Application: A.26-02-XXX
Exhibit No.: SDGE-05
Witness: Chelsea Haro

PREPARED DIRECT TESTIMONY OF

CHELSEA HARO

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

CHAPTER 5 - IMPLEMENTATION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FEBRUARY 2, 2026

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PREPARED DIRECT TESTIMONY OF
CHELSEA HARO
CHAPTER 5 - IMPLEMENTATION

I. OVERVIEW AND PURPOSE

This prepared direct testimony outlines the design and implementation costs for San Diego Gas & Electric's (SDG&E) proposed demand flexibility rates (Proposed DF Rates). The application complies with Ordering Paragraph (OP) 1 of Decision (D.) 25-08-049 (Guidance Decision), which directs SDG&E to file a consolidated application for Proposed DF Rates across all customer classes, except streetlighting, in alignment with the California Energy Commission's (CEC) Load Management Standards (LMS). My testimony focuses on the implementation design and costs required to implement the Proposed DF Rates for all customer classes.

My testimony is organized as follows:

- **Section I – Overview and Purpose**
- **Section II – Implementation Design**
- **Section III – Implementation Costs**
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- **Attachment D - Illustrative Rate Components for DF Rates**

II. IMPLEMENTATION DESIGN

SDG&E's Proposed DF Rates will be available to all customer classes, except streetlighting. SDG&E intends to evaluate how customers respond to hourly price signals (load impacts) as well as potential bill reductions and cost savings to rate payers. As noted in D.25-08-049, the "California Energy Commission adopted the Load Management Standards to motivate electric customers to shift electricity demand, or load, from high-demand periods when peaking power plants and other polluting generators tend to be in use, to periods when lower-cost clean electricity is available,"[1] in turn providing energy efficiency and grid reliability that benefits both participants and non-participants.

On October 13, 2025, SDG&E convened a meeting with Clean Energy Alliance and San Diego Community Power (Joint CCAs or CCAs) to review the proposed rate design and respond to questions regarding their ability to implement DF rates independently. An additional meeting was held January 7, 2026, to support ongoing collaboration, gather feedback and address any questions.

A. Eligibility

SDG&E's Proposed DF Rates will be available to all customer classes, excluding streetlighting. The rate structure will include both commodity and non-commodity components,[2] enabling the CCAs to offer an equivalent DF rate to their respective customers for the commodity component.

Participation in the Proposed DF Rates will be subject to certain eligibility restrictions. Customers enrolled in Net Energy Metering (NEM), Net Billing Tariff (NBT), conjunctive

[1] D.25-08-049 at 3.
[2] Non-commodity components include Utility Distribution Company (UDC) and Wildfire Fund Non-Bypassable Charges (WF-NBC) rate components.

billing[3] arrangements, or grandfathered time-of-use (TOU) rates[4] will not be eligible to participate. With affordability and ease of understanding as important considerations, SDG&E determined that implementing NEM, NBT, and conjunctive billing would be overly complex and cost-prohibitive. Additionally, these options are unlikely to provide customers with greater benefits compared to their current rate structures. Customers currently enrolled in an ineligible rate must transition off that rate before enrolling in a Proposed DF Rate.

B. Enrollment

Proposed DF Rates will be optional tariffs available to eligible customers. Participation in the Proposed DF Rates will be voluntary, and customers electing to enroll will be transitioned to the applicable Proposed DF Rate at the start of their next billing cycle following confirmation of eligibility.[5] Pursuant to the Guidance Decision and the LMS, the Proposed DF Rates design incorporates non-commodity components. This structure provides the Joint CCAs with the ability to develop and implement LMS compliant DF rate offerings for customers within their service territories.

The optional nature of the Proposed DF Rates is intended to promote customer choice while supporting innovation in DF models. SDG&E will clearly communicate the enrollment processes, eligibility criteria, and rate components to customers and CCAs to enable informed decision-making and a successful implementation of the rate.

Customer participation in DF rates will be assessed, through Measurement and Evaluation (M&E) activities, as detailed in the Chapter 7 of SDG&E's testimony. These efforts

[3] Conjunctive Billing reflects customers with multiple meters on a single premise, where interval meter data is combined or subtracted for the purpose of billing

[4] SDG&E's grandfathered TOU is expiring July 31, 2027 (December 31, 2027 for schools).

[5] Customer to be enrolled at the beginning of the next billing cycle upon giving SDG&E at least five business days' notice before the end of the customer's billing cycle. Otherwise, customer will be enrolled at the beginning of the subsequent billing cycle.

will include quantitative and qualitative analyses designed to evaluate enrollment trends, customer engagement, and overall program performance against established objectives.

