Application: A.26-02-XXX
Exhibit No.: SDGE-04
Witness: Jeff DeTuri

**PREPARED TESTIMONY OF**

**JEFF DeTURI**

**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

**CHAPTER 4 – CUSTOMER PROTECTION**

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

**FEBRUARY 2, 2026**

## TABLE OF CONTENTS

**PREPARED TESTIMONY OF**
**JEFF DeTURI**
**CHAPTER 4 – CUSTOMER PROTECTION**

## I. OVERVIEW AND PURPOSE

The purpose of my direct testimony is to provide proposed customer protection options for SDG&E's dynamic pricing application pursuant to Ordering Paragraph (OP) 1 of Decision (D.) 25-08-049 (Guidance Decision). As an overall approach, SDG&E is proposing to implement price limits and price caps on the generation and distribution capacity charges.[1] Price limits will act to limit potential negative bill impacts resulting from a customer's choice to participate in a proposed demand flexibility rate, while also having the benefit of relative ease of implementation, relative understandability, and adequate revenue collection, while preserving price signals to encourage load shifting.

The Decision has several guidelines around customer protection:[2]

- Conclusions of Law (COL) 25: It is reasonable to require Large Investor-Owned Utilities (IOUs) to provide customer protection options in their DF Rate Proposals for bill and revenue stability to enable wider adoption of hourly DF rates without creating large structural bill impacts for both participants and non-participants.
- COL 26: It is reasonable to require that the Large IOUs must include appropriate customer protection options that provide bill and revenue stability benefits for each customer class in their DF Rate Proposals.
- COL 28: It is reasonable to require that customer protection options in Large IOU DF Rate Proposals must:
    a. ensure stability of revenue recovery and minimize structural rate impacts;
    b. reduce the impact of non-coincident peak demand charges and flat volumetric charges on customer incentives to respond to dynamic prices; and

[1] *See* Exhibit (Ex.) SDGE-02, Chapter 2, Rate Design – Commodity/Generation (Ex. SDGE-02, Commodity); Ex. SDGE-03, Chapter 3, Rate Design – Distribution and Transmission (Ex. SDG&E-02, Distribution and Transmission).
[2] *See* Guidance Decision, Conclusions of Law (COL) 24-30 at 143-144.

c. protect customers against extended periods of high dynamic prices which cannot be mitigated by load shift.

- COL 29: It is reasonable to provide the Large IOUs with flexibility to design customer-class appropriate protection options in DF Rate Proposals and identify the following as viable approaches:

  a. two-part subscription tariffs, which may differ in design for different customer classes to account for differences in customer acceptance and load characteristics;

  b. an approach similar to VCE's price-adjustment, where the average of the dynamic price is adjusted with a scalar offset to recover the same revenues as a class-specific tariff;

  c. transactive pricing programs where forward transactions are offered no earlier than on a week-ahead basis to minimize potential forecasting risks, and offered to large customers that can plan and schedule their energy use; and

  d. bill limiters or bill protection, with clear demonstration of how cost shifts will be minimized and price incentives preserved.

- COL 30: It is reasonable to require that all Large IOU DF Rate Proposals include the following analysis for any proposed customer protection option:

  a. estimated customer bill impacts such as those generated by the Lawrence Berkeley National Laboratory (LBNL) subscription design tool developed as part of the Working Group process;

  b. rate and revenue impacts for both participants and non-participants;

  c. potential for cost shifting from participants to non-participants; and

  d. whether incentives to respond to dynamic prices will be impacted, for example when a customer reaches their bill limit within a billing period.

My testimony is organized as follows:

- **Section I – Overview and Purpose**
- **Section II – Price Limits**
- **Section III – Analysis**
- **Section IV – Summary and Conclusion**
- **Section V – Witness Qualifications**

## II. PRICE LIMITS

Price limits act in a similar fashion as bill limiters or bill protection. However, because they occur earlier in the billing process, at time of price ingestion, they are easier to implement into the billing system and for the billing system to perform its normal functions without any after-the-fact adjustments like those potentially required by a bill limit or a bill protection method. This proposal will require more limited billing system changes, and costs associated with those changes, than some of the other options mentioned in the Guidance Decision. As noted in COL 29(d), price limits will provide some customer protection while minimizing cost shifts and preserving price incentives. Additionally, price limits promote stability of revenue recovery while minimizing structural rate impacts. They also provide some protection against extended periods of high dynamic prices while maintaining incentive to load shift. SDG&E's rate design for customer protection has price limits on Marginal Energy Costs (MEC) pricing and inherent price limits from the Marginal Generation Capacity Costs (MGCC) and Marginal Distribution Capacity Costs (MDCC) that were not explicitly designed for customer protection but nevertheless act as price limits.

