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Introduction and Executive Summary

In response to the energy crisis experienced in California in 2000 and 2001, the California Public Utilities Commission (Commission) directed the state’s Investor-Owned Utilities to develop and implement various Demand Response Programs (DRPs) to help alleviate potential problems on the state’s electric system by encouraging customers to reduce electric loads during periods of peak demand or other system operational constraints or emergencies. The portfolio of DRPs has grown and expanded since the inception of these programs, and now is a vital component of the State’s Energy Action Plan, and a key element of the utilities’ resource mix. SDG&E’s incremental costs associated with its DRPs are tracked in the Advanced Metering and Demand Response Memorandum Account (AMDRMA), with an annual transfer of the AMDRMA balance into the Rewards and Penalties Balancing Account (RPBA) for review and recovery in rates.

On June 9, 2004, the Commission issued D.04-06-011, which approved a number of SDG&E’s initial proposals to establish a portfolio of DRPs, the first of which were third-party proposals to address short-term and long-term grid reliability needs through demand reduction programs. One of the first programs to be established, the Summer A/C Saver (now known as the Summer Saver Program), is a direct load control program that enables the cycling of enrolled residential and small commercial customer’s equipment. The Summer Saver Program is classified as a Day-Of, Reliability Program.

Through a series of subsequent Decisions and Resolutions, the Commission has adopted additional DRPs for SDG&E, as well as a number of modifications and ongoing enhancements to the initial and subsequent programs. Through SDG&E’s various proposals, and subsequent Commission approval, SDG&E has continually expanded its DRP portfolio, with these ongoing enhancements all designed to both reach a larger group of eligible customers, and encourage greater levels of enrollment, participation and, ultimately, a higher level of load reduction during periods of high energy prices, constrained energy supplies or system operational constraints or operating emergencies.

In D.06-03-024, dated March 15, 2006, the Commission adopted the uncontested Amended Settlement of 2006 - 2008 Demand Response Programs. The Amended Settlement was filed by SDG&E, PG&E, SCE and all other interested parties participating in A. 05-06-006, A. 05-06-008 and A. 05-06-017, the Applications of PG&E, SCE and SDG&E, respectively, proposing Demand Response Programs and related budgets for the 2006 – 2008 program cycle. The portfolio of programs was designed to maximize the potential demand response from customers during periods of peak demand, and to achieve the targeted load reduction goals previously established by the Commission in D. 03-06-032. SDG&E’s 2006 – 2008 DRP portfolio consists of a mix of Day-Ahead and Day-Of programs, along with various supporting Customer Education, Awareness and Outreach initiatives, a Technical Assistance/Technology Incentives Program, and other associated support programs, all intended to provide customer education, support and a variety of programs and program options from which customers can choose to maximize participation and results.
In August, 2006, through a series of Assigned Commissioner’s Rulings (ACR’s), the utilities were directed to develop and file, by August 30, 2006, proposed DRP program expansions and augmentations for 2007 and 2008. These proposed augmentations were aimed at “promot(ing) system reliability during the summer peak demand periods of 2007 and 2008”\(^1\), by enhancing and expanding the level of participation and results in SDG&E’s DRP portfolio. SDG&E filed its proposed program augmentations on August 30, 2006.

By D. 06-11-049, dated November 30, 2006, the Commission adopted a majority of the proposed modifications to SDG&E’s DRP portfolio, as were incorporated in SDG&E’s August 30, 2006 proposal. Among the DRP enhancements adopted by D. 06-11-049 were such program changes as increased incentives offered under certain DRPs, revision of program event triggers to provide for added flexibility as to when program events would be initiated, provisions for increased participation by third-party aggregators, improved and streamlined enrollment procedures and certain new program options. Additionally, D. 06-11-049 adopted enhancements to the existing Technical Assistance/Technology Incentives (TA/TI) Programs, including the establishment of a new Automated Demand Response (AutoDR) program component, and directed the issuance of Requests for Proposals (RFP’s) to pursue bilateral arrangements for Permanent Load Shifting (PLS) programs.

The following major SDG&E programs were approved by D.06-03-024, or newly-established or augmented by D. 06-11-049, for the 2006 – 2008 program cycle:

1. **Day-Ahead Notification Programs**
   - Voluntary Critical Peak Pricing Program (CPP-V)
   - Demand Bidding Program (DBP)
   - Peak Day 20/20 Program
   - Capacity Bidding Program (CBP)—new program approved in 2006 for 2007 implementation, with both Day-Ahead and Day-Of Notification program components (filed by SDG&E’s Advice Letter 1799-E and approved by Commission Resolution E-4020)
   - 2008 Critical Peak Pricing (CPP-D) was approved by D. 08-02-034

\(^1\) See D. 06-11-049, mimeo, at page 2.
2. Day-Of Notification Programs

- Emergency Demand Bidding Program (DBP-E)
- Base Interruptible Program (BIP)
- Emergency Critical Peak Pricing Program (CPP-E)\(^2\)
- Residential Smart Thermostat Program (program terminated effective 12/31/07)
- Rolling Blackout Reduction Program (RBRP) (now known as the Peak Generation Program)
- Summer Saver Program

3. Technical Assistance and Technology Incentives Programs

- Technical Assistance (TA)
- Technology Incentives (TI)

4. Education, Awareness & Outreach Programs

- Customer Education, Awareness and Outreach
- Flex Your Power! And Flex Your Power Now! (FYPN)
- Emerging Markets
- Community Outreach
- Circuit Savers

5. Other Programs

- In-Home Display Program
- Permanent Load Shifting RFP
- Clean Generator Program
- SDG&E Customer Relationship Management (CRM) System

