
12 been making choices that inhibited achieving the maximum potential load reductions, or making
13 program selections based solely on what was perceived as the single “best” program incentive,
14 rather than opting for multiple programs, each with differing program parameters and event
15 triggers, which may have ultimately led to a greater overall load reduction.

16 Because different DR programs may contain different program event triggers, may be
17 called at different times and under different circumstances, and may involve different event
18 durations, SDG&E believes that by permitting multiple program participation, customers can
19 respond more effectively and, ultimately, more broadly to the need for load reductions under a
20 mix of differing circumstances. Restricting customers to participation in just a single program
21 limits this flexibility to respond under a variety of circumstances.

22 This feedback led SDG&E to file Advice Letter 1700-E-A in 2005, proposing its initial
23 parameters to permit multiple program participation. The Commission approved Advice Letter

1 1700-E-A on August 8, 2005, paving the way to allow multiple program participation under
2 specific circumstances. Subsequent to the filing of Advice Letter 1700-E-A, SDG&E further
3 developed its multiple program participation proposals and included those proposals in A.05-06-
4 017, addressing the 2006 – 2008 demand response program cycle. SDG&E believes that it is
5 appropriate to continue its provisions permitting multiple program participation, and expand
6 them as appropriate to reflect the program changes and additions described herein, for the 2009 –
7 2011 program cycle.

8 **A. General Framework Governing Multiple Program Participation**

9 In order to most effectively administer multiple program participation, SDG&E has
10 established, and will continue to monitor and refine as may be necessary, a general, overarching
11 policy framework within which multiple program participation is governed. The guidelines
12 permit multiple program participation in order to maximize the potential to achieve the highest
13 level of DR when needed, while at the same time ensuring that customers do not receive multiple
14 incentives for the same load reduction, that committed load reductions are achieved first, and that
15 load reductions attributable to multiple programs are properly allocated amongst the various
16 programs. The policy framework consists of the following elements:

17 **1. Program Triggers**

18 Each of SDG&E's DR programs is built upon a specific set of trigger events that govern
19 when, how, and for what duration a particular program is activated. The most common trigger
20 events are driven by temperature, load or system emergencies. In general, it makes sense to
21 permit customers to enroll in programs with differing trigger events. As discussed below,
22 however, SDG&E has identified program combinations with similar or identical triggers events,
23 which should be subject to a prescribed program "hierarchy" order in which the programs are
24 called. Additionally, to the extent that a given program is called to its daily, weekly, monthly or

1 seasonal limit, and another program in which a customer may be participating, and willing to
2 curtail load, is activated, SDG&E believes that it is entirely appropriate to permit that degree of
3 multiple program participation, even if the program triggers are similar or identical.

4 2. **Measurement of Load Reduction**

5 Load reductions that are obtained through customer participation in multiple programs
6 must be accurately measured, as well as allocated among the programs responsible for producing
7 the load reduction. In the specific authorized multiple program participation combinations,
8 SDG&E will determine whether or not the existence of metering or other measurement
9 equipment is sufficient to measure the load reductions, and will allocate the reductions among
10 the appropriate programs based on the measured changes. In those instances where the load
11 reduction cannot be measured for specific program allocation, SDG&E will apply its program
12 hierarchy, indicating which program takes precedence over another for purposes of determining
13 the load reduction and payment of customer incentives.

14 Of special note, all programs which are defined as a "rate" program (all CPP tariffs, for
15 example), will take precedence over other programs in combinations, with the understand that
16 for those rate programs, requirements must first be fulfilled before customer payment for
17 participation in other programs will be considered. In instances where both a rate program and
18 another, non-rate, program are activated concurrently, the provisions of the rate program will
19 govern. In applying this principle, SDG&E will devise appropriate strategies and event
20 notification procedures to assure that the customer is aware of specific event triggers, and the
21 programs that do take precedence over other programs. For example, if a particular day-ahead
22 program event is activated, and another program's day-of event is activated for that same day,
23 SDG&E would implement this provision by not notifying the customer of the day-of event.

1 **B. Avoidance of Duplicate Incentive Payments for the Same Load Reduction**

2 A fundamental objective and policy directive governing multiple program participation is
3 that under no circumstances can a customer receive multiple program incentives for the same
4 measured load reduction. Where customers are permitted to participate in multiple programs,
5 incentives earned under each program will only be applied to separate or incremental load
6 reductions achieved from each specific program. In applying this particular policy objective,
7 SDG&E will differentiate between a capacity-based incentive payment, which is made in
8 exchange for the customer's load reduction potential being available (as in the case of the
9 Summer Saver Program), and an energy incentive payment, which is only made in the case of an
10 actual, measured load reduction being achieved.

11 Attached to my testimony as Appendix C is a matrix outlining SDG&E's multiple
12 program participation guidelines. This is a dynamic document, as with more experience being
13 gained by both SDG&E and its customers, and different multiple program combinations and
14 circumstances are identified, the permitted or restricted combinations may change. As this
15 matrix is implemented, it will be done in a manner consistent with the policy provisions outlined
16 above.

17 **VII. EXEMPLARY DEMAND RESPONSE PROGRAM TARIFFS**

18 Attached to my testimony as Appendix D are exemplary DR program tariffs that would
19 implement the various program proposals set forth herein. In each case, these exemplary tariffs
20 are already in effect and as described throughout my testimony, there are no changes to them
21 proposed herein. To the extent that the currently effective tariffs set forth in Appendix D may
22 change as a result of some other proceeding in the interim between the time this testimony is
23 submitted and a final Commission decision is issued in this proceeding, the inclusion of the
24 exemplary tariffs herein is not meant to supersede those changes.

1 . . . This concludes my prepared direct testimony.

1 **VIII. QUALIFICATIONS**

2 My name is Mark W. Ward. My business address is 8330 Century Park Court, Suite
3 12H, San Diego, California, 92123-1569. I am employed by San Diego Gas & Electric
4 Company (“SDG&E”) as Principal Energy Programs Advisor for Demand Response Programs in
5 the Customer Programs organization. In my current position, I am responsible for providing
6 guidance regarding the design, development and implementation of SDG&E’s Demand
7 Response Programs.

8 I graduated from San Diego State University with a Bachelor of Science degree in
9 Accounting in 1977. I received a Master of Business Administration (MBA) degree from the
10 University of San Diego in 1984. I have been employed by SDG&E and Sempra Energy since
11 1977 and have held positions of increasing and broadening responsibility in such organizations
12 as Accounting, Gas Engineering, Gas Planning, Pricing, Regulatory Affairs, Regulatory and
13 Legislative Policy and Customer Programs.

14 I have previously testified before this Commission in a variety of proceedings.

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APPENDIX A

Proposed Demand Response Programs Budgets

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APPENDIX B

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Demand Response Program Concept Papers

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Critical Peak Pricing—Default

(CPP-D)

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Critical Peak Pricing—Emergency
(CPP-E)

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Peak Time Rebate Program

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(PTR)

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Capacity Bidding Program

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(CBP)

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Base Interruptible Program

(BIP)

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Summer Saver Program

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Residential Automated Controls Pilot Program

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(RACT)

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Optional Binding Mandatory Curtailment Program
(OBMC)

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Scheduled Load Reduction Program

(SLRP)

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Technical Assistance Program

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(TA)

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Technology Incentives Program

(TI)

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Customer Education, Awareness and Outreach

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(CEAO)

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Flex Alert Network

(FAN)

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Demand response-Emerging Technologies
(DR-ET)

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PEAK Student Energy Actions Program

(PEAK)

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Permanent Load Shifting

(PLS)

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APPENDIX C

Proposed/Current Demand Response Program Tariffs

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APPENDIX D

Multiple Program Participation Matrix

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APPENDIX E

Permanent Load Shifting (PLS) Contracts

APPENDIX A

Proposed Demand Response Programs Budgets

Summary

	2009	2010	2011	Total
Programs				
Default Critical Peak Pricing (CPP-D)	\$0	\$0	\$0	\$0
Emergency Critical Peak Pricing (CPP-E)	\$126,985	\$106,867	\$94,689	\$328,541
Peak Time Rebate Program (PTR)	\$0	\$0	\$0	\$0
Capacity Bidding Program (CBP)	\$1,998,657	\$2,232,147	\$2,601,179	\$6,831,983
Base Interruptible Program (BIP)	\$559,804	\$554,642	\$542,621	\$1,657,067
Summer Saver Program	\$0	\$0	\$0	\$0
Residential Automated Controls Technology Program	\$551,217	\$544,415	\$594,039	\$1,689,671
Optional Binding Mandatory Curtailment (OBMC)	\$0	\$0	\$0	\$0
Scheduled Load Reduction Program (SLRP)	\$0	\$0	\$0	\$0
Sub-total: Programs	\$3,236,664	\$3,438,070	\$3,832,527	\$10,507,261
Technical Assistance and Technology Incentives				
Technical Assistance	\$3,322,805	\$3,337,097	\$3,351,424	\$10,011,326
Technology Incentives	\$4,353,880	\$4,274,764	\$4,034,197	\$12,662,840
Sub-total: TA and TI	\$7,676,684	\$7,611,862	\$7,385,620	\$22,674,166
Customer Education, Awareness & Outreach				
Customer Education, Awareness & Outreach	\$1,800,754	\$2,009,733	\$2,218,722	\$6,029,209
Flex Alert Network (FAN)	\$626,943	\$417,962	\$208,981	\$1,253,886
Demand Response - Emerging Technologies (DR-ET)	\$717,743	\$708,148	\$716,604	\$2,142,496
PEAK Student Energy Actions Program (PEAK)	\$311,826	\$301,431	\$301,590	\$914,847
Sub-total: Customer Education, Awareness & Outreach	\$3,457,267	\$3,437,275	\$3,445,897	\$10,340,438
Permanent Load Shifting				
Gas A/C - Cypress	\$49,992	\$51,394	\$52,799	\$154,185
Refrigerated Zone Module - EPS	\$49,992	\$51,394	\$52,799	\$154,185
Sub-total: PLS	\$99,983	\$102,789	\$105,599	\$308,370
Additional Activities				
Measurement and Evaluation (M&E)	\$1,167,100	\$1,585,166	\$1,352,559	\$4,104,825
Codes and Standards	\$200,000	\$200,000	\$200,000	\$600,000
Sub-total: Additional Activities	\$1,367,100	\$1,785,166	\$1,552,559	\$4,704,825
Total: All Programs	\$15,837,698	\$16,375,160	\$16,322,202	\$48,535,060

Check

\$48,535,060

Budget - 2009

	O&M	Capital	Incentives	Total
<u>Programs</u>				
Default Critical Peak Pricing (CPP-D)	\$0	\$0	\$0	\$0
Emergency Critical Peak Pricing (CPP-E)	\$118,501	\$8,484	\$0	\$126,985
Peak Time Rebate Program (PTR)	\$0	\$0	\$0	\$0
Capacity Bidding Program (CBP)	\$864,683	\$169,688	\$964,286	\$1,998,657
Base Interruptible Program (BIP)	\$127,077	\$12,727	\$420,000	\$559,804
Summer Saver Program	\$0	\$0	\$0	\$0
Residential Automated Controls Technology Program	\$191,942	\$334,275	\$25,000	\$551,217
Optional Binding Mandatory Curtailment (OBMC)	\$0	\$0	\$0	\$0
Scheduled Load Reduction Program (SLRP)	\$0	\$0	\$0	\$0
Sub-total: Programs	\$1,302,204	\$525,174	\$1,409,286	\$3,236,664
<u>Technical Assistance and Technology Incentives</u>				
Technical Assistance	\$922,805	\$0	\$2,400,000	\$3,322,805
Technology Incentives	\$1,353,880	\$0	\$3,000,000	\$4,353,880
Sub-total: TA and TI	\$2,276,684	\$0	\$5,400,000	\$7,676,684
<u>Customer Education, Awareness & Outreach</u>				
Customer Education, Awareness & Outreach	\$1,800,754	\$0	\$0	\$1,800,754
Flex Alert Network (FAN)	\$626,943	\$0	\$0	\$626,943
Demand Response - Emerging Technologies (DR-ET)	\$700,774	\$16,969	\$0	\$717,743
PEAK Student Energy Actions Program (PEAK)	\$311,826	\$0	\$0	\$311,826
Sub-total: Customers Education, Awareness & Outreach	\$3,440,298	\$16,969	\$0	\$3,457,267
<u>Permanent Load Shifting</u>				
Gas A/C - Cypress	\$49,992	\$0	\$0	\$49,992
Refrigerated Zone Module - EPS	\$49,992	\$0	\$0	\$49,992
Sub-total: PLS	\$99,983	\$0	\$0	\$99,983
<u>Additional Activities</u>				
Measurement and Evaluation (M&E)	\$1,167,100	\$0	\$0	\$1,167,100
Codes and Standards	\$200,000	\$0	\$0	\$200,000
Sub-total: Additional Activities	\$1,367,100	\$0	\$0	\$1,367,100
Total: All Programs	\$8,486,269	\$542,143	\$6,809,286	\$15,837,698

