

Application: A.26-02-001

Exhibit No.: SDGE-04-R

Witness: Jeff DeTuri

PREPARED REVISED 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**



JUNE 1, 2026

TABLE OF CONTENTS

I.	OVERVIEW AND PURPOSE.....	1
II.	PRICE LIMITS.....	3
	A. Marginal Energy Costs Price Limits.....	4
	B. Marginal Generation Capacity Costs Price Limits & Distribution Capacity Limits	5
III.	ANALYSIS.....	6
	A. Estimated Bill Impacts.....	6
	B. Rate and Revenue Impacts for Participants and Non-Participants	10
IV.	SUMMARY AND CONCLUSION	10
V.	WITNESS QUALIFICATIONS.....	11

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- 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.
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- 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;
 - 6
 - 7 b. reduce the impact of non-coincident peak demand charges and flat
 - 8 volumetric charges on customer incentives to respond to dynamic prices;
 - 9 and
 - c. protect customers against extended periods of high dynamic prices which cannot be mitigated by load shift.
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- 11
- 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:
 - 12
 - 13
 - 14
 - a. two-part subscription tariffs, which may differ in design for different customer classes to account for differences in customer acceptance and load characteristics;
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 - 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;
 - 18
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 - 20
 - 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
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 - 24
 - d. bill limiters or bill protection, with clear demonstration of how cost shifts will be minimized and price incentives preserved.
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- COL 30: It is reasonable to require that all Large IOU DF Rate Proposals include the following analysis for any proposed customer protection option:
 - 29
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 - 31
 - 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;
 - 32
 - b. rate and revenue impacts for both participants and non-participants;
 - 33
 - c. potential for cost shifting from participants to non-participants; and

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

3 My testimony is organized as follows:

- 4 • **Section I – Overview and Purpose**
- 5 • **Section II – Price Limits**
- 6 • **Section III – Analysis**
- 7 • **Section IV – Summary and Conclusion**
- 8 • **Section V – Witness Qualifications**

9 **II. PRICE LIMITS**

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

1 **A. Marginal Energy Costs Price Limits**

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

9 The price ceiling and floor are derived from an analysis of a four year history of
10 California Independent System Operator (CAISO) prices.⁴ For years 2022-2025, the sum of all
11 negative prices almost perfectly offsets (zeroes out) the sum of all prices above \$750/MWh.
12 Because SDG&E is seeking to avoid negative MEC pricing, the price of \$750/MWh seemed
13 appropriate and would avoid cost shifting. To the extent that the amount of offset is not exact,
14 SDG&E expects the remaining amount to be negligible. Additionally, a \$0/MWh price floor may
15 avoid some level of customer confusion for customers not used to seeing negative price signals,
16 while still encouraging appropriate load shifting. Furthermore, since the DLF and EPMC are
17 applied to the MEC to account for losses and non-marginal costs, applying those factors to a
18 negative rate would equate to crediting customers with non-marginal costs, which would be an
19 unintentional and undesired consequence and cause cost shifting.

⁴ Due to the timing of this revised testimony, SDG&E updated its analysis to use 2025 data now that the full year of data is available.

1 **B. Marginal Generation Capacity Costs Price Limits & Distribution Capacity**
2 **Limits**

3 SDG&E’s proposal to use a Top 150 hours approach to the MGCC also acts as price
4 limit, but is not being proposed as an additional customer protection.⁵ SDG&E’s goal is to
5 provide a balanced approach to the dynamic pricing and the Top 150 hour MGCC provides a
6 good mix of price certainty, strong price incentives to shift, is less complex and easier for
7 customers to calculate than other options, and provides important protection from price spikes.
8 The Top 150 hours approach is a threshold metric that is either met and the MGCC is applied or
9 it is not met and the MGCC is \$0. The advantage in terms of price limits is that regardless of
10 load the MGCC is capped.

11 SDG&E’s choice of a Top 200 circuit hour approach to the distribution capacity hourly
12 adders is also a price limit.⁶ Similar to the MGCC methodology, the Top 200 hour approach is a
13 threshold metric that is either met and the marginal distribution on-peak demand costs is applied,
14 or it is not met and the marginal distribution on-peak demand costs is \$0. The advantage in
15 terms of price limits is that regardless of load the marginal distribution on-peak demand costs is
16 capped. The EPMC is applied to the marginal distribution on-peak demand costs and thus, the
17 distribution capacity hourly adders design to recover the marginal distribution on-peak demand
18 costs should be large enough to provide strong price incentives to shift load. By limiting it to the
19 Top 200 circuit hours, marginal distribution on-peak demand costs are spread over fewer circuit
20 hours in the year, therefore providing stronger price signals.

⁵ Ex. SDGE-02, Commodity, Section IV.C at 7.