C. Unenrollment

Customers participating in the Proposed DF Rates may elect to unenroll at any time after a one-year period on the rate, per Tariff Electric Rule 12. Unenrollment will take effect at the beginning of the customer's next billing cycle.[6] Upon unenrollment, the customer will revert to the applicable default rates under their standard tariff unless an alternative eligible rate option is selected.

SDG&E proposes to apply the provisions of Electric Rule 12, which restrict customers to "only one rate schedule change…in any twelve-month period,"[7] to mitigate the risk of rate arbitrage that is possible due to hourly pricing on the Proposed DF Rates that may fluctuate above or below the customer's otherwise default rates. Without appropriate safeguards, this variability could create opportunities for sophisticated customers to engage in rate arbitrage by switching between the Proposed DF Rates, CCA or Direct Access (DA) programs, and default rates to secure the lowest price. Limiting the potential for rate arbitrage avoids the potential for cost shifting across customers.

D. Customer Notification

SDG&E will create a webpage similar to its existing Dynamic Export Rate Pilot (DERP) webpage on the SDG&E website to provide timely and transparent access to hourly DF rates.[8]

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[6] Customer to be unenrolled at the beginning of the next billing cycle upon giving SDG&E at least five business days' notice before the end of the customer's billing cycle. Otherwise, customer will be unenrolled at the beginning of the subsequent billing cycle.

[7] SDG&E, Tariff Electric Rule 12, *available at* https://www.sdge.com/sites/default/files/elec_elec-rules_erule12.pdf.

[8] *See* https://www.sdge.com/dynamic-export-rate-pilot-program. Note that time-of-use transmission pricing and location-based distribution pricing will be included on the applicable tariff.

Hourly prices for the Proposed DF Rates will be posted by 6:00 p.m. Pacific Time on the day prior to their effective date, ensuring customers and market participants have sufficient time to review and plan accordingly. The posted hourly prices will represent the full commodity rate applicable to the Proposed DF Rates. In addition, SDG&E will upload the same pricing data to the Market Informed Demand Automation Server (MIDAS) platform, enabling access for customers, third-party providers, and CCA or DA entities. This dual posting approach promotes transparency, facilitates market-informed decision-making, and supports interoperability with automated demand response and pricing systems. Details of the commodity, distribution and transmission rate calculations are further outlined in Chapters 1-4 of testimony.

SDG&E will continue to provide DF rate participants with access to their hourly usage data through SDG&E's secure online account portal. This functionality enables customers to monitor consumption patterns and make informed decisions in response to DF hourly pricing signals. In addition, DF participants who wish to share their usage data with third-party service providers, such as energy management companies or technology vendors, may do so by utilizing SDG&E's existing data-sharing protocols.[9] These protocols are designed with applicable privacy and security standards in mind, including customer consent, and facilitate interoperability with third-party tools that support demand response and load management strategies.

III. IMPLEMENTATION COSTS

SDG&E proposes to track and recover implementation costs associated with the Proposed DF Rates through a two-way balancing account, consistent with California Public

[9] https://www.sdge.com/green-buttonSDG&E Green Button data initiative, *available at:* https://www.sdge.com/green-button

Utilities Commission (Commission)-approved cost recovery mechanisms. Details of the proposed account are addressed in Chapter 8 of testimony.

In developing the Proposed DF Rates, SDG&E considered numerous factors including cost/affordability, technical complexity, customer understanding, and potential customer participation. To the extent possible and technically feasible, and in compliance with the Guidance Decision, SDG&E prioritized a customer-centric approach focused on relative simplicity, transparency, and ease of use.

The costs associated with the Proposed DF Rates reflect both capital expenditures and incremental operating costs incurred by SDG&E in the design, implementation, and administration. These costs include, but are not limited to, system integration and Information Technology (IT) upgrades, customer outreach and education, measurement and evaluation activities, and ongoing program support.

A summary of the proposed implementation costs is included as Attachment C to this filing. These costs represent an estimate of the necessary resources for appropriate rate design, customer engagement, program integrity, and compliance with applicable Commission directives as described in this testimony. To the extent the rate design and other aspects of rate implementation differ from those proposed in the Application, the associated costs and estimates will likely also change from those included in Attachment C.