Budget - 2010

	O&M	Capital	Incentives	Total
<u>Programs</u>				
Default Critical Peak Pricing (CPP-D)	\$0	\$0	\$0	\$0
Emergency Critical Peak Pricing (CPP-E)	\$98,383	\$8,484	\$0	\$106,867
Peak Time Rebate Program (PTR)	\$0	\$0	\$0	\$0
Capacity Bidding Program (CBP)	\$861,593	\$84,844	\$1,285,710	\$2,232,147
Base Interruptible Program (BIP)	\$126,158	\$8,484	\$420,000	\$554,642
Summer Saver	\$0	\$0	\$0	\$0
Residential Automated Controls Technology Program	\$210,140	\$334,275	\$0	\$544,415
Optional Binding Mandatory Curtailment (OBMC)	\$0	\$0	\$0	\$0
Scheduled Load Reduction Program (SLRP)	\$0	\$0	\$0	\$0
	\$1,296,273	\$436,087	\$1,705,710	\$3,438,070
Sub-total: Programs				
<u>Technical Assistance and Technology Incentives</u>				
Technical Assistance	\$937,097	\$0	\$2,400,000	\$3,337,097
Technology Incentives	\$1,274,764	\$0	\$3,000,000	\$4,274,764
	\$2,211,862	\$0	\$5,400,000	\$7,611,862
Sub-total: TA and TI				
<u>Customer Education, Awareness & Outreach</u>				
Customer Education, Awareness & Outreach	\$2,009,733	\$0	\$0	\$2,009,733
Flex Alert Network (FAN)	\$417,962	\$0	\$0	\$417,962
Demand Response - Emerging Technologies (DR-ET)	\$703,906	\$4,242	\$0	\$708,148
PEAK Student Energy Actions Program (PEAK)	\$301,431	\$0	\$0	\$301,431
	\$3,433,033	\$4,242	\$0	\$3,437,275
Sub-total: Customers Education, Awareness & Outreach				
<u>Permanent Load Shifting</u>				
Gas A/C - Cypress	\$51,394	\$0	\$0	\$51,394
Refrigerated Zone Module - EPS	\$51,394	\$0	\$0	\$51,394
	\$102,789	\$0	\$0	\$102,789
Sub-total: PLS				
<u>Additional Activities</u>				
Measurement and Evaluation (M&E)	\$1,585,166	\$0	\$0	\$1,585,166
Codes and Standards	\$200,000	\$0	\$0	\$200,000
	\$1,785,166	\$0	\$0	\$1,785,166
Sub-total: Additional Activities				
	\$8,829,121	\$440,329	\$7,105,710	\$16,375,160
Total: All Programs				

Budget - 2011

	O&M	Capital	Incentives	Total
<u>Programs</u>				
Default Critical Peak Pricing (CPP-D)	\$0	\$0	\$0	\$0
Emergency Critical Peak Pricing (CPP-E)	\$94,689	\$0	\$0	\$94,689
Peak Time Rebate Program (PTR)	\$0	\$0	\$0	\$0
Capacity Bidding Program (CBP)	\$851,179	\$0	\$1,750,000	\$2,601,179
Base Interruptible Program (BIP)	\$122,621	\$0	\$420,000	\$542,621
Summer Saver	\$0	\$0	\$0	\$0
Residential Automated Controls Technology Program	\$259,764	\$334,275	\$0	\$594,039
Optional Binding Mandatory Curtailment (OBMC)	\$0	\$0	\$0	\$0
Scheduled Load Reduction Program (SLRP)	\$0	\$0	\$0	\$0
	\$1,328,252	\$334,275	\$2,170,000	\$3,832,527
Sub-total: Programs				
<u>Technical Assistance and Technology Incentives</u>				
Technical Assistance	\$951,424	\$0	\$2,400,000	\$3,351,424
Technology Incentives	\$1,034,197	\$0	\$3,000,000	\$4,034,197
	\$1,985,620	\$0	\$5,400,000	\$7,385,620
Sub-total: TA and TI				
<u>Customer Education, Awareness & Outreach</u>				
Customer Education, Awareness & Outreach	\$2,218,722	\$0	\$0	\$2,218,722
Flex Alert Network (FAN)	\$208,981	\$0	\$0	\$208,981
Demand Response - Emerging Technologies (DR-ET)	\$712,362	\$4,242	\$0	\$716,604
PEAK Student Energy Actions Program (PEAK)	\$301,590	\$0	\$0	\$301,590
	\$3,441,655	\$4,242	\$0	\$3,445,897
Sub-total: Customers Education, Awareness & Outreach				
<u>Permanent Load Shifting</u>				
Gas A/C - Cypress	\$52,799	\$0	\$0	\$52,799
Refrigerated Zone Module - EPS	\$52,799	\$0	\$0	\$52,799
	\$105,599	\$0	\$0	\$105,599
Sub-total: PLS				
<u>Additional Activities</u>				
Measurement and Evaluation (M&E)	\$1,352,559	\$0	\$0	\$1,352,559
Codes and Standards	\$200,000	\$0	\$0	\$200,000
	\$1,552,559	\$0	\$0	\$1,552,559
Sub-total: Additional Activities				
	\$8,413,685	\$338,517	\$7,570,000	\$16,322,202
Total: All Programs				

APPENDIX B

Demand Response Program Concept Papers

Program Category	Brief Description	LOAD IMPACTS			2009-2011 Budget	TIGERS						Page Reference				
		2009	2010	2011		Compliance	Energy	Conservation	Market	SG&E	Emergency		Price	Temperature/ System Load		
Programs																
Critical Peak Pricing-Default	This program allows customers to receive a higher rate during "critical peak" periods and a lower rate during "off-peak" periods. Customers who receive a higher rate during "critical peak" periods are able to reduce their energy consumption during these periods. A time-of-use rate which features increased costs during "critical peak" alert periods and reduced commodity rates the rest of the year.	58	60	77	\$0											
Critical Peak Pricing - E	Allow customers an opportunity to earn a bill credit for lowering their consumption during a standard response event. This program is marketed through third-party aggregators. It offers a monthly capacity payment in return for load reduction when requested. Customers choose participation without (30 minute or 3 hour) and receive a monthly capacity payment in return for load reduction when requested.	0	47	92	\$0											
Peak Time Rebate (PTR)	This program is designed to help implement and evaluate several new technologies and services as a part of a campaign with the residential customer base.	17	21	25	\$6,831,985											
Capacity Bidding Program	Customers are invited to participate in a program that allows them to bid their capacity for use during specific time periods of their choosing, and are paid a premium for their participation, which must be a minimum reduction of 100 kW or 15% of load load.	5	5	5	\$1,857,007											
Base Interruptible Program	Direct Load Control program that cycles A/C, Pool Pumps and water heaters. Target is small Commercial and residential customers.	16	29	20	\$0											
Summer Saver	Three-year pilot is designed to help implement and evaluate several new technologies and services as a part of a campaign with the residential customer base.	0	0	0	\$1,669,874											
Residential Automated Controls Technology Program	A voluntary program whereby participants are exempted from rolling back/revolving outages in exchange for reducing power on their circuit when a rolling outage occurs.	0	0	0	\$0											
Optional Binding, Mandatory Curtailment	Customers electing to participate in SLRP are required to reduce their electric load during specific time periods of their choosing, and are paid a premium for their participation, which must be a minimum reduction of 100 kW or 15% of load load.	0	0	0	\$0											
Scheduled Load Reduction Program		0	0	0	\$0											
Sub-total Programs		98	155	221	\$10,537,262											
Technical Assistance (TA and TI)																
Technical Assistance (combined gas with TI)	The TA program is essentially an energy audit service designed to survey a customer's premises or facility to help the customer identify methods for reducing energy costs and to encourage greater participation in demand response programs.	0	0	0	\$10,011,326											
Technology Incentives	The TI program provides qualified financial incentives to participating customers that are intended to encourage customer adoption and installation of demand response strategies, measures and enabling technologies.	14	28	42	\$12,662,840											
Sub-total TA and TI		14	28	42	\$22,674,166											
Customer Education, Awareness & Outreach (CEAO)																
Customer Education, Awareness & Outreach	Customer Education, Awareness & Outreach Programs are a comprehensive multi-faceted marketing/communications effort that includes a variety of initiatives aimed at increasing customer knowledge, understanding and acceptance of demand response programs.	N/A	N/A	N/A	\$8,029,206											
Flex Alert Network	Flex Alert Network (FAN) is an extension of Peak Power (PP) by providing a statewide energy efficiency marketing and outreach campaign, initiated in 2011.	N/A	N/A	N/A	\$1,250,886											
Demand Response - Emerging Technologies	Emerging Technologies (ET) program is a technology pilot program whereby short-term load reductions are achieved through application and use of new demand management technology.	N/A	N/A	N/A	\$2,142,486											
PEAK Student Energy Actions Program	The PEAK Student Energy Actions Program is a comprehensive student learning experience intended to teach elementary school students the value of smart energy management.	N/A	N/A	N/A	\$914,847											
Sub-total CEAO		N/A	N/A	N/A	\$10,347,433											
Permanent Load Shifting (PLS)																
Gas A/C - Optics	This program will provide and maintain Permanent on-peak Load Shifting (PLS) through the installation of refrigeration zone controls that will allow the peak hours during the day.	0	0	0	\$154,185											
Refrigerated Zone Mobile - EPS	This program will provide and maintain Permanent on-peak Load Shifting (PLS) through the installation of refrigeration zone controls that will allow the peak hours during the day.	0	0	0	\$154,185											
Sub-total PLS		0	0	0	\$308,370											
Additional Activities (AA)																
Measurement and Evaluation	M&E quantifies the amount of demand response that can be achieved through various programs and provides information to improve existing programs and eliminate unsuccessful programs.	N/A	N/A	N/A	\$4,104,825											
Codes and Standards	The Codes and Standards (CS) program is a crosscutting program that provides incentives to building and appliance efficiency standards and codes.	N/A	N/A	N/A	\$600,000											
Sub-total AA		N/A	N/A	N/A	\$4,704,825											
Total All Categories		112	183	263	\$48,135,061											

TIGERS: Every program has additional figures specific to load impacts: % of requests met to allow SOG&E to address program events for load reduction and equipment emergencies.

Critical Peak Pricing—Default

(CPP-D)

2009-2011 Demand Response Program Description

Critical Peak Pricing—Default (CPP-D)

1. Utility

San Diego Gas & Electric Company

2. Program

(Default) Critical Peak Pricing (CPP-D)

3. Program Description

Market Sector: Non-Residential
Program Classification: Day-Ahead, SDG&E-specific

Critical Peak Pricing (CPP) is a Demand Response rate option that provides customers with an opportunity to manage their electric costs by reducing load during high cost critical peak periods, shifting load from high cost critical peak pricing periods to lower cost pricing periods, or by reserving a specific level of generation capacity at a fixed price.

The program is designed for bundled customers whose maximum demand is equal to or exceeds 20 kW for twelve consecutive months and whose facility is equipped with the Appropriate Electric Metering and Telecommunications.

Historically, participation in Demand Response programs has been limited because customer acceptance has been low due to competing Demand Response program choices and lack of customer education. Customers may now self-select and reserve a specific level of generation capacity that will meet their individual electric needs during Critical Peak Pricing events that will provide the customer equal economic incentives to provide demand response.

This program is expected to achieve its market penetration because all non-residential market segments, i.e. Manufacturing/Process Industries, Wholesale/Retail/Offices, Governmental/Utilities, Hospitality/Services, Institutional and Agriculture/Construction are eligible to participate because the program is driven by the customer's maximum demands and electric metering equipment.

Customers who have already taken advantage of the various Energy Efficiency programs may also benefit.

Although the Day-Ahead Demand Response portfolio will be reduced it is recognized that dynamic pricing programs are an important component of the Demand Response portfolio thus allowing more customers to participate in dynamic pricing programs such as Critical Peak Pricing.

This program will act as a liaison to align for the Smart Metering program that will provide enabling technologies over the next several years. As Smart Meters are installed at customer sites, the customer will automatically become eligible for Critical Peak Pricing.

4. Contract Period

12 Consecutive Months

5. Eligibility

Customers with demand of 20 kW or greater for 12 consecutive months with the appropriate electric metering and telecommunications are eligible

6. Operating Months

May - September

7. Curtailment Window

11 a.m. – 6 p.m.

8. Minimum Qualifying Load Criteria for Program

20kW

9. Event Trigger

Day-Ahead Event: Forecasted 84° MCAS Miramar and SDG&E system load 3837 MW or local utility emergency

Day-Of Event: N/A

10. Notification Time

Day-Ahead Event: By 3:00 p.m.

Day-Of Event: N/A

11. Curtailment Level

N/A. Higher critical peak period rates apply during the hours of a program event period.

12. Incentive Payment

Day-Ahead Event: No incentive payment provided, but lower rates apply to consumption shifted from critical peak period, and avoidance of higher critical peak price for energy consumption reductions during critical peak period.

Day-Of Event: No incentive payment provided, but lower rates apply to consumption shifted from critical peak period, and avoidance of higher critical peak price for energy consumption reductions during critical peak period.

13. Event Minimum Load Reduction

N/A

14. Event Frequency Limits

18 event maximum per year

15. Non-Compliance Penalties

No specific penalty provisions for failure to reduce consumption during program events; however, higher critical peak period prices apply to energy consumption during critical peak period program events.

16. Meter Requirements and Who Pays

Initially, only customers who already have IDR meters and telecommunications equipment are eligible, other customers will become eligible as SDG&E's Smart Meters are installed.