\(^2\) This program is covered in SDG&E’s Demand-side Management Programs Annual Summary, Program Years 1994-1997, May 2006.
In addition to the programs authorized by D. 06-03-024 and D. 06-11-049, the following programs are also components of SDG&E’s DRP portfolio, and are funded, either in part or in total, through SDG&E’s Cost of Service/General Rate Case proceedings, or through SDG&E’s Long-Term Resource Procurement RFP process:

1. Optional Binding Mandatory Curtailment Program (OBMC—Day-Of Reliability Program)
2. Scheduled Load Reduction Program (SLRP—Day-Of Reliability Program)
3. Rolling Blackout Reduction Program (PeakGen—Day-Of Reliability Program)
4. Summer A/C Saver Program
5. Peak Generation Program (PGP—Day-Of Reliability)

During the summer months of 2006, largely in response to record-setting electricity demands statewide and the threats of supply shortages, SDG&E proposed several emergency revisions to its Commercial & Industrial Peak Day 20/20 program, both to expand the availability of that program as a DRP resource, and to expand the scale of customer incentive payments provided for an expanded range of load reductions. Those emergency revisions were approved by the Commission in Resolution E-4011, dated August 24, 2006, and were put in place for the remaining summer months of 2006. In large part SDG&E sought to continue and expand those enhancements into 2007 and 2008 by its August 30, 2006 DRP augmentation proposals noted above. As noted above, those program enhancements and augmentations were approved by the Commission in D. 06-11-049.

The details of SDG&E’s DRP portfolio and the results of program activities are described in the following sections, and are statistically presented in the tables contained in the Appendix attached to this report. The load reduction results and financial summaries are reflected in Table 1, while Table 2 presents a summary of the various demand response program events called during 2008. The financial information presented in Table 1 reflects the program expenditures for 2008.
Day Ahead Notification Programs

**Voluntary Critical Peak Pricing Program (CPP)**

Program Description
The Voluntary Critical Peak Pricing Program (CPP-V) provides lower energy rates to customers on non-CPP event days year round, and higher on-peak energy rates applicable during critical peak hours on CPP program event days. Customers are provided advance notice of CPP program events on a day-ahead basis. CPP program events may be triggered by temperature, system load or emergency conditions and may be called between the hours of 11:00 am and 6:00 pm on weekdays. Program events are limited to a maximum of 15 per year during the months of May through September.

2008 Results
Key activities in 2008 included transitioning customers from CPP-V to CPP-D on their anniversary dates, with the program tariff closed to new customers on December 31, 2007. Approximately 21 meters, representing 3 MW of load remained on the program during 2008. There were no CPP-V events called during 2008.

**Default Critical Peak Pricing Program (CPP-D)**

Program Description
The Default Critical Peak Pricing Program (CPP-D) was approved by the Commission in February, 2008, by Decision 08-02-034, which adopted a Settlement Agreement in Phase 2 of SDG&E’s 2008 General Rate Case proceeding. The new CPP-D tariff provides lower energy rates to customers on non-CPP event days year round, and higher on-peak energy rates applicable during critical peak hours on CPP-D program event days. Customers are provided advance notice of CPP-D program events on a day-ahead basis. CPP program events may be triggered by temperature, system load or emergency conditions and may be called between the hours of 11:00 am and 6:00 pm on weekdays. Program events are limited to a maximum of 18 per year during the months of May through September. Customers may opt out of CPP-D and onto another DR program, with those customers remaining on CPP-D selecting a specified level of service, termed their “Capacity Reservation Charge” for which they pay a specific charge, with the associated load not subject to the higher on-peak charges during a program event.

Approximately 1,700 accounts met the eligibility criteria: loads 20 kW and greater with remotely read IDR meters.

2008 Results
Customer outreach and communication efforts included three separate customer workshops, providing details and addressing questions regarding the implementation of the new CPP-D
program. SDG&E developed a new Rate Comparison tool, new program collateral, and one-on-one customer outreach to all Assigned Accounts through SDG&E’s Account Executive staff. By providing these touch points with customers, approximately 75% of the eligible accounts remained on CPP-D. No CPP-D events were called during 2008.

**Demand Bidding Program (DBP)**

Program Description

The Demand Bidding Program (DBP) is a voluntary program whereby participating customers can earn bill credits by reducing a minimum of 10% of their power consumption when requested to do so by SDG&E. Customers with a minimum demand of 20 kW are eligible to participate in the program. Customers simply complete an enrollment card and their pre-established load reduction “standing bid” is entered into SDG&E’s curtailment system. Participating customers can simply reduce load when a DBP event is called, without the need to submit a bid. Customers are able to modify their bids before the DBP event actually begins if they choose to do so. Customers are only paid incentives for load reductions that are equal to or greater than their minimum bid, and there is no limit to the amount of actual load reduction on which incentives will be paid. The DBP also incorporated the Demand Bidding “Emergency” program, formerly a stand-alone day-of program.

SDG&E may activate DBP events on days when its electric system requires load reductions, whether triggered by temperature, system load conditions, or other system operational or emergency conditions. Participants are compensated only for the actual amount of load reduction they provide during program events, and they must reduce at least 10 percent of average monthly maximum demand per participating meter. Load reductions can vary from hour to hour within a single event to receive compensation. If customers bid a load reduction, but do not perform, they receive no incentive payment, and incur no penalty.

2008 Results

Key activities in 2008 included marketing activities, such as direct customer contact and demand response program seminars, customer enrollment, and ongoing program management. In 2008, 68 customers, representing 364 service accounts, and 12 MW of potential load reduction were enrolled. During the summer of 2008, SDG&E called no DBP events.