A. Billing System

To minimize overall implementation costs for the Proposed DF Rates, SDG&E proposes to leverage existing functionality within its billing system currently supporting the Grid Integrated Rate (Schedule PUBLIC GIR), Vehicle Grid Integration (VGI) and DERP. By utilizing these established capabilities, SDG&E anticipates reducing the need for more extensive system development and integration, thereby lowering total implementation costs.

SDG&E forecasts that the total billing system costs for implementing the Proposed DF Rates within its billing system will be approximately $5.4 million. These costs encompass the following key activities: 1) planning, analyzing, and developing billing system requirements; 2) designing, building, and validating the new rate and calculations within the billing system; 3) designing, building, and validating enrollment notifications and communication tools; 4) designing, building and validating detailed usage/charges in MyEnergyCenter; 5) performing quality assurance and end-to-end testing to ensure overall accuracy of the system; 6) deploying and stabilizing the implemented changes; and 7) updating for CAISO pricing, reporting, and MIDAS updates.

B. Price Webpage

SDG&E proposes implementing a dedicated webpage to provide DF rate participants with daily access to hourly price information. This webpage will serve as a centralized, customer-facing platform designed to promote transparency and enable informed decision-making by displaying dynamic prices by 6:00 p.m. Pacific Time for the following day. To develop and maintain this functionality, SDG&E forecasts implementation costs of approximately $0.545 million, which are included within $5.4 million allocated the billing system updates. These costs will include, but are not limited to: 1) webpage design and development; 2) system integration; 3) testing and quality assurance; 4) deployment and stabilization; and 5) uploads to MIDAS.

C. Marketing, Education and Outreach (ME&O)

SDG&E recognizes that effective Marketing, Education, and Outreach (ME&O) is critical to the success of DF rates. A comprehensive ME&O strategy will promote customer understanding of the program's objectives, eligibility requirements, enrollment process, and the tools available to manage energy usage under DF conditions.

The description of all ME&O activities, customer support initiatives, and details on the associated estimated budget is provided in Chapter 6 of SDG&E's prepared direct testimony. The cost associated with the ME&O effort as described in Chapter 6 is estimated to be approximately $2.5 million.

D. Measurement and Evaluation (M&E)

SDG&E will implement a comprehensive M&E framework to assess the effectiveness of DF rates. This framework will evaluate key performance indicators, including changes in customer energy usage (load impacts), potential bill reductions for participating customers, and cost savings realized by the utility. If there is insufficient participation for this evaluation, non-participant surveys will still be administered.

These analyses may provide insight into the program's ability to support the Commission's DF OIR objectives to: (a) enhance the reliability of California's electric system; (b) make electric bills more affordable and equitable; (c) reduce long-term system costs through more efficient pricing of electricity; and (d) enable participation in DF by both bundled and unbundled customers as outlined in D.25-08-049.[10]

The description of all M&E activities, methodologies, and associated estimated budgets is provided in Chapter 7 of SGD&E's prepared direct testimony. The cost associated with the M&E effort, as described in Chapter 7, is estimated to be $1.6 million.

E. Rate and Bill Impact

The total estimated cost to implement the Proposed DF Rates is approximately $9.5 million. In Chapter 9 of its testimony, SDG&E converts these costs to a revenue requirement. SDG&E proposes to include the Commission approved revenue requirement beginning as early

[10] D.25-08-049 at 4.

as 2028 through 2031, , beginning January 1 following a decision if practicable. Balancing account treatment of such amounts is addressed in Chapter 8 of testimony. SDG&E will continue to recover ongoing forecasted annual revenue requirements with its January 1 rate changes until it is included in a future General Rate Case (GRC).

Similar to DERP, SDG&E proposes that implementation costs approved by the Commission be included in the Public Purpose Program (PPP) rate component for all customer classes using the equal-cents per kWh allocator. Allocating costs to all customers is reasonable because DF rates are designed to encourage load shifting during periods of high demand and any resulting load shift supports decarbonization and grid reliability which benefit all customers regardless of their participation in the rate.

In accordance with D.25-08-049, SDG&E will also provide customer protection mechanisms to mitigate some price volatility while maintaining the price signals necessary to encourage load shifting. Customer protections are detailed in Chapter 4 of SDG&E's testimony.

To the extent the Proposed DF Rates design or other aspects of rate implementation differ from those proposed by SDG&E in this Application, the cost estimates included herein will need reconsideration and may differ significantly from those included herein.

