

Docket No.: R.20-11-003
Exhibit No.: CEJA-04
Date: 7/21/2021
Witnesses: Dan Sakaguchi
Commissioner: Marybel Batjer
ALJ: Brian Stevens

**PREPARED SUPPLEMENTAL REPLY TESTIMONY OF DAN SAKAGUCHI, MS, ON
BEHALF OF THE CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE ON R.20-11-003,
THE ORDER INSTITUTING RULEMAKING TO ESTABLISH POLICIES, PROCESSES, AND
RULES TO ENSURE RELIABLE ELECTRIC SERVICE IN CALIFORNIA IN THE EVENT OF
AN EXTREME WEATHER EVENT IN 2021**

1 The California Environmental Justice Alliance (“CEJA”) submits the following
2 supplemental reply testimony on the Order Instituting Rulemaking to Establish Policies,
3 Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme
4 Weather Event in 2021, proceeding R.20-11-003. This testimony responds to Administrative Law
5 Judge Stevens’ ruling on June 14, 2021 and is timely served pursuant to that Ruling.
6

7 SUPPLEMENTAL REPLY TESTIMONY OF DAN SAKAGUCHI

8 9 I. INTRODUCTION

10
11 **Q. Please state your name, position and organization.**

12 **A.** My name is Dan Sakaguchi, and I am a Staff Researcher at Communities for a Better
13 Environment (“CBE”) where I have been on staff since August 2018. My CV and qualifications
14 were set out in my January 11, 2021 opening testimony on behalf of the California
15 Environmental Justice Alliance (“CEJA”).
16

17 **Q. What is the purpose of this testimony?**

18 **A.** The purpose of my testimony today is to respond to the Supplemental Testimony served
19 by the Pacific Gas and Electric Company (“PG&E”) on July 7, 2021, and to clarify the
20 similarities and differences between elements of PG&E Power Saver Rewards Pilot (“PSRP”) to
21 CEJA’s proposed Just Flex Rewards (“JFR”) program. This is in response to ALJ Stevens’ June
22 14, 2021 Ruling, which stated that “[a]ll parties are granted the opportunity to serve reply
23 testimony, no later than July 21, 2021, that responds to the CEJA Just Flex Rewards and PG&E
24 Residential Rewards Pilot Program proposal refreshes.”
25

26 **Q. What are the similarities between PG&E’s PSRP and CEJA’s JFR?**

27 **A.** PG&E recognizes, as does CEJA, the limitations posed by smart technology demand
28 response (“DR”) programs, particularly for low-income customers and for disadvantaged

1 communities (“DACs”).¹ As a result, PG&E has proposed multiple participation options for the
2 PSRP, of which Option A (referred to also as “Behavioral DR” in the proposal) does not require
3 smart technology.

4 There are several key similarities between Option A of the PSRP and CEJA’s JFR.
5 Overall, both programs provide incentives for bundled and non-bundled residential customers on
6 an opt-out basis to reduce electricity consumption during emergency events.² While Option A is
7 not limited to low-income customers or DACs, it prioritizes such customers by only providing
8 flat incentive payments to them.³ Also as in CEJA’s proposal, Option A involves a
9 communication platform to provide timely alerts to customers of upcoming events and to provide
10 performance reports after events.⁴ Lastly, both programs are fundamentally quite simple. Under
11 CEJA’s JFR, the utilities would send an identical, batch SMS to customers, who need only reply
12 with a text prior to the emergency event, confirming their participation. After the event, the
13 utilities would similarly send a batch SMS, and customers would simply reply confirming they
14 reduced their load during the required hours.

15

16 **Q. What are the differences between Option A of PG&E’s PSRP and CEJA’s JFR?**
17 **Why should the CPUC adopt CEJA’s JFR?**

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

21 First, under PG&E’s proposal, only customers who receive Home Energy Reports (HER)
22 would be eligible for Option A.⁵ While the HER communication platform appears to be an ideal
23 mechanism to communicate real-time alerts and updates to customers, this would substantially
24 limit the eligibility of low-income customers and DACs. Instead, CEJA’s JFR involves the use of

¹ PG&E Supplemental Testimony, p. 1.

² *Id.*,p. 4.

³ *Id.*, p. 4 .

⁴ *Id.*, p. 5.

