

**DOCKETED**

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July 21, 2022

California Energy Commission

Re: Docket No. 21-OIR-03  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission (CEC) Docket No. 21-OIR-03: Proposed Revisions to Regulatory Language for the Load Management Standards Regulations

Dear Commissioners:

SCE has been, and will continue to be, supportive of California's efforts to transition the State into a lower greenhouse gas future. SCE recognizes the importance of the CEC's initiative to develop and deploy dynamic rate structures to help the State achieve and meet its goals.

While SCE generally supports the CEC's efforts to offer marginal cost-based rates for all customer classes, the approval and implementation timeline presented in the current version of the draft load management plan continues to remain an area of great concern for SCE. SCE appreciates that the proposed revisions permit two years to file an application. This appropriately allows for more time to evaluate the results of ongoing pilots (SCE's pilots will conclude in 2024) prior to filing such an application. However, the CEC's proposed overall timeline of just three years for approval and implementation remains problematic. If the application is filed after two years as permitted, this three-year timeline would effectively require implementation just one year after the filing of the application. This grossly underestimates the time it takes for the CPUC to resolve issues related to a rate design application (usually 12-24 months), the time needed to execute after such CPUC resolution (potentially an additional 24-36 months), and the substantial effort required for necessary cross-functional engagement within the utility, utility billing system enhancements, system interoperability for customer-utility technology interfaces, and customer education and outreach.

As previously emphasized in written comments dated April 20, 2022, SCE continues to strongly urge the CEC to take a more pragmatic approach to establishing a realistic approval *and* implementation timeline to ensure the successful execution of the load management plan. This is especially important when considering a widespread launch of exceedingly complex dynamic rate structures with which the majority of customers are unaware and have no experience. Moreover, requiring load flexibility programs (e.g., demand response programs) to provide customers an option for receiving MIDAS pricing signals could cause customer confusion with traditional demand response programs and could cause customers to be nonresponsive to their demand response notifications and/or signals.

**I. SCE recommends that the CEC, when planning implementation dates for an available marginal cost-based rate for all customers, consider starting the clock after the utility receives final approvals for its filed plans from its respective rate approving bodies (CPUC and/or FERC if time-dependent Transmission rates are to be included in scope).**

As noted above, the approval and implementation timeline, as set forth in this draft of the proposed language, remains too aggressive. The successful rollout of a new rate design structure, specifically one that hinges on hourly marginal cost-based rates, is a significant undertaking that can be exhaustively litigated in a CPUC proceeding. In previous comments, SCE highlighted the many complexities and layers to launching a new rate design. These complexities include a significant amount of coordination required between multiple rate approving authorities (i.e., CEC, CPUC, FERC); implementation efforts needed for, among other things, billing system upgrades, system interoperability, a dynamic pricing engine, customer facing tools utilizing new technologies, customer notifications, and marketing, education, and outreach (ME&O) to facilitate customer understanding to increase enrollments.

In addition to the fact that the draft proposed language has an effective one-year timeframe for approval and implementation of a rate design application,<sup>1</sup> there are several other areas where the proposed standards fail to take these considerations of complexity into account, including:

- Section 1623(b), “Publication of Machine-Readable Electricity Rates. Each utility and CCA shall upload its existing time-dependent rates ...no later than three (3) months after the effective date of these standards.”
  - This timing would be feasible for Time-of-Use (TOU) rates that have been previously approved by the CPUC. However, SCE wishes to clarify that this timing may not work for Real-Time Pricing (RTP) rates. For RTP rates, SCE and other utilities would need to build functionality to enable a daily trigger to be loaded into the MIDAS system. To ensure a cost-effective implementation, this newly developed functionality would need to be aligned with any triggers that emerge to support the CPUC’s CalFUSE structure. How these two visions of dynamic pricing align cannot be known in 3 months. At best, there may be some perspective of common pricing structures, trigger mechanisms, and basic requirements that could be uploaded approximately 24-36 months after the CPUC’s Demand Flexibility OIR begins.
- Section 1623(c)(2), “The utilities and CCAs shall submit the single statewide standard tool ...”
  - Creation of a single statewide tool would require coordination across multiple utilities, CCAs, and vendors as well as designating funding to

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<sup>1</sup> Section 1622(a)(2) orders an application within two years of the effective date of these regulations while section 1623(d)(2) orders implementation within 3 years of the effective date, effectively leaving just one year for approval and implementation after an application is filed.

