

Rulemaking No.: 20-11-003
Exhibit No.: _____
Date: September 10, 2021
Witnesses: Gordon Samuel
Commissioner: Marybel Batjer
ALJ: Brian Stevens

**RESPONSE TESTIMONY OF GORDON SAMUEL
ON BEHALF OF
VALLEY CLEAN ENERGY ALLIANCE**

Rulemaking 20-11-003
2021 Extreme Weather Event Reliable Electric Service

September 10, 2021

R.20-11-003 (Extreme Weather)
RESPONSE PREPARED TESTIMONY OF
VALLEY CLEAN ENERGY

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1 **I. SUMMARY**

2 Valley Clean Energy (“VCE”) recommends rejecting the comments asserted by the
3 California Large Energy Consumers Association (“CLECA”) in their opening testimony
4 submitted in this proceeding. VCE’s proposal is a pilot, a small fraction of its irrigation load, and
5 an even smaller portion of its overall load. It makes no sense to think that a pilot program on the
6 VCE system will impact large customers in any meaningful way. The pilot is, in essence, an
7 experiment to see whether appropriate price signals will reduce peak irrigation load, and in turn
8 should also allow the Commission to determine the impact of irrigation load reduction on the
9 grid and other customers. Any cost shifting, if it occurs will not be significant, and in any event,
10 will only be limited to the VCE system.

11 **II. VCE’S AGRICULTURAL AUTODR DEMAND FLEXIBILITY PILOT**
12 **PROPOSAL**

13 *Q: PLEASE STATE YOUR NAME AND POSITION?*

14 A: I am Gordon Samuel. I submitted opening testimony in this proceeding to sponsor VCE’s
15 irrigation pilot program. My statement of qualifications is attached to that testimony.

16 *Q: WHAT IS THE PURPOSE OF YOUR RESPONSE TESTIMONY?*

17 A: I respond to the comments of CLECA, which are not a sufficient basis to deny VCE an
18 opportunity to run its proposed pilot program.

19 *Q: PLEASE SUMMARIZE CLECA’S TESTIMONY IN OPPOSITION TO THE PILOT?*

20 A: CLECA states that the VCE proposal will cause unfair cost shifting, and because Staff’s
21 suggestion is to hold Pacific Gas & Electric (“PG&E”) harmless, it will be other

1 customers that bear any risk. Therefore, VCE's proposal (apparently) should not be
2 adopted by the Commission.

3 *Q: DO YOU BELIEVE THESE CONCERNS HAVE MERIT?*

4 A: No. These concerns should not be relied upon by the Commission to deny VCE's
5 proposal.

6 *Q: WHY NOT?*

7 A: First, this pilot covers a tiny fraction of VCE's overall load, only 5 megawatts, and as set
8 forth in opening testimony, only a small portion of VCE's irrigation load. Further, the
9 pilot will be limited to the VCE system, and will not impact CLECA's members in any
10 meaningful manner.

11 Second, it is not clear precisely what is meant by cost shifting. If the implication
12 is that through this pilot, non-irrigation large customers will end up paying for costs that
13 they did not cause, the proper place to investigate that claim, as suggested by CLECA, is
14 in a rate proceeding. That is where utilities make adjustments based on changes in
15 customer class load and usage to ensure that customers contribute their fair share of grid
16 costs. VCE has indicated that it will submit an advice letter with proposed rates, so
17 interested parties will have an opportunity to provide input. But really, the most proper
18 place to investigate that claim is in a PG&E rate proceeding because, as CLECA implies,
19 that is the system on which any cost shifting will be most felt.

20 Generally, if a customer class reduces its peak load, the costs the class imposes on
21 the system are likely to decrease. If those reduced costs lower that class' contributions to
22 utility revenue through reduced rates, that is appropriate. But again, the proper place to
23 figure this out would be in a rate proceeding.

1 Q: *WHY WOULD DENIAL OF VCE'S PROPOSAL BASED ON THE CLECA COMMENTS*
2 *BE BAD POLICY?*

3 A: As a matter of policy, the Commission should be looking at ways to shift load off peak,
4 and to encourage customer classes such as irrigation customers that historically, due to
5 inflexible rate structures, inadequate price signaling, and lagging energy management
6 technological fixes matched to agricultural business practice needs, have tended not to
7 participate in load-shifting programs in significant numbers. Load shifting to off-peak
8 hours reduces system costs associated with what seem to be ever increasing peak loads.
9 Load shifting to off-peak hours reduces the pressure on utilities to build new facilities,
10 fossil fueled or otherwise. It also improves reliability because the grid is not as stressed,
11 and therefore not as likely to fail.

12 The Commission needs to know whether dynamic pricing such as proposed by
13 VCE, can send price signals that will cause customers to reduce peak loads. VCE's pilot
14 focuses on irrigation customers, agricultural firms that may need encouragement to
15 conserve, and reducing their costs may be the incentive. The VCE proposal is designed to
16 determine if dynamic price signals will work as an incentive. It should be allowed to go
17 forward.

18 Q: *DOES THIS CONCLUDE YOUR RESPONSE TESTIMONY?*

19 A: Yes.