

All Receive - Agenda Item # 14
For the Information of the:
CITY COUNCIL
Date 7/28/20 CA CC
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Council Memorandum

July 28, 2020

To: Honorable Mayor Hall and Members of the City Council
From: Jason Haber, Intergovernmental Affairs Director
Via: Scott Chadwick, City Manager
Re: **Additional Materials Related to Staff Report Item No. 14 – Clean Energy Alliance Loan Terms**

On Monday, July 27, city staff received a copy of the attached letter from SDG&E notifying the Clean Energy Alliance of SDG&E's decision to delay deployment of its new Customer Information System from January 2021 to April 2021.

Given that SDG&E's delay will result in a corresponding yet unspecified delay in the Clean Energy Alliance's planned May 2021 community choice aggregation program launch, staff is providing this letter for City Council's consideration.

Attachment:

July 27, 2020, Letter from SDG&E

cc: Geoff Patnoe, Chief Operations Officer
Celia Brewer, City Attorney
Laura Rocha, Deputy City Manager – Administrative Services
Ryan Green, Assistant Finance Director



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July 27, 2020

Ellie Haviland
Chair, Clean Energy Alliance
1050 Camino Del Mar
Del Mar, CA 92014

Joe Mosca
Chair, San Diego Community Power
1200 Third Street, 18th Floor
San Diego, CA 92101-4195

Jewel Edson
Chair, Solana Energy Alliance
City Hall 635 S. HWY 101
Solana Beach, CA 92075

Dear Chairs Haviland, Mosca and Edson:

Thank you for your July 22 letter and for the ongoing engagement as the region continues the expansion of service via community choice aggregation. We recognize the importance of your launch schedules and SDG&E remains firmly committed to being a good partner to ensure the transition to San Diego Community Power and Clean Energy Alliance results in an exceptional experience for our joint customers. This transition has been a key focus during development of our Customer Information System (CIS) replacement program.

As you are aware, on June 11, 2020, the California Public Utilities Commission (CPUC) approved a Decision (D.)20-06-003 (Decision) that substantially changes how utilities manage residential disconnections and includes a number of new customer programs, engagement tools, and other requirements that must be in place no later than April 2021. Among other things, the Decision caps residential disconnections, prohibits utilities from requiring service deposits or charging connection fees, requires utilities to offer all residential customers 12-month payment plans, and requires improved disconnection notices so customers are better informed about available financial assistance programs. It also requires creation of a customer facing Low Income Home Energy Assistance Program (LIHEAP) portal and creates an Arrearage Management Payment (AMP) plan for eligible low-income customers to assist with unpaid past-due balances. The Decision outlines numerous implementation, notification, and reporting requirements for the AMP and creates an AMP working group to address outstanding issues, including CCA cost recovery.

SDG&E is committed to reducing the burden of customer disconnections. Many of the requirements in the Decision, however, have to be custom built in SDG&E's new CIS and some are technically complex. Particularly with respect to the AMP and the customer-facing LIHEAP portal, the programs will require extensive design and development work within

the new CIS in order to deliver the functionality.¹ These programs are unlike any previously offered by SDG&E and the technical changes for programs like AMP should not be understated. They require complex changes to enable the capabilities and testing to ensure that key billing and financial reporting processes are not inadvertently impacted. Testing is essential to ensure that all customer bills and payments are processed correctly, including those not participating in the program. Bill accuracy and successful payment processing are of course critical to the success of all of our organizations.

Since the Decision was issued last month, SDG&E has explored a number of regulatory and technical solutions to comply with the Decision while avoiding impacts to our January 2021 CIS deployment date and ultimately your transition schedules.

SDG&E first examined whether we could build the functionality in the new CIS prior to deploying the system in January 2021. This option was determined to not be feasible given it would take several months to design and build the solution. When designing and building solutions, SDG&E can often accelerate timelines by leveraging similar existing programming. In this case, extensive custom programming will be required to ensure it is supported across SDG&E's customer channels and is fully integrated into all of SDG&E's business processes. The new CIS is already built and we are well into the testing phase. There is simply not enough time at this late stage to introduce significant new custom software code and still deploy in January 2021.

SDG&E also evaluated an option to concurrently develop the technical functionality required in the Decision and then merge with the new CIS following deployment in January 2021. This option was rejected because of the significant risk it introduces. As mentioned, programs like AMP require significant changes to software code that is foundational to the calculation of accurate monthly bills for customers. After deployment, the CIS program must undergo a stabilization period, during which no substantive changes should be made. The overall objective of the stabilization period is to reduce the risk of potential customer impacts and billing system issues. Implementing a major code merge during the stabilization period – while at the same time transitioning customers to SDCP and CEA - risks the integrity of the system and could result in billing errors for SDG&E and CCA customers.

Finally, as noted in your letter, we sought approval from the CPUC to delay implementation of the disconnection decision, which was denied. SDG&E met with The Utility Reform Network (TURN) to attempt a coordinated resolution that addressed TURN's objection to an extension of D.20-06-003's requirements. Due to the limited timeframe for negotiations, SDG&E and TURN were unable to reach a resolution.² We have determined that submitting a revised request is not possible given our need to make an imminent decision on the

¹ The technical complexity of the AMP program is supported by the record in the Disconnection proceedings (R.18-07-005). Eversource, a New England energy utility, presented on its AMP program during a webinar. Eversource detailed that coding took "between 6-12 months, because Eversource wanted to be precise with billing." See R.18-07-005, Administrative Law Judge's Ruling Requesting Comments and Reply Comments to Six Questions and Comments and Reply Comments on Five Attachments (November 14, 2019) at Attachment 2.

² As directed in the Executive Director's letter denying SDG&E's extension request, SDG&E continues to collaborate with TURN and the CCAs regarding implementation of D.20-06-003 during the AMP Working Group process.

program's schedule. Changing the CIS deployment date requires significant planning and work needs to start immediately on building the Decision functionality. Giving the CPUC only days to assess a revised request considering the concerns expressed by some stakeholders is not feasible.

After careful consideration, SDG&E unfortunately needs to shift the deployment date of the CIS to early April 2021. We understand this will be a concern to you but the shift is necessary to provide sufficient time to design, build, and test the programs and functionality required in the Decision. This delay is also disappointing to the company and to me personally. Absent this latest development with the Decision, we had high confidence in completing the project in January 2021 as anticipated.

In light of this change, we would appreciate the opportunity to immediately meet with your teams to discuss potential options we are exploring to mitigate some of the impacts to your schedules. This is a top priority for SDG&E and we stand ready to further collaborate on solutions.

Your acknowledgement that SDG&E has done a commendable job keeping the program on track even in light of the ongoing COVID-19 health emergency is appreciated. CIS replacement programs are among the most difficult and complex initiatives for a utility given the scope, risks and operational impacts. Most CIS replacements, including SDG&E's, generally occur only once in a generation. Our team has worked tirelessly since 2017 on this transformation program to replace our 23-year-old CIS and they have managed to stay on schedule even with hundreds of employees and contractors transitioning to remote work across three continents due to the pandemic.

In closing, I want to reiterate SDG&E's commitment to operationally supporting SDCP and CEA through this transition and beyond. Our shared customers are counting on us to provide a seamless experience and world-class customer service. While we are focused today on this short delay, please remember the capabilities we are developing within our new CIS will enable us to reliably deliver on these expectations for decades to come. Thank you.

Sincerely,



Scott Crider