support the various implementations. In order to provide an effective tool that communicates pricing directly to devices, both the senders and receivers of this data should participate in a discussion to determine the optimal solution. Having the utility's rate approving body involved would help advance this transition, especially given the complexities involved with developing and implementing this level of functionality. SCE supports the CPUC's intent to host and lead workshops for interested parties to discuss the ecosystem required for broad deployment of a statewide flexible dynamic pricing service as part of the recently opened Demand Flexibility OIR. This type of stakeholder process will inform the CPUC, as well as the CEC, allowing for a greater level of cooperation between the agencies and a more practical rollout schedule.

For these reasons, SCE recommends that the dates in the revised regulations for the new marginal cost-based rates and accompanying tools not be hinged on the effective date of this Standard, but instead be tied to CPUC (and FERC for transmission rates) final rate approvals. SCE underscores the importance of a more realistic timeline to ensure a successful rollout of a robust and high-quality product to facilitate widespread customer adoption and acceptance.

**II. SCE recommends that the CEC's timeline allow for the time needed to design, build, and implement system enhancements required to more broadly deploy time-dependent marginal cost-based rates.**

SCE's current estimate for the completion of the necessary activities to implement new time-dependent marginal cost-based rates and tools is approximately 24-36 months *after* approval of such rates from the respective rate approving body (CPUC and/or FERC – depending on the inclusion of time-dependent Transmission dynamic rates). As previously discussed, this is due to the complexity and detail of the rate structure and the need to create new capabilities and interfaces across multiple disparate systems and platforms. SCE cannot begin much of this critical work until after it has approved rates and funding for performing this work.

In addition, there are other requests in the proposed language for supporting tools for which SCE would be unable to fully meet the proposed timeline, such as section 1623(c)(4), "Customer Access," which provides that "No later than one (1) year after the effective date of these standards, each utility and CCA shall provide customers access to their RIN(s) on customer billing statements and online accounts using both text and quick response (QR) or similar machine-readable digital code." Although SCE could make RINs available on its website within one year, SCE currently does not have an IT standard to support the use of QR codes or machine-readable digital code. To support that kind of functionality would require funding authorized through an application process with the rate approving authority and require sufficient time to implement. Changes to SCE's bill presentment requires a significant amount of time to implement due to the need to test multiple variations across all available rate options and RINs. As such, the launch time needed would likely be closer to one (1) year *after* approval of funding from the CPUC.

The timing also conflicts with section 1621(g), which states “The utility or CCA shall not be required to commence implementation of any program required by this article until the utility's or CCA’s rate-approving body has approved the tariffs which are a part of any such program and a method for recovering the costs of the program.” The requirement in section 1623(c)(4) states that a program to provide customer access must be operational after 1 year of the effective date of these standards, but the CPUC will not be able to approve any applications to approve funding for customer access until well after one year of the effective date of these standards.

**III. SCE recommends that the term “load flexibility program” be defined in section 1621 and that the CEC recognize in section 1623 the time required to establish a cost effectiveness standard and then determine program cost effectiveness.**

In section 1623, the CEC proposes to require applicable utilities and CCAs to submit their list of cost-effective load flexibility programs. However, the term “load flexibility program” is not defined in section 1621. Thus, SCE recommends that the following definition of “load flexibility program” be added to section 1621:

- **“Load flexibility program” means a load modifying program that is served by a load management tariff.**

SCE further recommends that the existing definition for “load management tariff” in section 1621 be modified as follows (proposed addition in bold and underlined):

- “Load management tariff” means a tariff with time-dependent values that vary according to the time of day to encourage off-peak electricity use and reductions in peak electricity use **presented in MIDAS.**

Additionally, as mentioned, in section 1623(d), the CEC requires SCE to submit a list of *cost-effective* load flexibility programs within 18-months of the effective date of these standards. This requirement once again fails to consider the CPUC’s processes for approving rates and determining program cost effectiveness, or the time it takes to implement such new programs into our billing systems and customer platforms.

**IV. Conclusion**

SCE appreciates the opportunity to file these comments and requests that the final regulatory language incorporate the suggested changes. SCE looks forward to working with the CEC and other rate approving authorities on load management and dynamic pricing initiatives.

Very truly yours,

/s/

Robert Thomas, P.E.