**Peak Day Credit Program—formerly the C&I Peak Day 20/20 Program**

Program Description

The Peak Day Credit program is structured to provide qualifying customers with up to a 20% bill credit on all on-peak charges in exchange for an average load reduction of up to 20% in consumption across all program event days within a billing cycle. The program provides for a graduated scale of incentives of between 10% and 20% for load reductions of the corresponding percentage. Peak Day Credit program events may be activated based on specified temperature conditions during the summer months.
and system electric load conditions, or as warranted by extreme operational or emergency conditions.

2008 Results
Key activities in 2008 included marketing activities, customer enrollment, and ongoing program management. SDG&E had 408 customers, representing 863 service accounts, enrolled in the Peak Day Credit program during 2008. This enrollment provided for a potential load reduction of 34.41 MW. During the summer of 2008, SDG&E did not call any program events.

This program tariff was closed to new customers effective December 31, 2008. All eligible customers were moved to CPP-D, with other DR programs marketed to those who did not qualify for CPP-D.

Capacity Bidding Program (CBP)

Program Description
The Capacity Bidding Program is a new voluntary program, which became effective on June 1, 2007. Participating customers commit to reduce their power consumption during program events. Customers may enroll in the program either directly through SDG&E, or may do so as part of an aggregated group of customers through a third-party aggregator who is under contract with SDG&E. The CBP combines various elements of existing DR programs with new design elements, and features both a Day-Ahead and a Day-Of notification component. Each component in turn features a variety of program products from which participating customers may select, each with varying lengths of load curtailment duration. Program incentive payments are based on monthly nominated load reductions, and vary in amount based on the program product selected. The CBP also incorporates non-performance penalty provisions in the event that a participating customer fails to deliver the nominated load reduction during a program event. Non-residential customers with peak demands of 20 kW or greater are eligible to participate in this program.

2008 Results
The CBP replaced the previous California Power Authority Demand Reserves Partnership Program (CPA-DRP) when that program expired, by contract, in May, 2007. SDG&E filed the new CBP proposal by Advice Letter 1799-E, which was approved by the Commission in Resolution E-4020, dated October 19, 2006. As directed by Resolution E-4020, SDG&E worked closely with PG&E and SCE, as well as with APX and a number of third-party Aggregators to implement the rollout of the CBP in May, 2007.

In its short duration, CBP has proven to be one of the most successful and well-received programs in its first and second years of operation. Much of that success appears to have been the result of the efforts of the third-party aggregators, who have been successful in reaching a broader array of small and medium-sized customers. During 2008, total participation in both the Day-Ahead and Day-Of notification program products was 76 customers, representing 352 service accounts. This enrollment provided a potential demand reduction of 28 MW. In 2008, due to unseasonably temperate weather, just 2 CBP events were called. Because nominated load conditions, or as warranted by extreme operational or emergency conditions.
reductions from participating customers are allowed to vary on a month-to-month basis, the actual load reduction amounts also varied month-to-month, with the largest 2008 load reduction from CBP occurring in July 8, 2008, at 12 MW.
Day-of Programs

Peak Time Rebate Program (PTR)

Program Description
The Peak Time Rebate Program (PTR) is a newly-authorized program, approved by Commission Decision 08-02-034 in SDG&E’s 2008 General Rate Case. PTR is designed to encourage demand response performance among residential customers through performance incentives for load reductions during program events.

PTR functions in conjunction with a residential customer’s otherwise applicable rate, and provides customers with an incentive in the form of a bill credit when they reduce their electricity consumption below a determined level during periods of high demand or electric system emergencies. These times of system stress call for demand response and are designated as program events. Customers will receive notification from SDG&E regarding the activation of program events.

Successful PTR performance will require customers to change their behavior. This can be in an active form, e.g., turning off their air conditioning and going to the movies on an event day, or in a more passive form, e.g., installing a programmable communicating thermostat and enrolling with SDG&E for an automated load reduction.

Customers can only benefit through participation in PTR, as the program contains no penalty provision for customers who do not reduce their electric consumption during PTR events. Customers who do reduce their consumption below a customer-specific reference level during a PTR event will receive a bill credit of $0.75/kWh, or $1.25/kWh with enabling technology.

The business model for PTR is a rate. As a “quasi-dynamic rate”, PTR is the first step in introducing dynamic pricing to the mass market customer. However, PTR will be implemented in a manner similar to traditional demand response programs, in that it will require efforts around customer awareness and education. Customers will automatically become eligible for PTR after they receive a new SDG&E Smart Meter, and the associated program testing, verification and billing functionality is in place. No action from the customer is needed for PTR enrollment/eligibility.

2008 Results
PTR will not be introduced to the residential market until the summer of 2010, as it requires Smart Meters to be in place, along with the necessary infrastructure and billing systems. However, during 2008, SDG&E began the internal work necessary to support the program, including the system integration efforts, requirements for billing system changes, requirements for online presentment, requirements for program notification systems, and research with customers regarding the customer needs for PTR implementation.
**Base Interruptible Program (BIP)**

**Program Description**
The Base Interruptible Program (BIP) provides a monthly incentive payment to customers who commit to reduce their electricity demand at SDG&E’s request. Customers commit to reduce electricity demand to a pre-determined Firm Service Level for up to a 4-hour period per day during periods of high electric demand or other system emergency conditions. The program is designed for customers who have a firm load reduction plan in place, and can reduce load with certainty when requested to do so by SDG&E. The program imposes a penalty for non-performance that is larger than the incentive payment in the event that the customer fails to meet its load curtailment commitment.