⁵ While not stated explicitly, this is assumed from PG&E’s reported figures that 1.6 million customers receive HER (p. 5), 1.4 million PG&E customers receive bill discounts through either CARE or FERA (p. 8), Option A incentives would be offered to 696,000 customers annually (p. 14), and 1.6 million customers would participate in Option A in total (pg. 16). CEJA assumes this implies that the 1.6 million HER customers would receive the emergency conservation alerts, of which only 696,000 customers are in DACs or are low-income.

1 text, and if necessary, phone communication, which can be built on top of other existing
2 platforms utilized for wildfire and PSPS event outreach.⁶ While we recommend the IOUs
3 leverage the HER platform when possible, we recommend that non-HER customers be eligible
4 as well, and that text communication be used primarily to allow for wider participation.

5 Second, PG&E's proposed incentive model appears ill-suited to meaningfully and
6 effectively incentivize low-income and DAC participants. PG&E proposes an annual \$10
7 incentive paid at the end of each season. PG&E incorrectly asserts that JFR would also provide a
8 flat *annual* incentive of \$10 per customer.⁷ Instead, as clarified in my July 7, 2021 Supplemental
9 Testimony, CEJA proposes a flat, *per-event* incentive of \$5 for each customer for a 5 hour ELRP
10 event (using a rate of \$1 per hour based on a rate of \$2.00/kwh). Further, JFR only grants this
11 incentive for customers that have both opted in prior to the event and have self-verified after the
12 event that they completed the required load reductions. As stated in my July 7 supplemental
13 testimony, evidence from past behavioral DR programs shows that incentives must be *sizable*
14 and *timely* in order to be effective.⁸ With three to five events called per year, PG&E's annual rate
15 of \$10 could result in per-event compensation of only \$2.00 to \$2.50, which is likely inadequate
16 to encourage load reductions. CEJA believes these differences in incentive model can ensure that
17 load reductions exceed PG&E's projections of 0.035 kW per customer.⁹ By providing larger per-
18 household incentives, for example, the PG&E DAC Behavioral DR Pilot in Fresno achieved load
19 reductions of 0.69 kW on average per customer. An evaluation of the program assumed a load
20 drop capacity of 0.5 kW in estimating load potential from larger scale efforts, just as I did in my
21 Supplemental Testimony.¹⁰ This demonstrates the reasonableness of the JFR's 0.5 kW
22 assumption for our flat rate calculation.

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

⁶ See generally CEJA Supplemental Testimony, CEJA-03.

⁷ PG&E Supplemental Testimony, pp. 14-15.

⁸ See also CEJA Supplemental Testimony, CEJA-03, p. 16 n. 9 and p. 11 n. 24 (citing CEC studies and Greentech article).

⁹ PG&E Supplemental Testimony, p. 16.

¹⁰ PG&E's behavioral DR pilot in Fresno, a partnership with Olivine, saw an average load shed of 0.69 kW. See PG&E, "Serving the Underserved: Lessons learned from Behavioral Demand Response Implementation", presentation delivered at the 43rd PLMA Conference on May 12th, 2021. See <https://www.peakload.org/43rd-conference-agenda>.

1 & Electric service territories should also have the opportunity to participate. CEJA is also
2 concerned by the high administration costs required in the PG&E proposal, between 38 to 40
3 percent of the total budgets.¹¹ Given that both Option A and JFR leverage existing
4 communication platforms, we expect that administration costs should be much lower. The
5 program should be designed to maximize customer incentives, as possible.
6

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

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

18 Overall, we believe that PG&E’s inclusion of a Behavioral DR option for low-income
19 customers and DACs in its proposal demonstrates the need and potential benefits of a program
20 like JFR. We request that it be included within the options that the Commission approves.
21

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

23 **A.** Yes, it was.
24

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

26 **A.** Yes, I do.
27

¹¹ *Id.*, p. 14.

¹² *Id.*, pp. 8-9.

¹³ *Id.*, p. 12.

1 **Q. Insofar as this material is in the nature of opinion or judgment, does it represent**
2 **your best judgment?**

3 **A. Yes, it does.**

4

5 **Q. Do you adopt this testimony as your sworn testimony in this proceeding?**

6 **A. Yes, I do.**

7

8 **Q. Does that conclude your testimony?**

9 **A. Yes.**