⁶ Ex. SDGE-03, Distribution and Transmission, Section II.C at 4.

1 **III. ANALYSIS**

2 SDG&E’s Proposed DF Rates, including its customer protections, is designed to limit any
3 potential for cost shifting between participants and non-participants.⁷ Like SDG&E’s other rates,
4 SDG&E designed the Proposed DF Rates based on marginal costs, but the time granularity of the
5 Proposed DF Rates—at an hourly level—is where DF rates are significantly different than other
6 rates.

7 **A. Estimated Bill Impacts**

8 SDG&E’s workpapers demonstrate estimated bill impacts resulting from the customer
9 protections of its Proposed DF Rates. One is based on existing non-DF rates as of the
10 04/01/2026 rate change, and the other is based on the Proposed DF Rates. The same
11 assumptions and customer load was used by both so the only difference is the rate. The bill
12 impacts for the Proposed DF Rates assume no load shifting.

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

14 //

⁷ 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.

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Table JDT-1: Estimated Annual Bill Comparison in Dollars⁸

Class	Summer/ Winter	Current Rate	Proposed DF Rate	Difference
Res	Winter	\$ 1,266	\$ 1,188	\$ (78)
	Summer	\$ 1,067	\$ 1,274	\$ 208
	Total	\$ 2,333	\$ 2,463	\$ 130
SmCom	Winter	\$ 3,601	\$ 3,501	\$ (100)
	Summer	\$ 3,562	\$ 3,350	\$ (212)
	Total	\$ 7,163	\$ 6,851	\$ (312)
M Com	Winter	\$ 50,487	\$ 42,597	\$ (7,890)
	Summer	\$ 49,123	\$ 53,636	\$ 4,513
	Total	\$ 99,611	\$ 96,233	\$ (3,378)
L C&I	Winter	\$ 1,182,242	\$ 1,083,635	\$ (98,607)
	Summer	\$ 1,070,371	\$ 1,129,185	\$ 58,814
	Total	\$ 2,252,613	\$ 2,212,820	\$ (39,793)
Ag	Winter	\$ 11,440	\$ 12,261	\$ 821
	Summer	\$ 15,943	\$ 16,416	\$ 474
	Total	\$ 27,382	\$ 28,677	\$ 1,295

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Under the assumptions used, the Small Commercial, Medium Commercial, and Large Commercial & Industrial customer classes 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:

⁸ “Winter” represents the months January through May and November and December; “Summer” represents the months June through October. The average bill is based on the default rate for the customer class and a typical customer with average usage for the respective customer class.

Table JDT-2: Monthly Estimated Bill Ranges

Class	Current Rate Monthly Range	Proposed DF Rate Monthly Range
Res	\$ 117	\$ 243
SmCom	\$ 306	\$ 403
M Com	\$ 3,504	\$ 11,752
L C&I	\$ 57,706	\$ 164,910
Ag	\$ 2,027	\$ 3,255

The range for customer bills was calculated as the difference between the highest monthly bill and the lowest monthly bill by class using an average customer profile for each customer 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

1 lowest monthly bill were larger without the customer protection across all scenarios including
 2 the 2024 base prices that were not adjusted. Accordingly, SDG&E’s proposed price cap and
 3 price floor effectively reduce variability in customer bills. The results of the scenario analysis
 4 are summarized in the below Table which shows the percentage decrease in the monthly bill
 5 ranges by class across all scenarios.

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

Class	% Decrease in Monthly Range
Res*	-2.5%
SmCom	-7.4%
M Com	-4.3%
L C&I	-6.7%
Ag	-3.4%

* Residential usage is based on the top 75%, not the average usage to eliminate negative hourly loads.

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

10 **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
2025	-	748

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

2 As seen in the above Table 1, based on the assumptions used, an average customer on the
3 Proposed DF Rates in the Small Commercial, Medium Commercial, and Large Commercial &
4 Industrial customer classes see an average annual cost savings even without load shifting.
5 SDG&E expects the Proposed DF Rates to recover all revenue because they are based on
6 marginal costs and then have an EPMC factor applied to ensure recovery of non-marginal costs,
7 ensuring they are designed revenue neutral similar to non-DF Rates.

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

12 For distribution, the MDCC will now be based on which circuit cluster the customer is in
13 and whether it is a top hour. For transmission, there will now be TOU base rates for the
14 Residential, Small Commercial and Agriculture customer classes. The Medium Commercial and
15 Large Commercial & Industrial customer classes already have time based Non-Coincident and
16 Demand Charges so those will be updated but remain structurally the same.

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

19 **IV. SUMMARY AND CONCLUSION**

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

24 This concludes my prepared revised direct testimony.

1 **V. WITNESS QUALIFICATIONS**

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

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11 I have previously testified before the California Public Utilities Commission.