F. Duration and Timeline

Assuming adoption of SDG&E's Proposed DF Rates as described in this Application, and based on the factors outlined above, including requirements for development, billing system configuration, testing, quality assurance, and ME&O, SDG&E anticipates that the Proposed DF Rates will be available for customer enrollment approximately 10 months following a final decision in this proceeding. However, to the extent the rate design or other aspects of rate implementation differ from those proposed by SDG&E in this Application, the timeline may also differ. See Attachment A for an illustration of the proposed schedule and timeline.

IV. SUMMARY AND CONCLUSION

SDG&E recommends that the Commission adopt the Proposed DF Rates and the implementation costs described above to support the successful implementation of the Proposed DF Rates.

This concludes my prepared direct testimony.

V. STATEMENT OF QUALIFICATIONS

My name is Chelsea Haro and I am a Business Economic Advisor in the Customer Pricing department for SDG&E. My business address is 8330 Century Park Court, San Diego, California, 92123. I have held this position for approximately 2 years. I previously held multiple roles at Calpine Energy Solutions over a three-year period, with responsibilities spanning data analytics, client support, and reporting. I received a Bachelor of Science degree in Psychology from the University of La Verne in 2012.

I have not previously testified before the Commission.

ATTACHMENT A

PROPOSED TIMELINE: SUBJECT TO CHANGE

<table>
<tr><th colspan="4">Pre Implementation</th><th colspan="4">Year 1 Implementation</th><th colspan="4">Year 2 Implementation</th><th colspan="4">Year 3 Implementation</th></tr>
<tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td colspan="4">Implementation Planning & Development</td><td colspan="4"></td><td colspan="4"></td><td colspan="4"></td></tr>
<tr><td colspan="4" rowspan="2"></td><td colspan="4">Preparation for M&E</td><td colspan="4">M&E Year 1 Evaluation and Survey</td><td colspan="4">M&E Year 2 Evaluation and Survey</td></tr>
<tr><td colspan="12">Dynamic Pricing Available to customers</td></tr>
<tr><td colspan="4"></td><td colspan="4">Preparation for ME&O</td><td colspan="4">Enrollment campaign, education and targeted support</td><td>Refresh campaign and education</td><td colspan="3">Enrollment campaign, education and targeted support</td><td colspan="4"></td></tr>
</table>

ATTACHMENT B
ILLUSTRATIVE ELECTRIC CLASS AVERAGE RATES
FOR PROPOSED DF RATES

Customer Class	Current Bundled Rates (1/1/2026)	Proposed Bundled Rates	Change	Change
	(¢/kWh)	(¢/kWh)	(¢/kWh)	(%)
Residential	17.53	17.53	0.02	0.04%
Small Commercial	15.39	15.39	0.02	0.04%
M/L C&I	19.28	19.28	0.02	0.04%
Agriculture	13.04	13.04	0.02	0.07%
Lighting	11.99	11.99	0.02	0.05%
System Total	**17.68**	**17.68**	**0.02**	**0.05%**

ATTACHMENT C
PROPOSED IMPLEMENTATION COSTS

Activity Item	Estimated Cost
Billing System	$ 5,405,000
Measurement and Evaluation (M&E)	$ 1,647,780
Marketing, Education and Outreach (ME&O)	$ 2,454,927
Total	**$ 9,507,707**

ATTACHMENT D

ILLUSTRATIVE RATE COMPONENTS BY CUSTOMER CLASS[1]

Residential										
Type	**Transmission**	**Distribution Base Rate**	**PPP**	**ND**	**CTC**	**LGC**	**RS**	**TRAC**	**TOTAL UDC**	**WF-NBC + DWR-BC**
Base Services Charge ($/Day)	0.00000	0.48321	0.22173	0.00000	0.00000	0.08849	0.00000	0.00000	0.79343	0.00000
On Peak: Summer ($/kWh)	0.13705	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	(0.01357)	Variable	0.00595
Off Peak: Summer ($/kWh)	0.08980	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	(0.01357)	Variable	0.00595
Super Off Peak: Summer ($/kWh)	0.08980	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	(0.01357)	Variable	0.00595
On Peak: Winter ($/kWh)	0.09911	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	0.12466	Variable	0.00595
Off Peak: Winter ($/kWh)	0.08980	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	0.12466	Variable	0.00595
Super Off Peak: Winter ($/kWh)	0.08980	0.15724	0.00663	0.00001	0.00030	0.00000	0.00001	0.12466	Variable	0.00595
Type	**Other**	**Rate component**								
EECC ($/kWh)	Variable (CAISO, DLF, EPMC, MGCC)	Commodity								
Distribution Capacity Adder ($/kWh)	Variable (Top 200 hours by circuit)	Distribution								
TRBBA ($/kWh)	-0.00245	Transmission								
TACBAA ($/kWh)	-0.02023	Transmission								