17. Enabling Technology Requirements/Responsibility

See item 16 above for metering/technology requirements

18. a.) Budget for 2006-2008

Program not applicable during 2006 – 2008 program cycle (except as approved for 2008 by D. 08-02-034). No program funding through demand response programs proceeding

18. b.) Budget for 2009-2011

No incremental program funding requested through this proceeding

19. Goal/Expected Load Reduction

77 MW in 2011. See accompanying SDG&E testimony of Kathryn Smith

20. EM&V Plan

See accompanying SDG&E testimony of Kathryn Smith

21. Comments

SDG&E's new tariff Schedule EECC-CPP-D was filed by SDG&E's Advice Letter 1978-E, dated March 28, 2008, and has been approved by the Commission

22. a.) Enrollment from 2006-2008, including:

- Number of Participants- Does Not Apply
- Type of Participants – Does Not Apply
- Megawatts, and – Does Not Apply
- Megawatts by Type of Participant – Does Not Apply

22. b.) Estimated Enrollment for Each Year (2009-2011), and How it was Determined

2009 – 74 MW

2010 – 90 MW

2011 – 124 MW

The estimated load impacts were determined through SDG&E's Load Research, and utilizing the Commission's Load Impact protocols, adopted by D. 08-04-050. See the accompanying SDG&E testimony of Kathryn Smith.

23. How Programs Fit Into Local Resource Adequacy

This is not a dispatchable DR program and therefore does not provide qualifying capacity

24. Estimated Load Impact, Based on Protocols to be Adopted

See item 22 b. above

25. Estimated Cost Effectiveness (CE) Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kevin McKinley

26. Marketing and Outreach Funding Disaggregated by Target Customer (if appropriate given future guidance on EE/DR coordination)

N/A

27. Proposal of and Schedule for How Each Program Will Align with MRTU Release 1/1A and Beyond

SDG&E is participating in the CAISO's working group process for developing demand response functionality for the MRTU Release 1A expected in 2009. SDG&E will determine any necessary program changes in order for the program to participate in MRTU Release 1A. Currently, SDG&E is committed to submitting its day-ahead and day-of demand response forecasts to the CAISO for use in the CAISO's load forecast adjustments in 2008.

28. Other Relevant Information, as Appropriate and Necessary

N/A

29. Copies of Contracts with Providers/Aggregators, and Information Sufficient to Verify Contract Performance

N/A

30. The Actual (Observed) DR Load Reduction Due to the Program, and How it was Distributed Among Enrolled Customers

N/A

31. Proposed Changes in the Programs for 2009-2011(if any) from Existing Activities, and Reasons for those Proposed Changes

N/A

32. Baseline and/ or Terms of Settlement

N/A See tariff for specific definitions

Critical Peak Pricing—Emergency

(CPP-E)

2009-2011 Demand Response Program Description

Critical Peak Pricing--Emergency (CPP-E)

1. Utility

San Diego Gas & Electric Company

2. Program

Critical Peak Pricing--Emergency (CPP-E)

3. Program Description

Market Sector: Non-Residential
Program Classification: Day-Of, SDG&E-specific

Emergency Critical Peak Pricing (CPP-E) is a Demand Response rate option that provides customers with an opportunity to manage their electric costs by either reducing load during high cost critical peak pricing periods or shifting load from high cost critical peak pricing periods to lower cost pricing periods.

The program is currently designed for bundled customers with an annual maximum demand of 20kW or greater. Historically, this program was designed for customers with annual maximum demands of 300kW or greater with appropriate metering and telecommunication. By reducing the eligibility requirement from 300kW to 20kW provides more customers with more choices in rate programs and the opportunity to select a Day-Ahead or Day-Of dynamic pricing program in which to participate.

This program is expected to achieve its market penetration because all non-residential market segments, i.e. Manufacturing/Process Industries, Wholesale/Retail/Offices, Governmental/Utilities, Hospitality/Services, Institutional and Agriculture/Construction are eligible to participate because the program eligibility has been lowered. This program is also likely to be successful for customers who are able to reduce their energy consumption with short notice.

Customers who have already taken advantage of the various Energy Efficiency programs may also benefit.

This program acts as a rate option for customers who are also eligible for Critical Peak Pricing.

4. Contract Period

12 consecutive months

5. Eligibility

Bundled customers with demand of 20kW or greater

6. Operating Months

Year-Round

7. Curtailment Window

30 minutes advance notice of program event is provided

8. Minimum Qualifying Load Criteria for Program

20 kW

9. Event Trigger

Day-Ahead Event: N/A

Day-Of Event: - Local utility emergency or CAISO alert

10. Notification Time

Day-Ahead Event: N/A

Day-Of Event: 30 minutes

11. Curtailment Level

N/A. Higher critical peak period rates apply during the hours of a program event period.

12. Incentive Payment

Day-Ahead Event: N/A

Day-Of Event: No incentive payment provided, but lower rates apply to consumption shifted from critical peak period, and avoidance of higher critical peak price for energy consumption reductions during critical peak period.

13. Event Minimum Load Reduction

N/A

14. Event Frequency Limits

4 Alert periods in any week
40 hours maximum in a calendar month
80 hours maximum per year

15. Non-Compliance Penalties

No specific penalty provisions for failure to reduce consumption during program events; however, higher critical peak period prices apply to energy consumption during critical peak period program events

16. Meter Requirements and Who Pays

IDR meter is required

17. Enabling Technology Requirements/Responsibility

See item 16 above

18. a.) Budget for 2006-2008

2006 - \$83,998
2007 - \$252,190
2008 - \$122,525

18. b.) Budget for 2009-2011

2009 - \$126,985
2010 - \$106,867
2011 - \$94,689

19. Goal/Expected Load Reduction

2 MW. See accompanying SDG&E testimony of Kathryn Smith

20. EM&V Plan

See accompanying SDG&E testimony of Kathryn Smith

21. Comments

22. a.) Enrollment from 2006-2008, including:

- Number of Participants - 2006 – 12, 2007 – 10, 2008 - 10
- Type of Participants - Refrigeration and Water District
- Megawatts - 6 MW
- Megawatts by Type of Participant
 - Refrigeration – 5MW
 - Water District – 1MW

22. b.) Estimated Enrollment for Each Year (2009-2011), and How it was Determined

2009 – 5 MW

2010 – 5 MW

2011 – 5 MW

The estimated load impacts were determined through SDG&E's Load Research, and utilizing the Commission's Load Impact protocols, adopted by D. 08-04-050. See the accompanying SDG&E testimony of Kathryn Smith.

23. How Programs Fit Into Local Resource Adequacy

This is not a dispatchable DR program and therefore does not provide qualifying capacity

24. Estimated Load Impact, Based on Protocols to be Adopted

See accompanying SDG&E testimony of Kathryn Smith

25. Estimated Cost Effectiveness (CE) Based on Protocols to be Adopted

See accompanying SDG&E testimony of Kevin McKinley

26. Marketing and Outreach Funding Disaggregated by Target Customer (if appropriate given future guidance on EE/DR coordination)

Development of comprehensive collateral by market segment.

27. Proposal of and Schedule for How Each Program Will Align with MRTU Release 1/1A and Beyond

SDG&E is participating in the CAISO's working group process for developing demand response functionality for the MRTU Release 1A expected in 2009. SDG&E will determine any necessary program changes in order for the program to participate in MRTU Release 1A. Currently, SDG&E is committed to submitting its day-ahead and day-of demand response forecasts to the CAISO for use in the CAISO's load forecast adjustments in 2008.

28. Other Relevant Information, as Appropriate and Necessary

29. Copies of Contracts with Providers/Aggregators, and Information Sufficient to Verify Contract Performance

N/A

30. The Actual (Observed) DR Load Reduction Due to the Program, and How it was Distributed Among Enrolled Customers

2006 – enrolled 6MW; avg event load reduction 2.8MW

2007 – enrolled 6MW; avg event load reduction 2.8 MW

31. Proposed Changes in the Programs for 2009-2011(if any) from Existing Activities, and Reasons for those Proposed Changes

Modify eligibility from 300 kW to 20kW (approved by D. 08-02-034)

32. Baseline and/ or Terms of Settlement

N/A

Peak Time Rebate Program

(PTR)

2009-2011 Demand Response Program Description

Peak Time Rebate Program (PTR)

1. Utility

San Diego Gas & Electric Company

2. Program

Peak Time Rebate (PTR) Program

3. Program Description

Market Sector: Residential and Small Commercial
Program Classification: Day-Ahead, SDG&E-Specific

The PTR program provides customers an opportunity to earn a bill credit for lowering their consumption during PTR program events across a billing cycle. When conditions warrant, customers are notified by SDG&E that a PTR event will occur. Customers who reduce their consumption below a calculated customer specific reference level (CRL) will receive a bill credit.

The PTR program includes a tiered credit level that provides a higher bill credit to customers with enabling technologies. Examples of enabling technologies include but are not necessarily limited to programmable communicating thermostats, energy management systems and A/C load control devices.

PTR is applicable to all residential and small commercial customers (<20kW). PTR billing is anticipated to begin effective May 2010 for customers with an installed SDG&E Smart Meter. PTR is designed to encourage large-scale customer participation in demand response events by providing an economic incentive to reduce energy consumption during program event periods. Customers will not be "shifted" to PTR. Rather, PTR functions as a "rider" to otherwise applicable tariffs, and will become effective and automatically applicable to all customers who meet the tariff definitions. PTR will become effective in conjunction with SDG&E's Smart Meter installation and the completion of the necessary billing and IT infrastructure to support PTR. Customers will qualify for the PTR bill credits if they meet the load reduction requirements during PTR program events across a billing period. There is no "opt-in" or "opt-out" provision, as the program acts as a rider to otherwise applicable tariffs and only benefits a customer who elects to take action in reducing their consumption during an event.

4. Contract Period

No contract is required.

5. Eligibility

All residential customers and small commercial customers with demand <20 kW, and with an SDG&E Smart Meter are eligible to participate.

6. Operating Months

Year-Round

7. Curtailment Window

The curtailment window is from 11 a.m. to 6 p.m. on the days when peak time rebate events are initiated by SDG&E.

8. Minimum Criteria to Qualify Load for Program

There is no minimum qualifying load to participate in PTR. The program is only available to residential and small commercial customers (those with demand <20 kW).

9. Event Trigger

Day-Ahead Event:

Every time a Critical Peak Pricing (CPP) event is triggered a PTR event may also be triggered. A PTR event may also be triggered when the criteria for the CPP day-ahead trigger is met either on a holiday, Sunday, winter day (October 1st – April 30th), or any other day in which CPP events are not eligible to be called.

SDG&E will evaluate and consider all relevant information, including temperature, system load conditions, system operational conditions, energy market conditions and all other emergency situations in determining whether to initiate a PTR Day-Ahead event.

Day-Of Event:

A PTR Day-Of event may be triggered as warranted by extreme system conditions such as special alerts issued by the California Independent System Operator, SDG&E system emergencies related to grid operations, or under conditions of high forecasted California spot market prices or for testing/evaluation purposes.

SDG&E will evaluate and consider all relevant information, including temperature, system load conditions, system operational conditions, energy market conditions and all other emergency situations in determining whether to initiate a Day-Of event.

10. Notification Time

Customers are notified the day prior to a PTR event being activated.

11. Curtailment Level

N/A

12. Incentive Payment

Day-Ahead Event: A bill credit of \$0.75/kwh will be paid for actual reduction in consumption below a calculated customer specific reference level for a given PTR event period. Customers with an automated enabling technology will receive a higher bill credit of \$1.25/kwh.

Day-Of Event: A bill credit of \$0.75/kwh will be paid for actual reduction in consumption below a calculated customer specific reference level for a given PTR event period. Customers with an automated enabling technology will receive a higher bill credit of \$1.25/kwh.

Customers participating in PTR are eligible to concurrently participate in the Summer Saver program. Customers will receive both the \$1.25 PTR payment and the \$25/kw capacity payment for Summer Saver for both day-ahead and day-of events. Participating customers will receive a bill credit for the reduced energy consumption achieved through the PTR program and receive a single capacity payment through the enrollment process for Summer Saver.

13. Event Minimum Load Reduction

No event minimum load reduction is required, however, no bill credit may be earned without a load reduction as compared to the customer-specific Customer Reference Level.

14. Event Frequency Limits

There is no PTR event frequency limit.

15. Non-Compliance Penalties

There is no non-compliance penalty.

16. Meter Requirements and Who Pays

An SDG&E Smart Meter with communications capability is required. The Smart Meter must be installed, verified and validated according to SDG&E's procedures for the customer to be eligible for the peak time rebate. Customers without a Smart Meter installed are not eligible to participate in PTR.

17. Enabling Technology Requirements

Enabling technology is defined to be an automated device or control which can be initiated via a signal from the utility that will reduce electric energy end-use for specific electric equipment or appliances (e.g. programmable communicating thermostats (PCT's), AC cycling, pool pump cycling, etc). Customers shall register their enabling technology with the Utility to receive the associated higher bill credit. The registration process may include customer specific information such as account number, enabling technology description, signaling method(s), specific electric equipment or appliances controlled, and control modes utilized (e.g., on/off, duty cycling, temperature off-set, temperature set point, and/or average

load adjustment). Participation in an approved SDG&E program (i.e., Summer Saver Program) shall be sufficient evidence of technology registration.