**2008 Results**
In 2008, the program expanded significantly to include four third-party marketers and 20 accounts. By comparison, only three customers and no third-party marketers were enrolled in BIP in 2007. Program marketing activities included direct customer contact, demand response program seminars, and ongoing program management. By the end of 2008, the program represented a potential demand reduction of 6.1 MW. No BIP events were called in 2008.

**Emergency Critical Peak Pricing Program (CPP-E)**

**Program Description**
The Emergency Critical Peak Pricing Program provides lower rates to customers on non-CPP-E event days year round, and higher energy rates during CPP-E event days. Non-residential customers with a minimum demand of 300 kW, and who have an IDR meter and telecommunications equipment and are served on a time-of-use electric rate, are eligible to participate in the CPP-E program. The program is targeted at customers who have the ability to modify their business operations in order to curtail energy consumption with very little notice. Customers are provided 30-minutes advance notice of a program event on the day that load reduction is needed. CPP-E events can be called year round, limited to a maximum of 80 hours per year.

**2008 Results**
Key program activities in 2008 included marketing through direct customer contact, demand response program seminars, and SDG&E Account Executives. In 2008 there were 8 customers (representing 10 service accounts) enrolled in CPP-E, representing 5.0 MW of potential load reduction. During the summer of 2008, SDG&E did not call any CPP-E events.
Residential Smart Thermostat Program

Program Description

The 2007 Residential Smart Thermostat program is intended to measure an interactive approach to residential load control and demand response using Smart Thermostats and the Internet to affect air conditioning use. Smart Thermostats enable SDG&E to remotely raise the temperature set points on the thermostat when load reductions are necessary during periods of peak demand or other extreme conditions. Program participants may ‘override’ the re-setting of the thermostat, but will forfeit $5 per event day of their annual program incentive payment of $75 per override. Customers can have multiple smart thermostats per central a/c if the customer has different zone settings for their home. By previous Commission authorization, the Residential Smart Thermostat Program was scheduled to terminate on December 31, 2006, but was extended for one additional year, with termination set for December 21, 2007.

2008 Results

Through its duration, SDG&E’s Smart Thermostat Program introduced approximately 5,000 residential thermostats that function in conjunction with each customer’s air conditioning unit. The program was intended to measure an interactive approach to residential load control and demand response through use of the Smart Thermostat and the Internet to affect air conditioning use. Smart thermostats enable SDG&E to remotely raise the temperature set point on the thermostat during periods when load reductions are necessary, generally during periods of peak demand or other extreme conditions. As previously established, the Smart Thermostat Program was closed to new and existing participants. Those participants choosing to retain the Smart Thermostat equipment were sent and appreciation letter along with thermostat programming and scheduling instructions. Participants during 2007 were also sent their participation incentives during 2008.

Rolling Blackout Reduction Program (RBRP)

Program Description

The Rolling Blackout Reduction Program (RBRP) (currently marketed as the Peak Generation Program) permits SDG&E to call on customer-owned emergency backup generators (BUG’s) when firm load reductions are required by the CAISO. Customers receive an incentive payment of $0.35 per kWh of load reduction.

2008 Results

Key activities in 2008 included limited marketing activities, through both direct customer contact and demand response program seminars and ongoing program management. Strict California Air Resources Board (CARB) emission regulations governing particulate matter have severely limited eligibility for program enrollment. At year-end, there were 29 customers, representing 60 service accounts, with an estimated potential load reduction of 29.7 MW enrolled in the program. Several major customer accounts that had previously been enrolled in this program opted to enroll in the Capacity Bidding Program (CBP), once that program was established.
during 2007, thereby diminishing the enrollment and participation in RBRP. No program events were called during 2008.

**Summer Saver Program**

**Program Description**
The Summer Saver Program utilizes direct load control during the summer months to manage customer end-use equipment, specifically central air conditioning units. The program is designed for residential and small commercial customers with an average demand of 100 kW or less, and is marketed and administered by SDG&E’s third-party contractor Comverge, Inc. Participating customers are paid a program incentive of $25/kW of estimated demand reduction per year.

**2008 Results**
Following the issuance of D. 06-11-049, which approved SDG&E’s proposals to expand the cycling options offered under the Summer Saver Program, SDG&E filed Advice Letter 1871-E-A, proposing a series of second amendments to its contract with Comverge. The amendments expanded the program to include additional residential customer cycling options, and added a new cycling option for non-residential customers, along with the addition of weekend program events. The amendments provided for participating residential customers cycling at the 100% level to receive a higher, $50/kW program incentive payment. The amendments also provided that participating small commercial customers cycling weekdays at either the 50% or 30% level receive a $15/ton or a $9/ton incentive payment, respectively. In addition, participating residential and small commercial customers received a $10 per year bonus for the addition of weekend events to the program. The restructured incentive payments provided a better opportunity for customers to select their ideal cycling approach. Through the amendments, SDG&E and Comverge agreed to an expansion of the program to 45MW, with a Comverge option to further expand the program up to 100 MW. Resolution E-4078 approved SDG&E’s proposed contract amendments.

Key activities in 2008 included marketing activities, customer enrollment, and ongoing program management. SDG&E worked to implement new sales and marketing strategies creating an increase in customer participation. The program added 4,464 new customers, representing a 23% increase in enrollment from the prior program year. At year end, a total of 23,546 customers were enrolled. There were two program events called during 2008, resulting in an estimated average load reduction of 28 MW per event.
Technical Assistance and Technology Incentives Programs

Technical Assistance Program (TA)

Program Description

The Technical Assistance Program (TA) provides business customers, with demands of 20 kW and above, on-site facility evaluations ranging from simple site assessments to comprehensive engineering studies to identify demand response potential. Eligible customers may select a qualified engineer or firm of their choosing or SDG&E can assign the audit to a qualified firm. Results of the TA audit include specific recommendations, both no-cost and low-cost, and calculations of the associated kW load reduction potential. If the customer selects a qualified firm to conduct the audit, the TA program will provide an incentive payment of up to $100/kW for identified and approved demand response measures, not to exceed the actual cost of the assessment and audit.

