

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

*March 26, 2018*



## Bill Credit Methodology

- Pre-determine a Credit per kWh for *each* current IOU Demand Response Program
- “SDG&E Demand Response Program Credit” rate and resulting dollar amount would be presented as a line-item on bills of applicable CCA customers, each billing period
- SDG&E Demand Response Program Credit rate would be based on:
  - The sum of IOU’s current-year’s authorized revenue requirement in rates, for each similar and approved CCA DR program
  - Authorized customer-class sales (kWh)
  - DR Credit Rate will be set to zero if result is less than \$0.00001 per kWh (which equates to less than ½ cent per month when applied to an average-use residential customer)
- Authorized Revenue Requirement used in the calculation would include DR program administration costs allocated to the impacted customer class

# Bill Credit Methodology – Additional Details

- CARE Customers

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

- FERA Customers

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

- Tariff for the Credit

- Propose to include language in the CCA tariff, rather than develop a unique tariff

- Education and Outreach

- Education to focus on how are these costs allocated among programs and then rolled into the credit, timing of credits and so forth
- Tied to eligibility, and notification for current program participants

# Nuances Specific to SDG&E

- How SDG&E's Demand Response cost recovery mechanism works
  - DR Program costs are recovered through Distribution UDC rates
  - SDG&E collects, in current rates, what was spent on DR Programs in the previous year
  - DR Program budgets are authorized in DR applications
  - DR Program expense are booked to a memo account
    - Advanced Metering and Demand Response Memorandum Account (AMDRMA)
    - Therefore, tracking can identify actual DR expenses for DR costs spent on programs CCA customers are eligible for
    - Starts with zero balance each year
  - AMDRMA account flows into a Balancing Account for cost recovery
    - Rewards and Penalties Balancing Account (RPBA)
    - Trued up each year
    - Distribution component of rates adjusted annually