While enabling technology is not specifically required as a participation requirement for PTR, the program provides for a higher incentive level for those customers equipped with enabling technology.

18. a.) Budget for 2006-2008

N/A

18. b.) Budget for 2009-2011

SDG&E is not at this time proposing any incremental program funding through the demand response programs proceeding

19. Goal/Expected Load Reduction

2010 – 47 MW. See the accompanying SDG&E testimony of Kathryn Smith

20. EM&V Plan

See the accompanying SDG&E testimony of Kathryn Smith

21. Comments

During the 2009 program period development of program collateral and marketing activities will begin for PTR. Activities will include, but are not limited to, on-line marketing, Interactive Voice Response (IVR), community events, bill inserts and outreach efforts. Changes required to the billing system to facilitate the capability of billing interval data for the PTR will be completed during 2009 with participation on the PTR beginning as early as 2010.

22. a.) Enrollment from 2006-2008, including:

- Number of Participants
 - N/A
- Type of Participants
 - N/A
- Megawatts, and
 - N/A
- Megawatts by Type of Participant
 - N/A

22. b.) Estimated Enrollment for Each Year (2009-2011), and How it was Determined

2009 – N/A

2010 – All customers that maintain a Smart Meter.

2011 – All customers that maintain a Smart Meter.

23. How Programs Fit Into Local Resource Adequacy

This is not a dispatchable DR program and therefore does not provide qualifying capacity.

24. Estimated Load Impact, Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kathryn Smith

25. Estimated Cost Effectiveness (CE) Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kevin McKinley

26. Marketing and Outreach Funding Disaggregated by Target Customer (if appropriate given future guidance on EE/DR coordination)

SDG&E will utilize multiple communication channels to notify and educate customers about the PTR tariff. These channels will include bill inserts, mass media advertising (i.e. radio/TV), fact sheets, community outreach events and a welcome packet that will be mailed to each customer with a Smart Meter. Customers will also be able to contact SDG&E's call center for more information and access information about the tariff on the SDG&E website.

With respect to the activation of PTR events, customers will be notified by mass media and e-mail. Notifications will also be posted on the utility website. Other communication channels may be utilized as they become available.

The two key points of customer contact for PTR include eligibility and event notification. Customers will be notified of enrollment in PTR at the point the Smart Meter is installed. This notification may be through door hangers, program collateral or education material developed in support of PTR. Event notification will utilize bill inserts, mass media advertising (i.e. radio/TV), fact sheets and community outreach events.

Eligibility for participation in PTR follows the customer's Smart Meter installation. Upon installation of a Smart Meter, and with all billing database enhancements in place the customer's account is flagged as eligible to participate in PTR. Customers flagged as eligible would then begin to receive PTR communication around the time they move onto the rate. In addition a second PTR communication effort will be launched prior to May 2010 for customers whose meters and billing were installed during the earlier waves

The PTR marketing, communication and outreach campaign will include the following general activities;

- Conduct customer and employee focus groups to gain insights into initial perceptions of the program, ease of understanding the details, desired communication channels, identification of critical barriers, and opportunities to enhance customer awareness
- Creation of a website link with easy-to-understand program information, clearly outlined benefits, and FAQ's
- Inclusion of PTR information with Smart Meter marketing materials.
- Mass media advertising (TV, radio, print).
- Email blast campaigns.
- Public relations opportunities.
- Bill inserts.
- Outreach to community-based organizations (CBOs) and at special community events.
- Customer support from SDG&E's Customer Call Center and Energy Information Center (EIC) staff
- Targeted communications to various customer segments (e.g. low-income, high-bill, etc.).

• SDG&E anticipates conducting PTR focus group activity during the first quarter of 2009. The intent of the focus groups is to determine which messages best motivate customer in terms of understanding and application of the PTR. On-line forums may also be used to evaluate and gain feedback on the proposed collateral and material. The on-line forums are an interactive method of communicating with customers. Through focus group input and the on-line forums SDG&E will evaluate a wide range of customer acceptance impacts, from understand what naming convention PTR would utilize to allow customers to quickly embrace the program, frequency of messages and delivery channels. SDG&E will conduct segmentation research and messaging to understand which messages best resonates with targeted groups in terms of outreach activities.

Program collateral will be developed and finalized during the 2009 program year. This collateral will be distributed through SDG&E branch offices and at events prior to the proposed. PTR collateral will be included in the Smart Meter welcome packets distributed in the 2009 Wave 1 and Wave II meter deployments. Additional activities in 2009 will include the introduction of the on-line PTR website.

Event notification to customers is expected to begin during the May 2010 event season. Customer communications for this activity will be developed in early 2010 and will include the following elements;

- TV, radio and print
- Public service outreach
- Email blast campaign
- Web site notification and updates

27. Proposal of and Schedule for How Each Program Will Align with MRTU Release 1/1A and Beyond

SDG&E is participating in the CAISO's working group process for developing demand response functionality for the MRTU Release 1A expected in 2009. SDG&E will determine any necessary program changes in order for the program to participate in MRTU Release 1A. Currently, SDG&E is committed to submitting its day-ahead and day-of demand response forecasts to the CAISO for use in the CAISO's load forecast adjustments in 2008.

28. Other Relevant Information, as Appropriate and Necessary

29. Copies of Contracts with Providers/Aggregators, and Information Sufficient to Verify Contract Performance

N/A

30. The Actual (Observed) DR Load Reduction Due to the Program, and How it was Distributed Among Enrolled Customers

This is a new program, anticipated to become effective in 2010. As such, there has not yet been any actual or observed load reduction attributable to the program

31. Proposed Changes in the Programs for 2009-2011(if any) from Existing Activities, and Reasons for those Proposed Changes

This is a new program for the 2009 – 2011 program cycle. All proposed elements of the program are contained in SDG&E's Schedule PTR, which has been approved by the Commission.

32. Baseline and/ or Terms of Settlement

N/A

Capacity Bidding Program

(CBP)

2009-2011 Demand Response Program Description Capacity Bidding Program (CBP)

1. Utility

San Diego Gas & Electric

2. Program

Capacity Bidding Program (CBP)

3. Program Description

Market Sector:	Non-Residential
Program Classification:	Day-Ahead and Day-Of, Statewide
Program Status:	Active: May 1, 2007

The Capacity Bidding Program is a voluntary demand response program that offers customers various product options by which participants can earn incentive payments in exchange for reducing energy consumption when requested by SDG&E. This program is available to commercial/industrial customers, greater than 20 kW, receiving bundled service, Direct Access service or Community Choice Aggregation service, and being billed on a commercial, industrial or agricultural rate schedule. Participation in this program must be taken in combination with the customer's otherwise applicable rate schedule. This program is also available to "Aggregators," a third party entity that combines the loads of one or more customers for the purpose of participating in this program.

4. Contract Period

Customers must remain on the program for a minimum of 12 calendar months.

5. Eligibility

The CBP will be administered by SDG&E and is open to any customer who provides a minimum of 20 kW load reduction. The CBP is open to any commercial, industrial or agricultural customer with an interval meter.

6. Operating Months

May through October

7. Curtailment Window

Working directly through SDG&E or through an Aggregator, customers choose the event duration that best fits with their operational needs. Curtailment durations are pre-selected by CBP participants and are available in increments of 1-4, 2-6, or 4-8 hours

8. Minimum Qualifying Load Criteria for Program

This program is available to commercial/industrial customers, greater than 20 kW, receiving bundled service, Direct Access service or Community Choice Aggregation service, and being billed on a commercial, industrial or agricultural rate schedule

9. Event Trigger

Day-Ahead Event: SDG&E may call an event whenever the electric system supply portfolio reaches resource dispatch equivalence of 15,000 Btu/kWh heat rate, or as system conditions warrant. CBP events are due to such factors as weather conditions, power plant outages or transmission bottlenecks.

Day-Of Event: SDG&E may call an event whenever the electric system supply portfolio reaches resource dispatch equivalence of 15,000 Btu/kWh heat rate, or as system conditions warrant. CBP events are due to such factors as weather conditions, power plant outages or transmission bottlenecks.

10. Notification Time

Day-Ahead Event: 3 pm

Day-Of Event: 9 am

11. Curtilment Level

Based on participating customer nominations.

12. Incentive Payment

SDG&E's Schedule CBP provides the following incentive payment amounts:

Load Reduction Incentive Payment, Day-Ahead Program Option (\$/kW-month):

Product	May	Jun	Jul	Aug	Sep	Oct
1 to 4 hours	5.37	7.35	13.54	15.11	9.77	4.71
2 to 6 hours	5.51	7.54	14.07	15.63	10.06	4.81
4 to 8 hours	5.65	7.76	14.71	16.23	10.49	4.94

Load Reduction Incentive Payment, Day-Of Program Option (\$/kW-month):

Product	May	Jun	Jul	Aug	Sep	Oct
1 to 4 hours	6.44	8.82	16.25	18.13	11.72	5.65
2 to 6 hours	6.61	9.04	16.89	18.75	12.07	5.78
4 to 8 hours	6.79	9.31	17.66	19.48	12.59	5.93

Energy Usage Reduction Incentive Payment, All Program Options (cents/kWh):

The applicable rate to be applied in calculating the Energy Usage Reduction Incentive Payment is generally the daily Utility city gate natural gas price multiplied by the Program dispatch heat rate of 15,000 Btu/kWh for each kilowatt hour of energy reduction during Events Reduction.

13. Event Minimum Load Reduction

Based on individual participating customer nominations.

14. Event Frequency Limits

No more than 1 event per day and 24 event hours during a calendar month

15. Non-Compliance Penalty

SDG&E's Schedule CBP provides for the following non-compliance penalties:

<u>Actual Load Reduction for such Product</u>	<u>Adjusted Event Capacity Payment Amount for such Product</u>
More than 100 percent of Nominated Load Reduction for such Product	Payment equal to 100 percent of Unadjusted Event Capacity Payment Amount for such Product
90 – 100 percent of Nominated Load Reduction for such Product	Payment calculated by prorating between 90 and 100 percent of Unadjusted Event Capacity Payment Amount for such Product
75 – 89.99 percent of Nominated Load Reduction for such Product	Payment equal to 50 percent of Unadjusted Event Capacity Payment Amount for such Product.
50 – 74.99 percent of Nominated Load Reduction for such Product	0
Less than 50 percent of Nominated Load Reduction for such Product	Penalty (i.e. negative amount) equal to 50 percent of Unadjusted Event Capacity Payment Amount for such Product

16. Meter Requirements and Who Pays

Metering Requirement: Each participating customer must have an approved interval meter and approved meter communications equipment installed and read by SDG&E. The Utility must have access to the customer's meter data on a daily basis for a period of no less than ten (10) calendar days to establish a valid customer specific baseline.

An approved interval meter is capable of recording usage in 15-minute intervals and being read remotely by the Utility.

For customers with billed maximum demand of 20 kW or greater during one of the past 12 billing months, the Utility will, if required, provide and install the metering and communication equipment at no cost to the customer.

17. Enabling Technology Requirements/Responsibility

Third Party under contract with SDG&E

18.a.) Budget for 2007-2008

\$2,990,000 (note: CBP approved effective June 1, 2007)

18.b) Budget for 2009-2011

2009 -- \$1,998,657

2010 -- \$2,232,147

2011 -- \$2,601,179

19. Goal/Expected Load Reduction:

25 MW by 2011. See the accompanying SDG&E testimony of Kathryn Smith.

20. EM&V Plan

See the accompanying SDG&E testimony of Kathryn Smith.

21. Comments

22. a.) Enrollment from 2006-2008, including:

- Number of Participants: 179 meters
- Type of Participants: Various
- Megawatts: 21.2 MWs
- Megawatts by Type of Participant: NA

22. b.) Estimated Enrollment for Each Year (2009-2011) and How it was Determined

Increase in MWs due to an increase in Aggregator participation

23. How Programs Fit Into Local Resource Adequacy

This is a dispatchable DR program and therefore provides qualifying capacity.

24. Estimated Load Impact, Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kathryn Smith.

25. Estimated Cost Effectiveness (CE) Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kevin McKinley

26. Marketing and Outreach Funding Disaggregated by Target Customer (if appropriate given future guidance on EE/DR coordination)

N/A

27. Proposal of and Schedule for How Each Program Will Align with MRTU Release 1/1A and Beyond

SDG&E is participating in the CAISO's working group process for developing demand response functionality for the MRTU Release 1A expected in 2009. SDG&E will determine any necessary program changes in order for the program to participate in MRTU Release 1A. Currently, SDG&E is committed to submitting its day-ahead and day-of demand response forecasts to the CAISO for use in the CAISO's load forecast adjustments in 2008.

28. Other Relevant Information, as Appropriate and Necessary

N/A

29. Copies of Contracts with Providers/Aggregators, and Information Sufficient to Verify Contract Performance

Confidential Contracts (Copies of Standard Form contracts are attached)

30. The Actual (Observed) DR Load Reduction Due to the Program, and How it was Distributed Among Enrolled Customers

70% of the nominations were Day-Ahead and 30% Day-Of. Nominations were higher in higher incentive months

31. Proposed Changes in the Programs for 2009-2011(if any) from Existing Activities, and Reasons for those Proposed Changes

Allow multiple program participation with EE-CCP-D

32. Baseline and/ or Terms of Settlement

Customer Specific Baseline: In order to participate in the Program, Participants must have a valid baseline (“Baseline”) for each Product nominated each day of an operational month, which Baseline must be established not later than 5 calendar days prior to the first day of such operational month of the Program. Baselines shall be established as follows:

Participating Customers: For customers enrolled in the Program directly with the Utility, the Baseline for any given operational day is defined as the average consumption for the hours of 11 a.m. to 7:00 p.m. for the three (3) highest days from within the immediately preceding ten (10) similar non-holiday week days prior to the Event. The baseline will exclude weekends, holidays, and days when a customer was paid to reduce load, when load reductions were requested or when rotating outages are called.