2008 Results

SDG&E’s Account Executives were again very aggressive and successful in promoting SDG&E’s TA program to their customers in 2008, with a focus on preparing their customers for the new Default Critical Peak Pricing (CPP-D) rate structure, which became effective in May, 2008. Marketing activities included direct customer contact, either through Account Executives or auditors, demand response program seminars and ongoing program management. The TA program achieved a 7% increase in the number of approved audits in 2008, as compared to 2007. There were 333 audits in 2008, with 27.64 MW of load reduction potential.

Technology Incentives Program (TI)

Program Description

The Technology Incentives program (TI) provides incentive payments to help eligible customers offset the costs of installing specific demand response enabling technology and/or equipment or, in some cases, may fully cover the entire cost as identified in the TA assessment. The 2007 incentive payment level was $250/kW of load reduction verified by SDG&E, not to exceed the actual total cost of the installed equipment. Incentives are paid on measures or equipment that can actually produce quantifiable and verifiable load reduction. Beginning in January, 2008, the incentive level was reduced to $100/kW ($300/kW if AutoDR technology was installed). AutoDR technology eliminates the human interface when a DR program event is called. SDG&E has worked closely with vendors and consultants to develop the various AutoDR strategies and technologies for use in automating demand response. The demand response strategies utilizing AutoDR technologies are initiated via the internet, through the Demand Response Automation Server (DRAS). The incentives are paid on a graduated scale, with the final 50% of the incentive payment contingent upon the customer enrolling in a demand response program for a minimum of one year.
2008 Results

SDG&E received 29 applications for Technology Incentives. The 29 projects resulted in 5.84 MW of approved and verified load shed capability. Once the customer site tests were completed, the customers became eligible for the final incentive payment upon enrollment in a demand response program. The Capacity Bidding Program (CBP) was far and away the most popular program for enrollment by customers participating in the TI program. 21 new accounts enrolled, primarily as a result of it being promoted by third-party aggregators. Aggregators and EMS/Controls vendors were very instrumental in promoting the TA/TI program.

Marketing activities included direct customer contact, demand response program seminars and ongoing program management, as well as interaction with SDG&E’s Account Executives, EMS Control vendors and Aggregators.
Education, Awareness & Outreach Programs

Customer Education, Awareness & Outreach

Program Description
The Customer Education, Awareness & Outreach is designed as a comprehensive communication effort that entails a variety of initiatives aimed at increasing customer knowledge and understanding of demand response. This effort is an important facet of the overall demand response program portfolio. These initiatives provide the foundation for delivering demand response benefits to customers, and complement the program marketing efforts to acquire new customers, retain existing customers and encourage participation when called upon. The various general awareness and education initiatives are intended to increase the overall awareness and understanding of 1) the demand response concept; 2) the benefits demand response delivers to customers; and 3) the importance of demand response programs in the customer’s energy management mix.

Customer Education, Awareness and Outreach will reach across residential, small/medium commercial, large commercial and industrial and direct access customer segments.

2008 Results
Key activities in 2008 included the development and implementation of a communication plan that included mass market media and targeted communications. Specifically, the tactics executed include 17 weeks of radio commercials/traffic ID’s. Collateral case studies were developed for distribution and posting to the web, and one bill insert was created for summer preparedness and inserted into summer bills. Various workshops/seminars were held and the web site pages were revised. Additionally, the third annual Energy Showcase recognized and honored Energy Champions from the businesses that successfully participated in SDG&E’s demand response and energy efficiency programs. Five case studies were developed in print and video. Eight pieces of collateral were developed to increase customer awareness and participation in programs. In addition, SDG&E continued to provide kWickview to all customers with Interval Data Recorder (IDR) meters installed. Approximately 5,300 customer accounts have access to kWickview. In 2008, six kWickview training seminars were conducted.

Flex Your Power NOW! (FYPN!)

Program Description
Flex Your Power NOW! (FYPN!) is a statewide awareness campaign to encourage customers to voluntarily reduce energy consumption through conservation during peak periods in the summer identified as critical by the California Independent System Operator (CAISO). The primary goal of Flex Your Power NOW! is to reduce peak usage during those summer days when the state has concerns about the electricity supply. FYPN! promotes immediate, voluntary energy conservation and demand reduction, which play a critical role in managing tight energy supplies.
FYPN! builds on and uses the statewide Flex Your Power campaign. FYPN! utilizes radio, print advertising and outreach efforts.

2008 Results
SDG&E continued to work with SCE and PG&E as well as the CAISO and the Flex Your Power partners to implement the Flex Your Power NOW! alerts as needed in the summer of 2008. The partners included the Flex NOW! message in a variety of communications, including TV and radio ads. The comprehensive media mix included: TV, radio, print, online, website and community events/outreach. Hispanic TV, radio and print were incorporated into the mix as well. The campaign efforts concentrated on high energy use and energy cost periods. Included in the campaign were two levels of messaging: motivated use of Energy Efficiency and Demand Response products and services, and targeted reduced energy usage during peak periods (Flex Your Power Now and Flex Alerts). Statewide, an average load reduction of 1,000 – 1,500 MW was observed after Flex Alerts had been announced.

**Emerging Markets**

Program Description
The Emerging Markets Program identifies, demonstrates and evaluates new enabling technologies for DR program implementation. Some of these technologies do not survive the planning or demonstration stages, due to technical reasons and, occasionally, lack of customer interest or support. Most of the demonstrations and evaluations cross over into subsequent years. The accomplishments below identify technologies that were successfully planned, demonstrated and evaluated, or where the technology identification and project planning were completed with demonstration and evaluation expected to take place during 2009.