### A. Marginal Energy Costs Price Limits

SDG&E proposes to have a ceiling on MEC prices which is offset with a floor price to prevent cost shifting for customers under a dynamic pricing rate. SDG&E proposes to set the price ceiling at $750/MWh and a floor price of $0/MWh, before Distribution Loss Factors (DLF) or Equal Percentage of Marginal Cost (EPMC) are applied. Under this proposal, a customer on the dynamic pricing rate is not paying extremely high prices above $750/MWh. However, to limit the potential for cost shifting from this ceiling, SDG&E is also proposing a $0/MWh floor, limiting the potential cost benefit of negative prices in an effort to maintain revenue neutrality.

The price ceiling and floor are derived from an analysis of a three year history of California Independent System Operator (CAISO) prices. For years 2022-2024, the sum of all negative prices almost perfectly offsets (zeroes out) the sum of all prices above $750/MWh. Because SDG&E is seeking to avoid negative MEC pricing, the price of $750/MWh seemed appropriate and would avoid cost shifting. To the extent that the amount of offset is not exact, SDG&E expects the remaining amount to be neglible. Additionally, a $0/MWh price floor may avoid some level of customer confusion for customers not used to seeing negative price signals, while still encouraging appropriate load shifting. Furthermore, since the DLF and EPMC are applied to the MEC to account for losses and non-marginal costs, applying those factors to a negative rate would equate to crediting customers with non-marginal costs, which would be an unintentional and undesired consequence and cause cost shifting.

### B. Marginal Generation Capacity Costs Price Limits & Distribution Capacity Limits

SDG&E's proposal to use a Top 150 hours approach to the MGCC also acts as price limit, but is not being proposed as an additional customer protection.[3] SDG&E's goal is to provide a balanced approach to the dynamic pricing and the Top 150 hour MGCC provides a good mix of price certainty, strong price incentives to shift, is less complex and easier for customers to calculate than other options, and provides important protection from price spikes. The Top 150 hours approach is a threshold metric that is either met and the MGCC is applied or it is not met and the MGCC is $0. The advantage in terms of price limits is that regardless of load the MGCC is capped.

[3] Ex. SDGE-02, Commodity, Section IV.C at 7.

SDG&E's choice of a Top 200 circuit hour approach to the distribution capacity hourly adders is also a price limit.[4] Similar to the MGCC methodology, the Top 200 hour approach is a threshold metric that is either met and the marginal distribution on-peak demand costs is applied, or it is not met and the marginal distribution on-peak demand costs is $0. The advantage in terms of price limits is that regardless of load the marginal distribution on-peak demand costs is capped. The EPMC is applied to the marginal distribution on-peak demand costs and thus, the distribution capacity hourly adders design to recover the marginal distribution on-peak demand costs should be large enough to provide strong price incentives to shift load. By limiting it to the Top 200 circuit hours, marginal distribution on-peak demand costs are spread over fewer circuit hours in the year, therefore providing stronger price signals.

## III. ANALYSIS

SDG&E's Proposed DF Rates, including its customer protections, is designed to limit any potential for cost shifting between participants and non-participants.[5] Like SDG&E's other rates, SDG&E designed the Proposed DF Rates based on marginal costs, but the time granularity of the Proposed DF Rates—at an hourly level—is where DF rates are significantly different than other rates.

### A. Estimated Bill Impacts

SDG&E's workpapers demonstrate estimated bill impacts resulting from the customer protections of its Proposed DF Rates. One is based on existing non-DF rates as of the 10/1/2025 rate change, and the other is based on the Proposed DF Rates. The same assumptions and

[4] Ex. SDGE-03, Distribution and Transmission, Section II.C at 4.
[5] SDG&E is also proposing to enforce Rule 12 to prevent DF rates customers from changing their rate before a year has passed, which also prevents cost shifting.

customer load was used by both so the only difference is the rate. The bill impacts for the Proposed DF Rates assume no load shifting.

The results of this comparison can be seen on the below table.

**Table JDT-1: Estimated Annual Bill Comparison in Dollars**

| Class | Summer/ Winter | Current Rate | Proposed DF Rate | Difference |
|---|---|---|---|---|
| **Res** | | | | |
| | Winter | $ 1,694 | $ 1,680 | $ (15) |
| | Summer | $ 1,127 | $ 1,141 | $ 14 |
| | Total | $ 2,821 | $ 2,820 | $ (1) |
| **SmCom** | | | | |
| | Winter | $ 5,938 | $ 3,390 | $ (2,548) |
| | Summer | $ 5,278 | $ 3,759 | $ (1,518) |
| | Total | $ 11,216 | $ 7,149 | $ (4,067) |
| **M/L C&I** | | | | |
| | Winter | $ 883,382 | $ 680,465 | $ (202,918) |
| | Summer | $ 867,516 | $ 1,059,944 | $ 192,428 |
| | Total | $ 1,750,899 | $ 1,740,408 | $ (10,490) |
| **Ag** | | | | |
| | Winter | $ 9,794 | $ 9,943 | $ 149 |
| | Summer | $ 13,915 | $ 15,285 | $ 1,370 |
| | Total | $ 23,709 | $ 25,229 | $ 1,519 |