Aggregators: For Aggregators, the Baseline for each Product nominated for any given operational day is based on such Product’s associated aggregated group of customers on such operational day, and is determined as follows: The hourly load profile for such aggregated group on such day is determined by summing the hour by hour interval metering data for each customer of such group (other than customers who have nominated (whether by election or by default) no (or zero) load reduction for such Product on such operational day), and the Baseline for such aggregated group in respect of such Product is the hourly average of the three (3) highest energy usages in the immediate past ten (10) similar days for such calculated load profile. The three (3) highest energy usage days are those days with the highest kilowatt hour (kWh) usages for such aggregated group between the hours of 11:00 a.m. and 7:00 p.m. The past ten (10) similar days will include Monday through Friday, excluding Utility holidays, and will additionally exclude days when a customer in such aggregated group was paid an incentive to reduce load on an interruptible or other curtailment program, or days when rotating outages were called.



San Diego Gas & Electric
 8335 Century Park Court, CP12E - SAN DIEGO, CA 92123 - (866) 377-4735

**AUTHORIZATION TO:
 RECEIVE CUSTOMER INFORMATION OR
 ACT ON A CUSTOMER'S BEHALF**

THIS IS A LEGALLY BINDING CONTRACT—READ IT CAREFULLY
 (Please Print or Type)

I, _____
NAME TITLE (IF APPLICABLE)

of _____ (Customer) have the following mailing address
NAME OF CUSTOMER OF RECORD

_____, and do hereby appoint
MAILING ADDRESS CITY STATE ZIP

of _____
NAME OF THIRD PARTY MAILING ADDRESS

CITY STATE ZIP

to act as my agent and consultant (Agent) to receive meter data for the listed account(s) and in the categories indicated below:

ACCOUNTS INCLUDED IN THIS AUTHORIZATION:

1. _____
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
2. _____
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER
3. _____
SERVICE ADDRESS CITY SERVICE ACCOUNT NUMBER

(For more than three accounts, please list additional accounts on a separate sheet and attach it to this form)

INFORMATION, ACTS AND FUNCTIONS AUTHORIZED – This authorization provides authority to the Agent. The Agent must thereafter provide specific written instructions/requests (e-mail is acceptable) about the particular account(s) before any information is released or action is taken. In certain instances, the requested act or function may result in cost to you, the customer. Requests for information may be limited to the most recent 12 month period.

I (Customer) authorize my Agent to act on my behalf to perform the following specific acts and functions (initial all applicable boxes):

- 1. Request and receive billing history and all meter usage data used for bill calculation for all of my account(s), as specified herein, regarding utility services furnished by the Utility¹.
- 2. Request special metering and the right to access interval usage and other metering data on my account(s).

¹ The Utility will provide standard customer information without charge up to two times in a 12-month period per service account. After two requests in a year, I understand I may be responsible for charges that may be incurred to process this request.

AUTHORIZATION TO: RECEIVE CUSTOMER INFORMATION OR ACT ON A CUSTOMER'S BEHALF

I (CUSTOMER) AUTHORIZE THE RELEASE OF MY ACCOUNT INFORMATION AND AUTHORIZE MY AGENT TO ACT ON MY BEHALF ON THE FOLLOWING BASIS² (initial one box only):

²If no time period is specified, authorization will be limited to a one-time authorization

- One-time authorization only (limited to a one-time request for information and/or the acts and functions specified above at the time of receipt of this Authorization).
- One year authorization - Requests for information and/or for the acts and functions specified above will be accepted and processed each time requested within the twelve month period from the date of execution of this Authorization.
- Authorization is given for the period commencing with the date of execution until _____ (Limited in duration to three years from the date of execution.) Requests for information and/or for the acts and functions specified above will be accepted and processed each time requested within the authorization period specified herein.

RELEASE OF ACCOUNT INFORMATION:

The Utility will provide the information requested above, to the extent available, via any one of the following. My (Agent) preferred format is (check all that apply):

- Hard copy via U.S. Mail (if applicable).
- Facsimile at this telephone number: _____
- Electronic format via electronic mail (if applicable) to this e-mail address: _____

I (Customer), _____ (print name of authorized signatory), declare under penalty of perjury under the laws of the State of California that I am authorized to execute this document on behalf of the Customer of Record listed at the top of this form and that I have authority to financially bind the Customer of Record. I further certify that my Agent has authority to act on my behalf and request the release of information for the accounts listed on this form and perform the specific acts and functions listed above. I understand the Utility reserves the right to verify any authorization request submitted before releasing information or taking any action on my behalf. I authorize the Utility to release the requested information on my account or facilities to the above Agent who is acting on my behalf regarding the matters listed above. I hereby release, hold harmless, and indemnify the Utility from any liability, claims, demands, causes of action, damages, or expenses resulting from: 1) any release of information to my Agent pursuant to this Authorization; 2) the unauthorized use of this information by my Agent; and 3) from any actions taken by my Agent pursuant to this Authorization, including rate changes. I understand that I may cancel this authorization at any time by submitting a written request. **[This form must be signed by someone who has authority to financially bind the customer (for example, CFO of a company or City Manager of a municipality).]**

AUTHORIZED CUSTOMER SIGNATURE

TELEPHONE NUMBER

Executed this _____ day of _____ at _____
MONTH YEAR CITY AND STATE WHERE EXECUTED

I (Agent), hereby release, hold harmless, and indemnify the Utility from any liability, claims, demand, causes of action, damages, or expenses resulting from the release of customer information obtained pursuant to this authorization and from the taking of any action pursuant to this authorization.

AGENT SIGNATURE

TELEPHONE NUMBER

COMPANY

Executed this _____ day of _____
MONTH YEAR



Capacity Bidding Program Customer Contract

This Customer Contract ("Contract") is made and entered into by and between the following parties:

San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E" and _____, hereinafter referred to as "Customer", and jointly, or individually, referred to as "Parties" or "Party".

I. RECITALS

WHEREAS, Customer is herein requesting to take service pursuant to Schedule CBP, the Capacity Bidding Program ("Program"), a copy of which is attached hereto as Attachment C and incorporated herein by reference. Capitalized terms used herein but not defined herein shall have their meanings ascribed thereto in Schedule CBP.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

II. ELIGIBILITY

As a condition to participating in the Program, Customer shall meet the eligibility and qualification requirements set forth in Schedule CBP.

III. TERM

This Contract shall become effective when signed by both Parties, and remains effective unless terminated sooner by the terms herein. Customer must remain in the Program for a minimum of twelve (12) calendar months ("Minimum Term"), unless (a) the Program or this Contract expires earlier or (b) as set forth in Section VI below. After the expiration of the Minimum Term, Customer may terminate this Contract and its participation in the Program by submitting to SDG&E written notification of such termination, which termination shall be effective on the date that is the later of (i) the beginning of the calendar month that is immediately after the expiration of the Minimum Term, and (ii) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after SDG&E receives such notification. Any such notification shall be delivered to SDG&E at the following address: SDG&E, 8335 Century Park Court, CP12E, San Diego, CA 92123.

IV. MONTHLY NOMINATION

Customer shall submit monthly Load Reduction Nominations whereby Customer shall nominate the amount of load reduction for each operational month of the term and shall allocate such Nominated Load Reduction among one or more Products, all as set forth in and in accordance with Schedule CBP. Customer commits to reduce energy use as nominated by Customer pursuant to each such monthly Load Reduction Nomination.

V. PAYMENT

The Parties shall invoice one another, and make such payments to one another, as set forth in and in accordance with Schedule CBP.

VI. AGGREGATOR

Customer may, at any time, elect to participate in the Program via an Aggregator by submitting a "Notice to Add, Change or Terminate a Third-Party Aggregator for Capacity Bidding Program" (Form 142-05301) and designating an Aggregator therein. Customer must remain in the Program and with such designated Aggregator for the Minimum Term unless and until (a) the Program or this Contract expires or terminates prior to the

expiration of the Minimum Term or (b) the Aggregator Contract to which such designated Aggregator is a party with SDG&E terminates prior to the expiration of the Minimum Term, in which case the provisions of Rule 30 providing for such early termination of such Aggregator Contract shall control. Any change or termination of a designation of an Aggregator shall become effective the following month after receipt of a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 12-05301) setting forth such change or termination.

Participation in the Program via an Aggregator, including the designation and termination of such Aggregator and its services, shall be subject to the terms and conditions of Schedule Capacity Bidding Program (CBP) and Electric Rule 30, Aggregators for Capacity Bidding Program.

SDG&E must receive a signed "Authorization To: Receive Customer Information or Act on a Customer's Behalf" from Customer prior to releasing Customer's electric usage data to any designated Aggregator. Subject to Customer authorization, for each request to release customer-specific electric usage data, SDG&E will provide a maximum of the most recent twelve (12) month's customer electric usage data (or all data available if Customer has less than twelve (12) month's usage history) to Customer, or such designated Aggregator. If Customer, or its designated Aggregator, requests this historic usage more than two (2) times per year for a specific service account, SDG&E shall have the ability to assess a processing charge if approved by the Commission.

To the extent Customer's designated Aggregator fails (or is deemed to have failed) to make a payment of any penalty amounts owed by such Aggregator to SDG&E in connection with the Program, Customer will be liable for its pro rata share any such amount, which pro rata share shall be based upon Customer's contribution to the Shortfall Energy Amount related to such failure.

VII. ASSIGNMENT

Customer shall not assign this Contract without prior written consent of SDG&E.

VIII. DISPUTE RESOLUTION

Any dispute that cannot be resolved between the Parties shall be settled by the means set forth in Schedule CBP. In any action in litigation to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses (including expert testimony) and reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) incurred therein by the prevailing party.

IX. DISCLAIMER OF WARRANTY

No promise, representation, warranty, or covenant not included in this Contract has been, or is relied on by either Party. Each Party has relied on its own examination of this Contract, the counsel of its own advisors, and the warranties, representations, and covenants in the Contract itself.

X. LIMITATION OF SDG&E'S LIABILITY

The limitations of liability set forth below in this Section X shall not apply to errors or omissions caused by willful misconduct, fraudulent conduct, or violations of law.

In no event shall SDG&E, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the Utility System) (collectively "SDG&E Parties") be liable to Customer for any claims, losses, liabilities or damage (including direct, indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability) for (i) the design, manufacture, installation, operation, maintenance, performance or demonstration of the Utility System, or (ii) the acts or omissions of, or the performance or non-performance under any agreement with Customer by, any Aggregator designated by Customer pursuant to Section VI above. The "Utility System" includes any metering, meter communication equipment, Internet communication software, energy demand management software and related goods and services. SDG&E shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the Utility System to operate.

XI. COMPLIANCE WITH LAWS

The Parties shall comply with, and this Contract shall be subject to, the terms and conditions of Schedule CBP, and all applicable local, state and federal rules, regulations and laws, including, without limitation, if Customer designates an Aggregator pursuant to Section VI above, Rule 30, Aggregators for Capacity Bidding Program (CBP).

XII. COMMISSION CONTINUING AUTHORITY

This Contract shall at all times be subject to the Commission and to any changes or modification that the Commission may, from time to time, direct in the exercise of its jurisdiction.

Notwithstanding any other provision of this Contract, either Party shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for a change in rates, charges, classification, or any rule, regulation, or agreement relating thereto.

XIII. CONTACT INFORMATION

Customer's contact information for purposes of Customer's participation in the Program (including, without limitation, for purposes of Event notification) is set forth in Attachment A attached hereto and incorporated herein by reference.

XIV. ESSENTIAL CUSTOMER DECLARATION

I hereby state that I am the _____ (title) of _____ (company), and am authorized to make this declaration on behalf of my company at the following location:

Address _____
City _____
State California Zip _____

To the best of my knowledge, I understand that my company is considered an essential customer at the location stated above under the California Public Utilities Commission's rules and is exempt from rotating outages. I declare that I have voluntarily elected to participate in an SDG&E interruptible program for all or part of my electrical load based on adequate back-up generation or other means to interrupt load when requested by SDG&E, while continuing to meet my essential needs. I acknowledge that I have not committed more than 50% of my average peak load under the interruptible program.