2008 Results
In the second quarter of 2008, the California Energy Commission (CEC) held a series of workshops in conjunction with its proceeding “Order Instituting Informational Proceeding and Rulemaking on Load Management Standards.” These workshops were a valuable opportunity for the California IOU’s to provide the CEC with the technology roadmap for development of future codes and standards. SDG&E participated in these workshops and presented SDG&E’s vision on emerging technologies to CEC Commissioners and staff.

In the third quarter of 2008, the Emerging Technologies Coordinating Council (ETCC) held its biennial summit in San Diego. This summit comprises several different conference sessions on promising new technologies and key policy considerations at the local, state and national levels. These sessions were attended by local representatives and SDG&E moderated the session and participated in several sessions, presenting SDG&E’s vision on emerging technologies to CEC Commissioners and staff.

SDG&E completed the technology identification and project planning process for Home Area Network technologies. This project will assess the customer experience of home automation technology to remotely control various household electric loads. Unlike the successful HAN
project of 2007, this project includes multiple vendor devices employing ZigBee and Home Plug HAN communications and the customer’s internet connection for remote access and control. This one-year demonstration project will provide valuable insight for development of one or more residential DR programs or large-scale pilots. Customer experience in ease of installation, use, and effectiveness in reducing household loads will all be assessed.

SDG&E also collaborated with Southern California Edison (SCE) on a lighting study at an SCE facility. The purpose of the study was to evaluate both the energy efficiency and demand response capability of three vendor’s off-the-shelf, advanced lighting controls systems. Each vendor’s control system was demonstrated and evaluated in multiple office settings, such as hallways, common areas, task lighting, etc. The control systems were tested for remote tuning, scheduling and implementing demand response strategies. The study was successfully concluded in December, 2008, with an evaluation report to be completed during 2009.

Community Outreach

Program Description
The Community Outreach program provides direct interaction and communications to local municipalities and business communities, including employee education within SDG&E’s service territory, to broaden awareness of demand response. The messaging to small and medium commercial customers will incorporate ways for businesses to help manage energy costs through various SDG&E tools and programs.

2008 Results
In 2008, SDG&E participated in 72 community events, tradeshows and employee energy fairs, promoting customer education and awareness of demand response programs. Educational materials on conservation and energy efficiency programs and services were also distributed.

PEAK Student Energy Action Program (PEAK)

Program Description
The PEAK Student Energy Actions Program (PEAK) is a comprehensive educational program designed to empower elementary and middle school students to become advocates of smart energy management in their homes, schools and communities. PEAK offers a multi-disciplinary, standards-based curriculum that uses Service-Learning as a methodological framework. PEAK provides energy education to schools and communities by several means, including: training seminars for teachers, hands-on support to assist teachers in executing the PEAK education, field trips, energy rallies and community outreach events.

PEAK is premised on the idea that, in order to truly empower students to manage energy use, they must first understand the entire energy equation--from the science of how electricity is created to the environmental impact of generating electricity, to their family’s energy bill. Throughout their participation in PEAK, students are presented with the necessary tools and real-world opportunities to formulate thoughtful conclusions about energy usage at the individual and community levels. At the core of the PEAK program are the four PEAK Student Energy Actions
which are linked to classroom learning to educate students on how personal behavior has a direct impact on the demand for energy. The four PEAK Energy Actions are:

--Shifting Use Off Peak Demand Time
--Cutting Waste Through Conservation
--Plugging Into New and Efficient Technologies
--Planning for a Healthy and Sustainable Energy Future

2008 Results
The program increased the number of participating schools by over 70% during 2008. PEAK currently works with 19 schools, and reached over 4,100 students in 2008. This represents an increase of 1,800 students over prior years. As part of the educational process, each student received a CFL, an activity booklet, and a variety of marketing materials including pencils, shirts and bags to promote energy awareness. Students had an opportunity to participate in two energy saving events: International PEAK Week and PEAK Energy Action Day. In addition to training the teachers to implement the PEAK curriculum, PEAK has 24 site visits to support PEAK education at the schools and in the classrooms.

In 2008, PEAK also increased its scope of work to include community outreach events. PEAK designed and implemented a school-wide Demand Response Campaign for nine participating schools. PEAK also collaborated with seven organizations including the Elementary Institute of Science, Birch Aquarium at Scripps and the Eco Center, to educate an additional 700 students. These partnerships, coupled with participation at six community and family events, significantly increased PEAK’s presence in San Diego in 2008. The program successfully reached and exceeded the student count goals set by the program in 2008 and in total for the 2006 – 2008 program cycle.

Circuit Savers

Program Description
The Circuit Saver program is an educational program whereby customers who are served from electric distribution circuits in SDG&E’s highest growth areas receive additional information regarding load reduction tactics and reliability programs that are available to them. By educating these customers on demand response tactics and programs available, Circuit Savers was used to build awareness to those circuits of interest. Circuit Savers was one component of a broader effort by SDG&E to increase overall system efficiency and reliability.