Small Commercial										
Type	**Transmission**	**Distribution Base Rate**	**PPP**	**ND**	**CTC**	**LGC**	**RS**	**TRAC**	**TOTAL UDC**	**WF-NBC + DWR-BC**
Basic Service Fee ($/Month)	0.00	18.32	0.00	0.00	0.00	0.00	0.00	0.00	18.32	0.00
On Peak: Summer ($/kWh)	0.08646	0.18686	0.02193	0.00001	0.00029	0.00530	0.00001	0.00000	Variable	0.00595
Off Peak: Summer ($/kWh)	0.05128	0.18686	0.02193	0.00001	0.00029	0.00530	0.00001	0.00000	Variable	0.00595
Super Off Peak: Summer ($/kWh)										
On Peak: Winter ($/kWh)	0.05848	0.18686	0.02193	0.00001	0.00029	0.00530	0.00001	0.00000	Variable	0.00595
Off Peak: Winter ($/kWh)	0.05128	0.18686	0.02193	0.00001	0.00029	0.00530	0.00001	0.00000	Variable	0.00595
Super Off Peak: Winter ($/kWh)										
Type	**Other**	**Rate component**								
EECC ($/kWh)	Variable (CAISO, DLF, EPMC, MGCC)	Commodity								
Distribution Capacity Adder ($/kWh)	Variable (Top 200 hours by circuit)	Distribution								
TRBBA ($/kWh)	-0.00245	Transmission								
TACBAA ($/kWh)	-0.02023	Transmission								

[1] Non-commodity rates are based on 10/1/2025 rates

M/L Commercial										
Type	**Transmission**	**Distribution Base Rate**	**PPP**	**ND**	**CTC**	**LGC**	**RS**	**TRAC**	**TOTAL UDC**	**WF-NBC + DWR-BC**
Basic Service Fee ($/Month)	0.00	766.91	0.00	0.00	0.00	0.00	0.00	0.00	766.91	0.00
On Peak: Summer ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
Off Peak: Summer ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
Super Off Peak: Summer ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
On Peak: Winter ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
Off Peak: Winter ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
Super Off Peak: Winter ($/kWh)	0.00000	0.08533	0.02167	0.00001	0.00028	0.00542	0.00001	0.00000	Variable	0.00595
Non-coincident Demand ($/kW)	21.11	6.55							27.66	
Demand On Peak: Summer ($/kW)	3.42								3.42	
Demand On Peak: Winter ($/kW)	0.69								0.69	
Type	**Other**	**Rate component**								
EECC ($/kWh)	Variable (CAISO, DLF, EPMC, MGCC)	Commodity								
Distribution Capacity Adder ($/kWh)	Variable (Top 200 hours by circuit)	Distribution								
TRBBA ($/kWh)	-0.00245	Transmission								
TACBAA ($/kWh)	-0.02023	Transmission								

Agriculture										
Type	**Transmission**	**Distribution Base Rate**	**PPP**	**ND**	**CTC**	**LGC**	**RS**	**TRAC**	**TOTAL UDC**	**WF-NBC + DWR-BC**
Basic Service Fee ($/Month)	0.00	25.05	0.00	0.00	0.00	0.00	0.00	0.00	25.05	0.00
On Peak: Summer ($/kWh)	0.06344	0.08119	0.01991	0.00001	0.00017	0.00309	0.00001	0.00000	Variable	0.00595
Off Peak: Summer ($/kWh)	0.03491	0.08119	0.01991	0.00001	0.00017	0.00309	0.00001	0.00000	Variable	0.00595
Super Off Peak: Summer ($/kWh)										
On Peak: Winter ($/kWh)	0.04187	0.08119	0.01991	0.00001	0.00017	0.00309	0.00001	0.00000	Variable	0.00595
Off Peak: Winter ($/kWh)	0.03491	0.08119	0.01991	0.00001	0.00017	0.00309	0.00001	0.00000	Variable	0.00595
Super Off Peak: Winter ($/kWh)										
Type	**Other**	**Rate component**								
EECC ($/kWh)	Variable (CAISO, DLF, EPMC, MGCC)	Commodity								
Distribution Capacity Adder ($/kWh)	Variable (Top 200 hours by circuit)	Distribution								
TRBBA ($/kWh)	-0.00245	Transmission								
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