IN WITNESS WHEREOF, SDG&E and Customer have executed this Contract:

Customer	San Diego Gas & Electric Company
By _____	By _____
Title _____	Title _____
Date _____	Date _____

The following attachments are attached hereto and incorporated by reference:
Attachment A: Customer Contact Information
Attachment B: Customer Account Information
Attachment C: Schedule CBP

ATTACHMENT A
Capacity Bidding Program
Customer Contact Information

Primary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Secondary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

ATTACHMENT B
Capacity Bidding Program
Customer Account Information

Site #1

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #2

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #3

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #4

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Site #5

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____

Attach additional Customer Account Information sheets to this contract if required. (Sheet ___ of ___)

ATTACHMENT C
Capacity Bidding Program
Schedule CBP



San Diego Gas & Electric
8330 Century Park Court • SAN DIEGO, CA 92123 • (800) 411-SDGE (7343)

**AGGREGATOR AGREEMENT
FOR CAPACITY BIDDING PROGRAM (CBP)**

This Aggregator Agreement for Capacity Bidding Program (“Agreement”) is made and entered into this _____ day of _____, 200__ (the “Effective Date”), by and between San Diego Gas & Electric Company (“Utility”), a corporation organized and existing under the laws of the State of California, and _____ (“Aggregator”), a _____ organized and existing under the laws of the State of _____. Utility and Aggregator may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (“CPUC”) has authorized the Capacity Bidding Program (CBP) (“Program”) as set forth in Schedule CBP, which is attached hereto as Attachment A and incorporated herein by this reference, whereby Utility pays participating Utility customers monthly incentive payments in return for pre-determined load reduction; and

WHEREAS, the CPUC has authorized the participation of third-party aggregators to aggregate the load reductions of one or more participating Utility customers, and Aggregator desires to participate in the Program as such a third-party aggregator, subject to the applicable Utility tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. AGGREGATOR STATUS

1.1 Status. Aggregator’s status under this Agreement shall be as an “Aggregator” under Schedule CBP and Electric Rule 30, which is attached hereto as Attachment B and incorporated herein by this reference. Aggregator shall be subject to, and shall comply with, all applicable tariff rules and regulations (which rules and regulations are hereby incorporated herein as an integral part of this Agreement), including, but not limited to, the rates, terms and conditions set forth in Rule 30 and Schedule CBP, as such rules and regulations may be amended from time to time.

1.2 Eligibility. As a condition to participating in the Program as an “Aggregator,” Aggregator shall meet the eligibility and qualification requirements set forth in Rule 30.

1.3 Definitions. Except where explicitly defined herein, the capitalized terms used in this Agreement shall have the meanings set forth in Rule 30 or Schedule CBP.

II. REPRESENTATIONS

2.1 Representations and Warranties. Each Party represents, warrants and covenants, individually for itself, as follows:

2.1.1 Such Party is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

2.1.2 Each person executing this Agreement for such Party has the full power and authority to execute and deliver this Agreement and bind the entity on whose behalf this Agreement is executed.

2.1.3 The execution, delivery and performance of this Agreement have been duly authorized by all necessary action by such Party, and this Agreement constitutes such Party's valid and binding obligation, enforceable against such Party in accordance with its terms.

2.1.4 All duties under this Agreement shall be performed by such Party in accordance with applicable recognized professional standards.

2.2 Additional Representations of Aggregator.

2.2.1 With each submission of a "Notice by Aggregator to Add or Delete Customers" (Form 142-05303), which is attached hereto as Attachment C and incorporated herein by reference, adding a customer with respect to a service account to its representation, Aggregator represents and warrants, at the time of submission thereof and from time to time until Aggregator submits such notice for the removal of such customer from its representation, that:

(a) Such customer is otherwise eligible to participate in the Program and has elected to participate in the Program through Aggregator;

(b) Such customer has (i) entered into a Customer Contract (Form 142-05300) with Utility, (ii) completed a "Notice to Add, Change or Terminate a Third-Party Aggregator for Capacity Bidding Program" (Form 142-05302) and delivered such notice to Utility, and (iii) completed, executed and delivered to Utility all such other documents, instruments, consents and agreements as any be required for such participation in the Program and for the designation of such Aggregator (including, without limitation, an "Authorization To: Receive Customer Information or Act on a Customer's Behalf"; and

(c) Aggregator has entered into an Aggregator/Customer Contract with such customer consistent with the requirements of this Agreement.

2.2.2 With each submission of a "Notice by Aggregator to Add or Delete Customers" (Form 142-05303) dropping a customer with respect to a service account from its representation, Aggregator represents and warrants that:

(a) Such customer has elected, or has been deemed to have elected, to terminate its participation in the Program through Aggregator with respect to such service account; and

(b) Such customer has (i) completed a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 142-05302) and delivered such notice to Utility, and (ii) delivered all such other documents, instruments, consents and agreements as any be required for terminating Aggregator's representation of such customer in the Program with respect to such service account.

III. SECURITY

Aggregator acknowledges that it has provided, prior to the execution of this Agreement, any and all financial information of Aggregator required by Utility. Aggregator acknowledges that Aggregator shall have a continuing obligation to provide such additional financial information to Utility upon the

Utility's written request. Concurrently with the execution of this Agreement, and from time to time thereafter, Aggregator shall deliver any security required by Utility pursuant to Rule 30. Additionally, Aggregator represents and warrants that there has been no materially adverse change in its financial position from the date of the latest available and provided financial statements to the date hereof. In the event that (a) Utility determines that a material financial change in Aggregator has adversely affected Aggregator's creditworthiness subsequent to the execution of this Agreement, or (b) Aggregator does not provide the financial information or security requested by Utility, Utility may terminate this Agreement as of the day written notice is given or require Aggregator to provide additional security as provided in Rule 30.

IV. BILLING AND PAYMENT

4.1 Billing and Payment Terms. During the term of this Agreement, each Party shall make the payments or credits to the other Party, and in such amounts, as provided in Schedule CBP.

4.2 Billing Address. Statements, invoices and billings shall be by first class U.S. mail to the following addresses:

If to Aggregator:

If to Utility:

San Diego Gas & Electric Company
Billing Collections Manager

4.3 Payment Address. Payments shall be submitted electronically or by wire transfer to the following accounts:

If to Aggregator:

If to Utility:

4.4 Disputed Bills or Charges. Aggregator agrees to resolve any disputed bills and/or charges in accordance with Rule 30.

V. TERM

This Agreement shall become effective on the date that this Agreement is signed by both Parties ("Effective Date"), and remains effective unless terminated sooner by the terms herein. The term of this Agreement shall continue for at least twelve (12) calendar months after the Effective Date ("Minimum

Term”), unless (a) the Program expires earlier (which is expected to occur on December 31, 2008 unless the Program is extended by the CPUC), or (b) this Agreement terminates earlier as set forth in this Agreement. After the expiration of the Minimum Term, either Party may terminate this Agreement by written notification to the other Party of such termination, which termination shall be effective on the date that is the later of (i) the beginning of the calendar month that is immediately after the expiration of the Minimum Term, and (ii) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after the non-terminating Party receives such notification.

VI. EVENTS OF DEFAULT

- 6.1 **Events of Default.** An “Event of Default” shall mean:
- (a) if Aggregator defaults on the due and timely payment of monies when the same shall become due and payable, and such default shall continue for a period of seven (7) days after written notice thereof by Utility to Aggregator; or
 - (b) if Aggregator defaults in the performance or observance on its part of any other covenant, obligation or agreement contained in this Agreement to be performed by Aggregator (other than the payment of monies, which is governed by clause (a) above), and such default shall continue for a period of sixty (60) days after written notice thereof to Aggregator by Utility; provided, however, that if such default shall be such that it cannot be remedied by Aggregator within such sixty (60) day period, it shall not constitute an Event of Default if corrective action to cure such default is commenced by Aggregator within such sixty (60) day period and Aggregator diligently pursues the cure of such default until the default is remedied; or
 - (c) if Aggregator (i) makes an assignment or any general arrangement for the benefit of creditors, or (ii) files a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it which is not dismissed within thirty (30) days of such filing.
- 6.2 **Remedies.** If an Event of Default occurs and is continuing, Utility may terminate this Agreement and exercise any other remedies available to it at law, in equity, by statute or otherwise, subject, however, to the dispute resolution procedures set forth in Section 11.4 below. In addition, if an Event of Default for the payment of monies occurs and is continuing where Aggregator is the Defaulting Party, then the Utility may make a draw under any security provided by Aggregator for any such outstanding amounts due and payable from Aggregator.
- 6.3 **Remedies Not Exclusive.** No remedy by the terms of this Agreement conferred upon or reserved to Utility is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute.
- 6.4 **Rights and Responsibilities Following Termination.** The Parties’ rights and responsibilities following termination of this Agreement are set forth in Rule 30.

VII. LIMITATION OF LIABILITY

Utility's liability to Aggregator for any loss, cost, claim, injury, liability or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in Utility's performance of this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall Utility be liable to Aggregator for any indirect, special, consequential or punitive damages of any kind whatsoever, whether in contract, tort or strict liability. In addition, in no event shall Utility, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the Utility System) (collectively "Utility Parties") be liable to Aggregator for any claims, losses, liabilities or damage (whether direct, indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability) for (i) the design, manufacture, installation, operation, maintenance, performance or demonstration of the Utility System, or (ii) the acts or omissions of, or the performance or non-performance of, Aggregator or any customer under any Aggregator/Customer Contract to which such customer is party. The "Utility System" includes any metering, meter communication equipment, Internet communication software, energy demand management software and related goods and services. Utility shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the Utility System to operate.

VIII. INDEMNIFICATION

8.1 **Indemnification of Utility.** To the fullest extent permitted by law, Aggregator shall indemnify, defend and hold harmless Utility, and its current and future parent company, subsidiaries, affiliates and their respective shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses, including without limitation reasonable attorneys' fees (a "Claim"), resulting from (a) any breach of the representations, warranties, covenants and obligations of Aggregator under this Agreement, (b) any act or omission of Aggregator, whether based upon Aggregator's negligence, strict liability or otherwise, in connection with the performance of this Agreement, or (c) any third party claims of any kind, whether based upon negligence, strict liability or otherwise, arising out of or connected in any way to Aggregator's performance or nonperformance under this Agreement. This indemnification obligation shall not apply to the extent that such injury, loss or damage is caused by the willful misconduct of Utility or Utility's sole negligence.

8.2 **Defense of Claim.** If any Claim is brought against the Indemnified Parties, Aggregator shall assume the defense of such Claim, with counsel reasonably acceptable to the Indemnified Parties, unless in the opinion of counsel for the Indemnified Parties a conflict of interest between the Indemnified Parties and Aggregator may exist with respect to such Claim. If a conflict precludes Aggregator from assuming the defense, then Aggregator shall reimburse the Indemnified Parties on a monthly basis for the Indemnified Parties' defense costs through separate counsel of the Indemnified Parties' choice. If Aggregator assumes the defense of the Indemnified Parties with acceptable counsel, the Indemnified Parties, at their sole option and expense, may participate in the defense with counsel of their own choice without relieving Aggregator of any of its obligations hereunder.

8.3 **Survival.** Aggregator's obligation to indemnify Utility under this Section 8 shall survive the termination of this Agreement.

IX. NOTICES

9.1 **Mailing Address.** Except for statements, invoices and bills, which shall be submitted pursuant to Section 4 above, any formal notice, request, or demand concerning this Agreement shall be given in writing by Utility or Aggregator, and shall be (a) mailed by first-class mail, (b) mailed by

registered, certified or other overnight mail, (c) delivered in hand, or (d) faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the parties may designate by written notice.

If to Aggregator:

Fax : _____

If to Utility:

Fax : _____

9.2 Notices. Notices delivered by hand shall be deemed received when delivered. Notices sent by facsimile shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the U.S. mail, or if certified, registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

X. CONFIDENTIALITY

10.1 Confidentiality. Aggregator shall not disclose any Confidential Information obtained pursuant to this Agreement to any third party, including any affiliates of Aggregator, without the express prior written consent of Utility. As used herein, the term "Confidential Information" means proprietary business, financial and commercial information pertaining to Utility, customer names and other information related to customers, including energy usage data ("Customer Information"), any trade secrets and any other information of a similar nature, whether or not reduced to writing or other tangible form. Confidential Information shall not include: (a) information known to Aggregator prior to obtaining the same from Utility; (b) information in the public domain at the time of disclosure by Aggregator; (c) information obtained by Aggregator from a third party who did not receive the same, directly or indirectly, from Utility; or (d) information approved for release by express prior written consent of an authorized representative of Utility.

10.2 Use of Confidential Information. Aggregator hereby agrees that it shall use the Confidential Information solely for the purpose of performing under this Agreement. Aggregator agrees to use at least the same degree of care Aggregator uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care to prevent unauthorized use or disclosure of the Confidential Information.

10.3 Authorized Disclosure. Notwithstanding any other provisions of this Section 10, Aggregator may disclose any of the Confidential Information in the event, but only to the extent, that, based upon advice of counsel, Aggregator is required to do so by the disclosure requirements of any law, rule, regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or regulatory authority. Prior to making or permitting any such disclosure, Aggregator shall provide Utility with prompt written notice of any such requirement so that Utility (with Aggregator's assistance if requested by Utility) may seek a protective order or other appropriate remedy.

10.4 Term. The confidentiality provisions set forth in this Section 10 shall remain in full force and effect with respect to any Confidential Information until the date that is ten (10) years after the date of disclosure of such Confidential Information; provided, further, that such confidentiality provisions shall remain in full force and effect with respect to any Customer Information in perpetuity.

10.5 Remedies. The Parties acknowledge that the Confidential Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section 10 and the obligations of Aggregator are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section 10 by Aggregator, Utility, its parent company(ies), subsidiaries and/or affiliates, who shall be third party beneficiaries of this Agreement, shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, monetary damages or any other legal or equitable remedy available to Utility, its direct and indirect parent company(ies), subsidiaries or affiliates.