2008 Results
Community and neighborhood partnerships were utilized to help communicate SDG&E’s load reduction messages and energy conservation. Community outreach efforts included information distributed at identified top affected circuit areas (e.g., Lighting Turn-Ins, Energy Fairs and Chamber of Commerce events). An “Energy Savings Toolkit” package was developed and distributed through outreach events as well as through direct mail to homeowners in the impacted
circuit areas. The energy Savings Toolkit included information on demand response, energy savings tips, two compact fluorescent light bulbs, a low flow showerhead, two aerators and an LED nightlight. The direct mail campaign for the Energy Savings Toolkit was completed in August, 2008. The Circuit Savers toolkit was able to reach approximately 18,000 residential customers.
Other Programs

In-Home Display Pilot Program

Program Description
The In-Home-Display Pilot (IHD) was a voluntary program that gave a select group of SDG&E customers real-time information on their in-home electricity consumption including:

---Real-time cost per kilowatt hour
---Total month-to-date energy cost
---Real-time kilowatt usage
---Total kilowatt hour month-to-date usage

The IHD device presented real-time electricity usage information and helped participants to better understand how different appliances in the home affect energy use and associated costs. By understanding how much energy an individual appliance uses, participants were better equipped to conserve during critical peak periods. During the program, an e-mail was sent to participants the day of a Critical Energy Use Day, and a reminder phone call was made the day of the Critical Energy Use Day, asking participants to conserve energy. The IHD Pilot was closed to participants as of December 31, 2007.

2008 Results
Following closure of the program, in early 2008, participants were sent an appreciation letter acknowledging their participation, and given the option to retain the IHD equipment. As part of the pilot closure, customers were given the opportunity to schedule an appointment to have the equipment removed. The majority of participants chose to have the IHD equipment removed.

During December, 2007, SDG&E conducted a survey of the IHD Pilot participants. The survey resulted in 188 responses, although five did not reflect complete responses. Roughly half of the respondents reported that the IHD equipment had influenced them to replace appliances in their homes with more energy efficient models. Of those appliances replaced, the most common was lighting, followed by refrigerators.

Permanent Load Shifting (PLS)

Program Description
In D.06-11-049, the utilities were directed to initiate a Request for Proposals (RFP) process to solicit five-year proposals from third parties for PLS which could be implemented by summer 2007. SDG&E was authorized to shift up to $4,000,000 of its existing demand response budget to fund PLS. As defined in D. 06-11-049, “Permanent Load Shifting occurs when a customer
moves energy usage from one time period to another on an ongoing basis. The Commission did not specify a preference for any particular technology but requested the utilities to consider cost effectiveness, ease of implementation, amount of load shifting which can be obtained by the summer of 2007, potential for growth and expansion, and the reliability of the technology. In the RFP issued by SDG&E, PLS of customer end-use equipment is to occur, at a minimum from the period of 11:00 AM to 6:00 PM to the period of 6:00PM to 11:00 AM each weekday (Monday through Friday), excluding holidays, during the summer months May 1st through October 31st.

The Commission approved SDG&E’s Advice Letter 1878-E-A, and SDG&E’s selected PLS vendors, on October 29, 2007.

2008 Results

PLS contracts with Cypress LTD and Energy & Power Solutions, Inc (EPS) were executed on March 26, 2008 and April 1, 2008, respectively. Vendor-submitted program collateral pieces, customer enrollment, ongoing customer support policies, and M&E procedures were approved. A customer acquisition plan was developed to target the best possible customers that would benefit most by permanently shifting their load for each of the PLS technologies. SDG&E hosted PLS kickoff meetings and a sales channel workshop was conducted.

Clean Generator Program

Program Description

The Clean Generator program is a third-party program managed under contract between SDG&E and Celerity, Inc. The key element of this program is that Celerity will convert existing diesel-fired units to clean-burning units by installing emission control equipment on these units, and installing software and communications equipment that allow SDG&E to dispatch all or some of these resources with short notice. Celerity will also maintain the converted units, so when the customer does utilize them, they are running cleaner and more efficiently than the unconverted diesel units did. The end result is that when these customers are asked to reduce their use of power, they do so, reducing demand on the grid, yet they can now continue to operate their business using less polluting equipment.

2008 Results

At year-end 2008, 13 service accounts and 25 MW of load reduction potential were enrolled in the program. Of this, all 25 MW was available for dispatch. SDG&E and EnerNOC have petitioned the Commission to allow increased participation in the program, to the 50 MW level, as there has been sustained interest expressed by additional customers seeking to enroll. The program was not activated in 2008.

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3 CPUC Decision 06-11-049 (mimeo at p. 49).
**SDG&E Customer Relationship Management (CRM) System**

Program Description

SDG&E’s new Customer Relationship Management (CRM) System was included as a component of the Demand Response Programs portfolio enhancements proposed in A. 05-06-017 and authorized by D. 06-03-024. SDG&E proposed the CRM in order to automate a number of separate, manual processes tailored to the specific needs of each Demand Response program, including such issues as program traits, customer enrollments and event performance. The controls enabled by the CRM will facilitate targeting customer accounts for program participation, as well as a variety of customer communications associated with marketing and operating various Demand Response programs. The CRM will be used by SDG&E to administer and manage the Demand Response Programs portfolio, and will ultimately replace four primary legacy systems currently in place. The combination of these four silo systems into one comprehensive system will allow SDG&E to leverage the marketing functionality, data presentment and increased productivity that are associated with the use of a CRM system.

2008 Results

In 2008, the project team continued to identify critical business requirements. These requirements led to an expanded functionality of the system to include CPP-D. Work continues on this project to gather detailed requirements in an effort to anticipate the needs of existing and future programs, such as the automation of processes to support CPP-D mass deployment and MRTU implementation.
2008 Measurement and Evaluation for Demand Response Programs

During 2008, a number of Measurement and Evaluation activities for SDG&E’s Demand Response programs were either initiated or completed. Following is a discussion of those various activities.

