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VCE Comments on 2022 Load Management Rulemaking; 21-OIR-03

Additional submitted attachment is included below.



Board of Directors

Dan Carson
Davis City Council

Wade Cowan
Winters City Council

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Yolo County Board of Supervisors

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Woodland City Council

Mayra Vega
Woodland City Council

September 27, 2022

Commissioner Andrew McCallister
California Energy Commission

Submitted Electronically

Re: VCE Comments on 2022 Load Management Rulemaking; 21-OIR-03

Dear Commissioner McCallister,

I am writing on behalf of Valley Clean Energy (VCE), a community choice aggregation (CCA) program serving Yolo County. In late July VCE submitted comments on the then current draft Load Management Rule, sharing our thoughts from the perspective of the State's only Load Serving Entity (LSE) implementing a UNIDE (CalFUSE) based hourly dynamic rate pilot (the SCE pilot is under development). In that communication we expressed our general support for the load management concept. However, based on VCE's implementation experience as an LSE, we also suggested the CEC consider a number of key issues related to the design and rollout of the proposed Rule.

In our July 21, 2022 comments, VCE suggested the CEC staff consider the following general topics as they finalized the draft Rule for consideration by the Commission:

- Provide adequate customer and automation support
- Focus on key sectors first
- Pilot and Phase Implementation
- Expand the scaling strategy to include how to build out the expertise/resources necessary for a successful wide-spread rollout
- Tailor implementation approach to the type of LSE

VCE observes that staff's summary of proposed modifications beginning on page 5 of the September 12, 2022 *Notice of Third 15-Day Public Comment Period Proposed Revisions to the Load Management Standards* do separate POU's and CCA's into a separate section and provide some additional flexibility, but the draft Rules do not appear to address identified key barriers to successful implementation. VCE continues to be concerned that the draft Rule's top-down regulatory approach will curb innovation, needlessly redirect energy and resources to a "paper chase", and will ultimately be counter-productive for a demand shift tool that we all need to be high performing.

To be clear, VCE is championing dynamic rates – what we have concern with is the approach to its implementation contained in the draft Rule. As we submit this comment letter, as we suspect many others are also doing, VCE is simultaneously submitting comments into the CPUC's *Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates (Rulemaking 22-07-005)*. In our comments to that proceeding, consistent with our comments shared here, we argue for an expedited, expanded but targeted approach to deployment of dynamic rates:

"Based on VCE's experience to date developing and implementing a 5 MW dynamic rate pilot to incentivize agricultural customers to shift irrigation pumping load as approved in D.21-12-015 (the "AgFIT Pilot") and the Lawrence Berkeley National Laboratory's California Demand Response Potential Study Phase 3 Final



Report¹ which sparked the pilot, there is impactful “low hanging fruit” to be harvested by the state of California by shifting agricultural irrigation pumping and processing load to more optimal times of the day to reduce curtailment and the evening generation ramp. The Commission should create a new Phase 1, Track A.2 to explore rapid deployment of optional dynamic rates to tap this potential without delay....”

Perhaps the CEC should also consider an additional path in its Rulemaking that offers resource support and regulatory relief to incentivize voluntary implementation of demand management by willing LSE's to demonstrate the value of this tool.

Lastly, VCE points out that it is unclear how the draft Rule finding is made that the savings of the proposed approach “...will outweigh the costs associated with implementing these programs.” § 1623.1(e). VCE suspects that it may be contained in a separate analysis, but the draft Rule itself does not address costs or savings (e.g. savings associated with adjusted LSE capacity costs or requirements due to voluntary customer load shift).

Again, VCE hopes its practical experience in designing/implementing a dynamic rate pilot will be helpful to the Commission as you consider this important framework. We continue to support the Commission’s efforts to take on this critically important topic and thank you and your fellow Commissioners for your leadership. We are available to the Commissioners and Commission staff if we can answer questions or be of support.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Sears".

Mitch Sears
Executive Officer
Valley Clean Energy

cc: California Energy Commissioners

¹ Brian F Gerke, Giulia Gallo, Sarah Josephine Smith, Jingjing Liu, Shuba V. Raghavan, Peter Schwartz, Mary Ann Piette, Rongxin Yin, Sofia Stensson, Lawrence Berkeley National Laboratory, *The California Demand Response Potential Study, Phase 3: Final Report on the Shift Resource through 2030* (July 2020); available at: <https://emp.lbl.gov/publications/california-demand-response-potential>.