XI. MISCELLANEOUS

11.1 Assignment. This Agreement, and the rights and obligations granted and/or obtained by Aggregator hereunder, shall not be further transferred or assigned by Aggregator without the prior written consent of Utility. Any assignment in violation of this Section 11.1 shall be void.

11.2 Independent Contractor. Aggregator shall perform its obligations under this Agreement as an independent contractor, and no principal-agent or employer-employee relationship or joint venture or partnership shall be created with Utility.

11.3 Choice of Law. This Agreement shall be carried out and interpreted under the laws of the State of California, without regard to any conflict of law principles thereof. Except for matters and disputes with respect to which the CPUC is the proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Diego County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder. The Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

11.4 Resolution of Disputes. Any dispute arising between the Parties relating to the interpretation of this Agreement or to the performance of a Party's obligations hereunder shall be reduced to writing and referred to the Parties' designated representative for resolution. The Parties shall be required to meet and confer in an effort to resolve any such dispute. Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after discussion between the Parties shall be submitted to the CPUC for resolution. If Aggregator disputes a Utility bill, the resolution of such dispute shall be as set forth in Rule 30.

11.5 Waiver. Any failure or delay by either party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

11.6 Governmental Actions. This Agreement shall be subject to the continuing jurisdiction of the CPUC and all orders, rules, regulations, decision or actions of any governmental entity (including a court) having jurisdiction over Utility or this Agreement. The Agreement is subject to such changes or modifications by the CPUC as it may direct from time to time in the exercise of its jurisdiction.

11.7 Entire Agreement. This Agreement, including the Attachments listed below, sets forth the entire understanding of the Parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct or usage of trade.

Attachment A: Schedule Capacity Bidding Program (CBP)

Attachment B: Rule 30 – Aggregators for Capacity Bidding Program (CBP)

Attachment C: Notice by Aggregator to Add or Delete Customers

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.9 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and shall not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the authorized representatives of Utility and Aggregator have executed this Agreement as of the Effective Date.

UTILITY:

SAN DIEGO GAS & ELECTRIC COMPANY

AGGREGATOR:

By: _____

By: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT A

Schedule Capacity Bidding Program (CBP)

ATTACHMENT B

Rule 30 – Aggregators for Capacity Bidding Program (CBP)

ATTACHMENT C

Notice by Aggregator to Add or Delete Customers

Base Interruptible Program

(BIP)

2009-2011 Demand Response Program Description

Base Interruptible Program (BIP)

1. Utility

SDG&E

2. Program

Base Interruptible Program (BIP)

3. Program Description

Market Sector: Non-Residential
Program Classification: Day-Of, Statewide

The Base Interruptible Program (BIP) is a voluntary program which offers participants a monthly capacity bill credit in exchange for committing to reduce their demand to a contracted Firm Service Level on short notice during emergency situations, such as a CAISO Stage 2 or local utility emergencies. A penalty is imposed for non-performance during BIP events.

4. Contract Period

12 months

5. Eligibility

Customers who can commit to curtail at least 15% of their monthly average maximum demand, with a minimum load drop of 100kW

6. Operating Months

Year-round

7. Curtailment Window

Option A: 4 hrs/day, 10 events/month, 120 hrs/yr
Option B: 3 hrs/day, 10 events/month, 90 hrs/yr

8. Minimum Qualifying Load Criteria for Program

Minimum of 100kW

9. Event Trigger

Day-Ahead Event: N/A

Day-Of Event: CAISO Stage 1 or Local Utility Emergencies

10. Notification Time

Day-Ahead Event: N/A

Day-Of Event: Option A: 30 minutes, Option B: 3 hours

11. Curtailment Level

Customer must reduce load to contracted Firm Service Level

12. Incentive Payment

Day-Ahead Event: N/A

Day-Of Event: Option A: \$7kW, Option B: \$3kW

13. Event Minimum Load Reduction

100kW

14. Event Frequency Limits

Option A: 4 hours per day, 10 periods per month, 120 hours calendar year.

Option B: 3 hours day, 20 events per day, 90 hour calendar year

15. Non-Compliance Penalties

Excess energy charges for reductions not reaching Firm Service Level

16. Meter Requirements and Who Pays

SDG&E will pay for IDR w/Telecommunications

17. Enabling Technology Requirements/Responsibility

N/A

18. a.) Budget for 2006-2008

2006 - \$370,166
2007 - \$871,733
2008 - \$506,890

18. b.) Budget for 2009-2011

2009 - \$559,804
2010 - \$554,642
2011 - \$542,621

19. Goal/Expected Load Reduction

5 MW. See the accompanying SDG&E testimony of Kathryn Smith.

20. EM&V Plan

See the accompanying SDG&E testimony of Kathryn Smith.

21. Comments

22. a.) Enrollment from 2006-2008, including:

- Number of Participants - 2006 - 0, 2007 - 3, 2008 - 4
- Type of Participants - Service Company
- Megawatts, and 2006 - 0, 2007 - 2 - 2008 - 3
- Megawatts by Type of Participant

22. b.) Estimated Enrollment for Each Year (2009-2011), and How it was Determined

2009 - 8
2010 - 10
2011 - 10

SDG&E currently has three Third Party Marketers authorized to enroll customers, and as capacity programs become more popular, it is anticipated participation in this program will increase.

23. How Programs Fit Into Local Resource Adequacy

This is a dispatchable DR program as therefore provides qualifying capacity.

24. Estimated Load Impact, Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kathryn Smith.

25. Estimated Cost Effectiveness (CE) Based on Protocols to be Adopted

See the accompanying SDG&E testimony of Kevin McKinley.

26. Marketing and Outreach Funding Disaggregated by Target Customer (if appropriate given future guidance on EE/DR coordination)

N/A

27. Proposal of and Schedule for How Each Program Will Align with MRTU Release 1/1A and Beyond

SDG&E is participating in the CAISO's working group process for developing demand response functionality for the MRTU Release 1A expected in 2009. SDG&E will determine any necessary program changes in order for the program to participate in MRTU Release 1A. Currently, SDG&E is committed to submitting its day-ahead and day-of demand response forecasts to the CAISO for use in the CAISO's load forecast adjustments in 2008.

28. Other Relevant Information, as Appropriate and Necessary

29. Copies of Contracts with Providers/Aggregators, and Information Sufficient to Verify Contract Performance

Confidential Contracts (Copies of Standard Form contracts are attached).

30. The Actual (Observed) DR Load Reduction Due to the Program, and How it was Distributed Among Enrolled Customers

Each participating customer reduced to their Firm Service Level during program events in 2007

31. Proposed Changes in the Programs for 2009-2011(if any) from Existing Activities, and Reasons for those Proposed Changes

Allow Multiple Program Participation with Critical Peak Pricing

32. Baseline and/ or Terms of Settlement

N/A



*

BASE INTERRUPTIBLE PROGRAM CONTRACT

This Contract is made and entered into by and between the following parties:

San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E" and _____ hereinafter referred to as "Customer", and jointly, or individually, referred to as "Parties" or "Party".

I. RECITALS

WHEREAS, Customer is herein requesting to take service pursuant to the BIP tariff, Schedule BIP, Base Interruptible Program.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

II. TERM

This Contract shall become effective when signed by both parties, and remains effective unless terminated sooner by the terms herein. Customers may modify their Firm Service Level, as set forth on Attachment B, which is attached hereto and incorporated herein by reference, or discontinue participation in the Program only once each year during the month of November. Customer shall provide written notification of such changes to SDG&E, 8326 Century Park Court, CP 42K, San Diego, CA 92123.

III. FIRM SERVICE LEVEL

Customer shall reduce energy use to their selected Firm Service Level amount identified below consistent with Schedule BIP, which is attached hereto and incorporated by reference.

(kW): _____

IV. PROGRAM COMMITMENT

Customer shall select between two notification options set forth in Schedule BIP, either Option A or Option B, for program participation and earned incentive as consistent with Schedule BIP included herein.

Option A: _____

Option B: _____

V. ASSIGNMENT

Customer shall not assign this Contract without prior written consent of SDG&E.

VI. DISPUTE RESOLUTION

Any dispute that cannot be resolved between the Parties shall be settled by means of conference, mediation, arbitration and/or litigation as provided for herein.

The first step in the dispute resolution process shall be a conference by which the dispute is referred to a designated officer of each party for resolution. If those two officers cannot reach an agreement within a reasonable period of time, the parties shall submit the dispute to mediation.

*

The second step in the dispute resolution process shall be mediation between the parties in accordance with the Commercial Rules of the American Arbitration Association. If the dispute is not resolved by the mediation, the parties shall submit the dispute to arbitration or litigation. Should the parties not agree on arbitration, either party may seek remedy in the Superior Court of the County of San Diego, California.

In any action in litigation to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses, (including expert testimony) and reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) incurred therein by the prevailing party.

VII. DISCLAIMER OF WARRANTY

No promise, representation, warranty, or covenant not included in this Contract has been, or is relied on by either Party. Each Party has relied on its own examination of this Contract, the counsel of its own advisors, and the warranties, representations, and covenants in the Contract itself.

VIII. LIMITATION OF LIABILITY

The limitations of liability set forth below in this Section VII shall not apply to errors or omissions caused by willful misconduct, fraudulent conduct, or violations of law.

In no event shall SDG&E, its shareholders, directors, employees, agents or subcontractors (including, without limitation, suppliers of the System) (collectively "SDG&E Parties") be liable to Participant for any direct, indirect, consequential, special, incidental, or punitive damages under any other theories including, but not limited to, tort, contract, breach of warranty or strict liability for the design, manufacture, installation, operation, maintenance, performance or demonstration of the System. The System includes any metering, meter communication equipment, Internet communication software, energy demand management software and related goods and services. SDG&E shall not be responsible for any business loss, actual or implied, as a result of the partial or complete failure of the System to operate.

IX. COMPLIANCE WITH LAWS

The parties shall comply with the terms and conditions of Schedule BIP, and all, local, state and federal rules, regulations and laws.

X. COMMISSION CONTINUING AUTHORITY

This Contract shall at all times be subject to the Commission and to any changes or modification that the Commission may, from time to time, direct in the exercise of its jurisdiction.

Notwithstanding any other provision of this Contract, either Party shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for a change in rates, charges, classification, or any rule, regulation, or agreement relating thereto.

XI. ESSENTIAL CUSTOMER DECLARATION

I hereby state that I am the _____ (title) of _____ (company), and am authorized to make this declaration on behalf of my company at the following location.

Address _____

City _____

State California Zip _____

To the best of my knowledge, I understand that my company is considered an essential customer at the location stated above under the California Public Utilities Commission's rules and is exempt from rotating outages. I declare that I have voluntarily elected to participate in an SDG&E interruptible program for all or part of my electrical load based on adequate back-up generation or other means to interrupt load when requested by SDG&E, while continuing to meet my essential needs. I acknowledge that I have not committed more than 50% of my average peak load under the interruptible program.

IN WITNESS WHEREOF, SDG&E and Customer have executed this Contract:

Customer

San Diego Gas & Electric Company

By _____

By _____

Title _____

Title _____

Date _____

Date _____

The following attachments are attached hereto and incorporated by reference:

Attachment A: Customer Contact Information

Attachment B: Customer Account Information

Attachment C: Schedule BIP

ATTACHMENT A
Base Interruptible Program
Customer Contact Information

Primary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Secondary Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Additional Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

ATTACHMENT B
Base Interruptible Program
Customer Account Information

Site #1

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Selected Firm Service Level _____

Site #2

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Selected Firm Service Level _____

Site #3

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Selected Firm Service Level _____

Site #4

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Selected Firm Service Level _____

Site #5

Account Name _____
Account Number _____
Site Address _____
Existing Electric Meter Number _____
Customer Selected Firm Service Level _____

Attach additional Customer Account Information sheets to this contract if required. (Sheet ___ of ___)

ATTACHMENT C
Base Interruptible Program
Schedule BIP

THIRD-PARTY MARKETER AGREEMENT
FOR BASE INTERRUPTIBLE PROGRAM

This Third-Party Marketer for Base Interruptible Program Agreement (“Agreement”) is made and entered into this _____ day of _____, 200__ (the “Effective Date”), by and between San Diego Gas & Electric Company (“Utility”), a corporation organized and existing under the laws of the State of California, and _____ (“Marketer”), a _____ organized and existing under the laws of the State of _____. Utility and Marketer may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (“CPUC”) has authorized the Base Interruptible Program (“BIP”) as set forth in Schedule BIP, Base Interruptible Program (“Schedule BIP”), which is attached hereto as Attachment A and incorporated herein by this reference, whereby Utility pays participating Utility customers a monthly incentive payment in return for pre-determined load reduction; and

WHEREAS, the CPUC has authorized the participation of third-party marketers in BIP to act as representatives for participating Utility customers, and Marketer desires to participate in BIP subject to the applicable Utility tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. MARKETER STATUS

1.1 Status. Marketer’s status under this Agreement shall be as a “Marketer” under Electric Rule No. 29, “Third-Party Marketers for Base Interruptible Program” (“Electric Rule No. 29”), which is attached hereto as Attachment B and incorporated herein by this reference. Marketer shall be subject to all applicable tariff rules and regulations (which rules and regulations are hereby incorporated herein as an integral part of this Agreement), including, but not limited to, the rates, terms and conditions set forth in Electric Rule No. 29 and Schedule BIP, as such rules and regulations may be amended from time to time.