Every Proposed DF Rate, except for agriculture, showed savings even without any load shifting. However, as compared to the relevant default rates, the Proposed DF Rates had more monthly bill volatility as shown in the below table:

**Table JDT-2: Monthly Estimated Bill Ranges**

| Class | Current Rate Monthly Range | | Proposed DF Rate Monthly Range | |
|---|---|---|---|---|
| Res | $ | 26 | $ | 136 |
| SmCom | $ | 377 | $ | 681 |
| M/L C&I | $ | 57,036 | $ | 300,144 |
| Ag | $ | 1,791 | $ | 3,761 |

The range for customer bills was calculated as the difference between the highest monthly bill and the lowest monthly bill by class using a median customer profile for each class. Table JDT-2 illustrates that the Proposed DF Rates are expected to be more volatile than default rates, even if customers on the Proposed DF Rates experience annual cost savings without shifting usage, which is expected given the variable nature of the marginal costs.

Additionally, SDG&E ran five scenarios to compare SDG&E's proposed customer protection price cap and price floor. The five scenarios were based on adjusting the 2024 CAISO prices by (1) subtracting 10% from the price, (2) adding 10% to the price, (3) adding 20% to the price, (4) adding 100% to the price, and (5) no adjustment to the 2024 CAISO prices. For each scenario SDG&E ran the analysis with customer protections and without. Of these scenarios, only the 20% and 100% adder scenarios had the CAISO prices exceeding the price ceiling. The 20% higher scenario exceeded $750/MWh once, while the 100% higher scenario exceeded it five times. In both instances, the price cap resulted in reduction in the range between the highest monthly bill and the lowest monthly bill over the year scenario as compared to no price cap. For those scenarios where the price ceiling was applied *and* those scenarios where it was not, the price floor of $0/MWh led to less volatile bills (a reduction in the range between highest and lowest monthly bill). Thus, the ranges between the highest monthly bill and the lowest monthly bill were larger without the customer protection across all scenarios including

the 2024 base prices that were not adjusted. Accordingly, SDG&E's proposed price cap and price floor effectively reduce variability in customer bills. The results of the scenario analysis are summarized in the below Table which shows the percentage decrease in the monthly bill ranges by class across all scenarios.

**Table JDT-3: Summary of Customer Protection Effectiveness**

| Class | % Decrease in Monthly Range |
|---|---|
| Res | 1.6% |
| SmCom | 3.9% |
| M/L C&I | 3.2% |
| Ag | 2.4% |

Below is a table of three years of CAISO prices for the SDG&E area and how often the customer protection would have been applied in hours.

**Table JDT-4: CAISO Prices Customer Protection Count in Hours**

| Year | CAISO Price > $750/MHh | CAISO Price < $0/MWh |
|---|---|---|
| 2022 | 16 | 43 |
| 2023 | 3 | 263 |
| 2024 | - | 989 |

**B. Rate and Revenue Impacts for Participants and Non-Participants**

As seen in the above Table 1, customers on the Proposed DF Rates can expect an average annual cost savings even without load shifting. SDG&E expects the Proposed DF Rates to recover all revenue because they are based on marginal costs and then have an EPMC factor applied to ensure recovery of non-marginal costs, ensuring they are designed revenue neutral similar to non-DF Rates.

For the Proposed DF Rates the commodity, distribution and transmission will change but all other rate components will be equal to the otherwise applicable rate. For commodity, there will now be new MEC and MGCC. The MEC will vary based on the CAISO price and the load for the DLF calculation. The MGCC will depend on whether it is a top hour or not.

For distribution, the MDCC will now be based on which circuit cluster the customer is in and whether it is a top hour. For transmission, there will now be TOU base rates for the residential, small commercial and agriculture classes. The medium and large commercial and industrial class already have time based Non-Coincident and Demand Charges so those will be updated but remain structurally the same.

Non-participants will have no changes to their rates except for the incremental addition of the implementation costs as outlined in SDG&E's implementation testimony at Chapter 5.

## IV. SUMMARY AND CONCLUSION

SDG&E recommends that the Commission approve the proposed customer protection rate design for dynamic pricing customers, as described above. If this rate design is adopted, the MEC price ceiling and floor can be re-examined during subsequent GRC Phase 2 to ensure they remain at the appropriate levels.

This concludes my prepared direct testimony.

## V. WITNESS QUALIFICATIONS

My name is Jeff DeTuri. My business address is 8315 Century Park Court, San Diego, CA 92123. I am employed by SDG&E and my current title is Senior Supervisor - Rates in the Customer Pricing Department. My responsibilities include oversight of development of real-time pricing strategies and analysis needed for the development of electric rates. I joined SDG&E in August 2003 and have held various positions with increasing levels of responsibility within San Diego Gas & Electric. Prior to joining SDG&E, I worked as an accounting professional for various companies throughout San Diego County. I received a Bachelor of Accountancy degree and a Master of Business Administration from the University of San Diego.

I have previously testified before the California Public Utilities Commission.