Technology Assistance and Technology Incentives
A process evaluation was completed for the TA and TI Programs by ECONorthwest. The statewide study included developing a logic model and process diagrams for each program, interviews with all major stakeholders and a sample of customers, and a discrete choice model for evaluating customer participation. Findings included an overall high satisfaction rate among customers with the programs, although some customers stated the audit report could be made more useful by taking into account their business processes. In addition, customers expressed a desire for more assistance and information. Recommendations from the Evaluator included offering more of a turn-key service to customers, developing a standard audit procedure, creating a consistent data tracking system, and delivering audit reports more quickly to customers.

AC Summer Saver
A process evaluation was completed by KEMA for the AC Summer Saver Program that involved interviews with participating customers, customers who dropped out of the program, and customers who were approached to enroll in the program but who declined. In addition, the study included a survey of other direct load control programs in the country and summarized their best practices. Findings included customer recall of program messages was low, most customers who dropped out did so because they were uncomfortable, and most customers who dropped out did not know they could change their cycling frequency. Recommendations from the Evaluator included conducting focus groups with new marketing messages and materials, reducing cycling options to simplify understanding of the program, training call center staff to adequately respond to customers about the program, and making bill credits more noticeable on customers’ bills.

A load impact analysis was conducted by KEMA in 2008 for the 2007 program year. The load impacts for the residential class are estimated to be between 12 and 14 MWs during peak conditions. Load impacts for the commercial class were estimated to between 3 and 4 MWs during peak conditions.

Load Impact evaluation plans were submitted in August 2008 for SDG&E’s Summer Saver program as prescribed by the load impact protocol decision D.08-04-050 ordering paragraph 2.

Flex Your Power Now
A statewide study was conducted by Summit Blue of the 2008 FYPN Program. The evaluation included an assessment of the program’s media campaign for 2008, customer surveys and focus
groups, and an indirect impact analysis. The study found that although the program messages had improved from the previous year, there is still a general lack of awareness among customers about peak demand and the need to conserve at a particular time of day. A post-event survey found that two-thirds of customers surveyed recalled a conservation message on the day of the alert, but less than half of them understood that it was for a particular time of day. Approximately 55% of customers who recalled a message (or roughly one third of all customers surveyed) took some action to conserve in response to the message. The Evaluator’s recommendations included issuing more press releases during event days to promote news coverage, outreaching to television stations to cover the event, emphasizing the time component more in FYPN messages so customers understand that conservation is needed on a particular day and at a particular time, and presenting more coverage for actions customers can take other than air conditioning conservation.

**Smart Thermostat Program**

The 2007 impact and process evaluation for the Smart Thermostat Program was on hold during 2008 due to the Evaluator’s limited resources. The study is scheduled to be completed during the first half of 2009.

**Process Evaluation of Critical Peak Pricing and BIP**

A statewide process evaluation was designed to assess the effectiveness of BIP, CPP-V, CPP-E and especially CPP-D. The RFP was released and the contract was awarded to KEMA. Work will begin in January 2009.

**Aggregator Study**

A statewide Process and Impact study for the CBP Program began in 2008 and will be completed during the first half of 2009. The study is being conducted by Christensen and Associates and Research into Action.

**CPP, DBP and BIP Impact Studies**

A Statewide impact and baseline study for the 2007 CPP and DBP Programs was completed in 2008 by Christensen and Associates. For SDG&E, impacts for CPP ranged from 5.5 to 11 MW and impacts for DBP were estimated at 0.4 MW.

Statewide load impact evaluations plans were submitted in August 2008 for SDG&E’s CPP, DBP and BIP programs as prescribed by the load impact protocol decision D.08-04-050 ordering paragraph 2.

Statewide evaluations of the 2008 CPP and DBP Programs were awarded to Christensen and Associates. A similar study for BIP is being conducted by Freeman Sullivan. The work on all three studies began at the end of 2008 and will continue during the first half of 2009.

**Peak Day Credit**
An impact evaluation of the 2007 Peak Day Credit Program was completed in 2008 by Christensen and Associates. Impacts were found to be approximately 3,500 kW. The evaluators found no evidence that the program design changes in 2007 affected enrolled customer behavior.
Cost Of Service-Funded Programs

Optional Binding Mandatory Curtailment Program (OBMC)

Program Description
The Optional Binding Mandatory Curtailment Program (OBMC) exempts enrolled customers' circuits from rotating outages in return for a commitment to reduce circuit load by 15% from the previous year baseline, and by at least 10% from the 10-day baseline. Customers incur a penalty of $6 per kWh for failure to achieve committed load curtailment.

2008 Results
Feedback from customers has indicated that the potential for significant monetary penalties for failure to meet committed curtailment pledges $6.00 per kWh during each hour of the rotating outage) has an impact on participating in the program. SDG&E ended the year with no customers enrolled on the program.

Scheduled Load Reduction Program (SLRP)

Program Description
The SLRP is a state legislated program that provides for an incentive of $0.10 per kWh to customers who commit to scheduled load reductions in four-hour blocks on selected weekdays during the period of June 1 - September 30.

2008 Results
There were no major program accomplishments in 2008. At year-end the SLRP program had no participating customers.
### Demand Response Programs

#### Table 1

2008 Program Results (Through December)

<table>
<thead>
<tr>
<th>Program Subscription Statistics</th>
<th>Financial Statistics ($000)</th>
<th>Expenditures</th>
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</thead>
<tbody>
<tr>
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<td>Service Accounts</td>
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<td>Flex Your Power Plan</td>
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<td>Revenue Assurance Program</td>
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Notes:
## Demand Response Programs

### Table 1: 2008 Program Results (Through December)

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<th>Capital</th>
<th>M&amp;E</th>
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<th>Capital</th>
<th>M&amp;E</th>
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<td>Base Interruptible Program</td>
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**Notes:**