1.2 Representation of Utility Customers. Marketer shall represent those Utility customers eligible to participate in BIP and who have elected to participate in BIP through Marketer with respect to such customer’s service account by entering into and maintaining signed contracts with each such eligible customer whereby such customer authorizes Marketer, as its representative, to receive incentive payments and to pay penalty charges on behalf of such customer in connection with such customer’s participation in BIP (“Customer Contract”). The Utility shall not be responsible for monitoring, auditing, reviewing or enforcing such Customer Contracts between the Marketer and such customers. Once Marketer has entered into a Customer Contract with an eligible customer, Marketer shall deliver a “Notice by Third-Party Marketer to Add or Delete Customers,” in the form attached hereto as Attachment C and incorporated herein by this reference, adding such customer. Marketer may also drop customers from its representation by delivering to Utility the same “Notice by Third-Party Marketer to Add or Delete Customers” dropping such customer. Marketer’s delivery of such “Notice by Third-Party Marketer to Add or Delete Customers” shall be a condition precedent to both Marketer’s representation of an eligible customer and Marketer’s termination of its representation of a customer, as the case may be. Marketer acknowledges that each customer it represents is subject to the terms and conditions of Schedule BIP.

1.3 Eligibility. The customers represented by Marketer in BIP pursuant to a Customer Contract shall have committed, in the aggregate, to provide Utility with the Minimum Load Reduction (as defined in Electric Rule No. 29). If Marketer is unable to achieve or otherwise maintain the Minimum Load Reduction at any time, Marketer shall have fourteen (14) calendar days from the date of such inability to make up the committed load capacity in order to achieve the Minimum Load Reduction. If Marketer fails to achieve the Minimum Load Reduction within such fourteen (14) day period, this Agreement may be terminated, at Utility's sole discretion, and the terms and provisions for such termination as set forth in Electric Rule No. 29 shall apply.

1.4 Definitions. Except where explicitly defined herein, the capitalized terms used in this Agreement shall have the meanings set forth in Electric Rule No. 29 or Schedule BIP.

II. REPRESENTATIONS

2.1 Representations and Warranties. Each Party represents and warrants, individually for itself, as follows:

2.1.1 Such Party is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

2.1.2 Each person executing this Agreement for such Party has the full power and authority to execute and deliver this Agreement and bind the entity on whose behalf this Agreement is executed.

2.1.3 The execution, delivery and performance of this Agreement have been duly authorized by all necessary action by such Party, and this Agreement constitutes such Party's valid and binding obligation, enforceable against such Party in accordance with its terms.

2.1.4 All duties under this Agreement shall be performed by such Party in accordance with applicable recognized professional standards.

2.2 Additional Representations of Marketer.

2.2.1 With each submission of a "Notice by Third-Party Marketer to Add or Delete Customers" adding a customer with respect to a service account, Marketer represents and warrants, at the time of submission thereof and from time to time until Marketer submits such notice for the removal of such customer from its representation, that:

(a) Such customer is eligible to participate in BIP and has elected to participate in BIP through Marketer;

(b) Such customer has (i) entered into a Base Interruptible Program Contract (Form No. 142-05207) with Utility, (ii) completed a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) and delivered such notice to Utility, and (iii) completed, executed and delivered to Utility all such other documents, instruments, consents and agreements as any be required for such participation in BIP and designation of such Marketer (including, without limitation, an "Authorization To: Receive Customer Information or Act on a Customer's Behalf"); and

(c) Marketer has entered into a Customer Contract with such customer whereby such customer has authorized Marketer to receive incentive payments from and to pay

penalty charges to Utility on behalf of such customer in connection with such customer's participation in BIP.

2.2.2 With each submission of a "Notice by Third-Party Marketer to Add or Delete Customers" dropping a customer with respect to a service account, Marketer represents and warrants that:

(a) Such customer has elected, or has been deemed to have elected, to terminate its participation in BIP through Marketer with respect to such service account; and

(b) Such customer has (i) completed a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) and delivered such notice to Utility, and (ii) delivered all such other documents, instruments, consents and agreements as any be required for terminating Marketer's representation of such customer in BIP with respect to such service account.

III. SECURITY

Marketer acknowledges that it has provided, prior to the execution of this Agreement, any and all financial information of Marketer required by Utility. Marketer acknowledges that Marketer shall have a continuing obligation to provide such additional financial information to Utility upon the Utility's written request. Concurrently with the execution of this Agreement, and from time to time thereafter, Marketer shall deliver any security required by Utility pursuant to Electric Rule No. 29. Additionally, Marketer represents and warrants that there has been no materially adverse change in its financial position from the date of the latest available and provided financial statements to the date hereof. In the event that (a) Utility determines that a material financial change in Marketer has adversely affected Marketer's creditworthiness subsequent to the execution of this Agreement, or (b) Marketer does not provide the financial information or security requested by Utility, Utility may terminate this Agreement as of the day written notice is given or require Marketer to provide additional security as provided in Electric Rule No. 29.

IV. BILLING AND PAYMENT

4.1 **Billing and Payment Terms.** During the term of this Agreement, each Party shall make the payments or credits to the other Party as provided in Electric Rule No. 29.

4.2 **Billing Address.** Statements, invoices and billings shall be by first class U.S. mail to the following addresses:

If to Marketer:

If to Utility:

San Diego Gas & Electric Company
Billing Collections Manager

4.3 Payment Address. Payments shall be submitted electronically or by wire transfer to the following accounts:

If to Marketer:

If to Utility:

4.4 Disputed Bills or Charges. Marketer agrees to resolve any disputed bills and/or charges in accordance with Electric Rule No. 29.

V. TERM

The term of this Agreement shall commence on the Effective Date and shall terminate three (3) years from the Effective Date, unless terminated earlier pursuant to Section 6 below.

VI. TERMINATION

6.1 Termination by Utility. If payment is not received within seven (7) days of the issuance of a past due notice, or upon any other breach of this Agreement by Marketer, Marketer's participation in BIP pursuant to this Agreement will be subject to termination by Utility as set forth in Electric Rule No. 29. In addition, if Utility receives any notification that Marketer has filed or will be filing any type of bankruptcy, or is closing its business, Marketer's participation in BIP pursuant to this Agreement shall be terminated immediately, subject, however, to any bankruptcy laws that take precedence of the rules set forth in Electric Rule No. 29 in respect of such bankruptcy. Utility's termination rights set forth in this Section 6.1 shall be in addition to any rights and remedies as may be provided by law or in equity as a result of Marketer's failure to pay, breach, bankruptcy or other actions or omissions.

6.2 Rights and Responsibilities. The Parties' rights and responsibilities following termination of this Agreement are set forth in Electric Rule No. 29.

VII. LIMITATION OF LIABILITY

Utility's liability to Marketer for any loss, cost, claim, injury, liability or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in Utility's performance of this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall Utility be liable to Marketer for any indirect, special, consequential or punitive damages of any kind whatsoever, whether in contract, tort or strict liability.

VIII. INDEMNIFICATION

8.1 Indemnification of Utility. To the fullest extent permitted by law, Marketer shall indemnify, defend and hold harmless Utility, and its current and future parent company, subsidiaries, affiliates and their respective shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses, including

without limitation reasonable attorneys' fees (a "Claim"), resulting from (a) any breach of the representations, warranties, covenants and obligations of Marketer under this Agreement, (b) any act or omission of Marketer, whether based upon Marketer's negligence, strict liability or otherwise, in connection with the performance of this Agreement, or (c) any third party claims of any kind, whether based upon negligence, strict liability or otherwise, arising out of or connected in any way to Marketer's performance or nonperformance under this Agreement. This indemnification obligation shall not apply to the extent that such injury, loss or damage is caused by the willful misconduct of Utility or Utility's sole negligence.

8.2 Defense of Claim. If any Claim is brought against the Indemnified Parties, Marketer shall assume the defense of such Claim, with counsel reasonably acceptable to the Indemnified Parties, unless in the opinion of counsel for the Indemnified Parties a conflict of interest between the Indemnified Parties and Marketer may exist with respect to such Claim. If a conflict precludes Marketer from assuming the defense, then Marketer shall reimburse the Indemnified Parties on a monthly basis for the Indemnified Parties' defense costs through separate counsel of the Indemnified Parties' choice. If Marketer assumes the defense of the Indemnified Parties with acceptable counsel, the Indemnified Parties, at their sole option and expense, may participate in the defense with counsel of their own choice without relieving Marketer of any of its obligations hereunder.

8.3 Survival. Marketer's obligation to indemnify Utility under this Section 8 shall survive the termination of this Agreement.

IX. NOTICES

9.1 Mailing Address. Except for statements, invoices and bills, which shall be submitted pursuant to Section 4 above, any formal notice, request, or demand concerning this Agreement shall be given in writing by Utility or Marketer, and shall be (a) mailed by first-class mail, (b) mailed by registered, certified or other overnight mail, (c) delivered in hand, or (d) faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the parties may designate by written notice.

If to Marketer:

Fax : _____

If to Utility:

Fax : _____

9.2 Notices. Notices delivered by hand shall be deemed received when delivered. Notices sent by facsimile shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the U.S. mail, or if certified, registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

X. CONFIDENTIALITY

10.1 Confidentiality. Marketer shall not disclose any Confidential Information obtained pursuant to this Agreement to any third party, including any affiliates of Marketer, without the express prior written consent of Utility. As used herein, the term "Confidential Information" means proprietary business, financial and commercial information pertaining to Utility, customer names and other information related to customers, including energy usage data ("Customer Information"), any trade secrets and any other information of a similar nature, whether or not reduced to writing or other tangible form. Confidential Information shall not include: (a) information known to Marketer prior to obtaining the same from Utility; (b) information in the public domain at the time of disclosure by Marketer; (c) information obtained by Marketer from a third party who did not receive the same, directly or indirectly, from Utility; or (d) information approved for release by express prior written consent of an authorized representative of Utility.

10.2 Use of Confidential Information. Marketer hereby agrees that it shall use the Confidential Information solely for the purpose of performing under this Agreement. Marketer agrees to use at least the same degree of care Marketer uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care to prevent unauthorized use or disclosure of the Confidential Information.

10.3 Authorized Disclosure. Notwithstanding any other provisions of this Section 10, Marketer may disclose any of the Confidential Information in the event, but only to the extent, that, based upon advice of counsel, Marketer is required to do so by the disclosure requirements of any law, rule, regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or regulatory authority. Prior to making or permitting any such disclosure, Marketer shall provide Utility with prompt written notice of any such requirement so that Utility (with Marketer's assistance if requested by Utility) may seek a protective order or other appropriate remedy.

10.4 Term. The confidentiality provisions set forth in this Section 10 shall remain in full force and effect with respect to any Confidential Information until the date that is five (5) years after the date of disclosure of such Confidential Information; provided, further, that such confidentiality provisions shall remain in full force and effect with respect to any Customer Information in perpetuity.

10.5 Remedies. The Parties acknowledge that the Confidential Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section 10 and the obligations of Marketer are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section 10 by Marketer, Utility, its parent company(ies), subsidiaries and/or affiliates, who shall be third party beneficiaries of this Agreement, shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, monetary damages or any other legal or equitable remedy available to Utility, its direct and indirect parent company(ies), subsidiaries or affiliates.

XI. MISCELLANEOUS

11.1 Assignment. This Agreement, and the rights and obligations granted and/or obtained by Marketer hereunder, shall not be further transferred or assigned by Marketer without the prior written consent of Utility. Any assignment in violation of this Section 11.1 shall be void.

11.2 Independent Contractor. Marketer shall perform its obligations under this Agreement as an independent contractor, and no principal-agent or employer-employee relationship or joint venture or partnership shall be created with Utility.

11.3 Choice of Law. This Agreement shall be carried out and interpreted under the laws of the State of California, without regard to any conflict of law principles thereof. Except for matters and disputes with respect to which the CPUC is the proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Diego County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder. The Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

11.4 Resolution of Disputes. Any dispute arising between the Parties relating to the interpretation of this Agreement or to the performance of a Party's obligations hereunder shall be reduced to writing and referred to the Parties' designated representative for resolution. The Parties shall be required to meet and confer in an effort to resolve any such dispute. Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after discussion between the Parties shall be submitted to the CPUC for resolution. If Marketer disputes a Utility bill, the resolution of such dispute shall be as set forth in Electric Rule No. 29.

11.5 Waiver. Any failure or delay by either party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

11.6 Governmental Actions. This Agreement shall be subject to the continuing jurisdiction of the CPUC and all orders, rules, regulations, decision or actions of any governmental entity (including a court) having jurisdiction over Utility or this Agreement. The Agreement is subject to such changes or modifications by the CPUC as it may direct from time to time in the exercise of its jurisdiction.

11.7 Entire Agreement. This Agreement, including the Attachments listed below, sets forth the entire understanding of the Parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct or usage of trade.

Attachment A: Schedule BIP

Attachment B: Electric Rule No. 29 – Third-Party Marketers for Base Interruptible Program

Attachment C: Notice by Third-Party Marketer to Add or Delete Customers

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.9 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and shall not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the authorized representatives of Utility and Marketer have executed this Agreement as of the Effective Date.

UTILITY:

SAN DIEGO GAS & ELECTRIC COMPANY

MARKETER:

By: _____

By: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____