



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

R.22-07-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S REPLY COMMENTS ON
ASSIGNED COMMISSIONER'S PHASE 1 SCOPING MEMO AND RULING**

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TABLE OF CONTENTS

| | | |
|------|--|---|
| I. | INTRODUCTION | 1 |
| II. | THE COMMISSION SHOULD ADDRESS DATA GAPS THAT PREVENT CCAS AND IOUS FROM TAKING COMPLEMENTARY ACTIONS THAT YIELD THE GREATEST CUSTOMER AND GRID BENEFITS..... | 3 |
| III. | THE COMMISSION SHOULD REJECT THE JOINT RATEPAYER PARTIES’ RECOMMENDATION AGAINST EXPANSION OF ANY EXISTING DYNAMIC RATE PILOT | 4 |
| IV. | THE COMMISSION SHOULD ENSURE TERMS IN THE ELECTRIC RATE DESIGN AND DEMAND FLEXIBILITY DESIGN PRINCIPLES ARE CLEARLY DEFINED..... | 6 |
| V. | CONCLUSION..... | 7 |

SUMMARY OF RECOMMENDATIONS

- The California Public Utilities Commission (Commission) should address data gaps that prevent community choice aggregators and investor-owned utilities from taking complementary actions that yield the greatest customer and grid benefits.
 - The Commission should reject the Joint Ratepayer Parties' recommendation against expansion of any existing dynamic rate pilot.
 - The Commission should ensure terms in the electric rate design and demand flexibility design principles are clearly defined.
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The California Community Choice Association¹ (CalCCA) submits these Reply Comments in response to the *Assigned Commissioner's Phase 1 Scoping Memo and Ruling* (Ruling), issued November 2, 2022.

I. INTRODUCTION

These comments reply to:

- The California Environmental Justice Alliance's (CEJA) recommendation to expand the residential Emergency Load Reduction Program (ELRP) pilot;
- The Joint Ratepayer Parties'² opposition to expansion of any dynamic rate pilot; and
- Pacific Gas & Electric Company's (PG&E's) emphasis on stakeholder consensus for terms used in the Energy Division (ED) Staff proposed electric rate design principles (ERPs) and demand flexibility design principles (DFPs).

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice; Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² The Joint Ratepayer Parties consist of the California Farm Bureau Federation, the California Large Energy Consumers Association, the Energy Producers and Users Coalition, California Manufacturers & Technology Association, Energy Users Forum, and Federal Executive Agencies.

CEJA recommends an expansion of the residential ELRP pilot as a strategy to help reach state reliability goals and simultaneously reach more low-income customers. The residential ELRP pilot is another example showing the need for upgraded systems to allow better data access and sharing between community choice aggregators (CCAs) and investor-owned utilities (IOUs). CCAs are unable to determine in a timely manner the load modifications of programs like the residential ELRP pilot nor the level of customer engagement with current data sharing. For both implementing demand flexibility and expanding grid-benefiting programs such as the residential ELRP pilot, system upgrades and CCA data access improvements are necessary.

In Opening Comments³, the Joint Ratepayer Parties recommend against expansion of any existing dynamic rate pilot in response to Question 4 of the Ruling. CalCCA included in Opening Comments support for expansion of Valley Clean Energy's (VCE) dynamic rate pilot (AgFIT), which has already demonstrated participants shifting load away from ramp and peak hours. These Reply Comments provide responses to each of the Joint Ratepayer Parties' arguments against expansion of existing pilots and continue support for the expansion of AgFIT for meeting state reliability goals.

PG&E proposed revisions to ED Staff's proposed modifications of ERPs and new DFPs in Opening Comments. PG&E also suggests a final workshop on ERPs and DFPs to attempt to clarify and build consensus around the terms used in the principles. This additional stakeholder consensus building would provide benefits to all stakeholders by clarifying intent of the principles foundational to the rest of this proceeding.

³ Opening Comments refer to Opening Comments filed in Rulemaking (R.) 22-07-005, in response to the Ruling, on or about December 2, 2022:
https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2207005.

II. THE COMMISSION SHOULD ADDRESS DATA GAPS THAT PREVENT CCAS AND IOUS FROM TAKING COMPLEMENTARY ACTIONS THAT YIELD THE GREATEST CUSTOMER AND GRID BENEFITS

As the Commission explores the expansion of grid benefitting pilots or the implementation of demand flexibility, the Commission should address the data accessibility gaps that prevent CCAs and IOUs from taking complementary actions to design and implement programs and rates that may yield the greatest benefits to customers and the grid. CEJA recommended in its Opening Comments that the residential ELRP pilot adopted in R.20-11-003 be “expand[ed] to test a more targeted implementation for low-income households” and help overcome some of the barriers to participating in real-time pricing that vulnerable communities face.⁴ CEJA concedes the residential ELRP pilot does not include a dynamic rate, but points out that it allows low-income customers to reduce demand during hours of greatest benefit to the grid.⁵ If the Commission expands the residential ELRP pilot to benefit system reliability in the near term, any expansion effort should be accompanied by requirements for IOUs to provide timely access to enrollment and hourly (or sub-hourly) usage data of unbundled customers with CCAs. CalCCA described some of the limitations with the data received by CCAs from the IOUs in its opening comments. The data received does not provide timely access to billing quality interval data to view CCA load.⁶ Thus, the impacts of demand-side programs such as the residential ELRP on load are not known in a timely manner. This data gap prevents a CCA from understanding any load shift or load shed due to the program’s intervention, how unbundled

⁴ See CEJA [Opening Comments](#) at 5-6.

⁵ See CEJA [Opening Comments](#) at 6 (clarifying the reasons behind expanding the residential ELRP pilot).

⁶ See CalCCA [Opening Comments](#) at 3-4 (providing details about the systems and processes needed to calculate the dynamic price signal for bundled and unbundled rate components).

customers are responding to emergency events, or if other pilot designs could yield better results within an appropriate timeframe.

III. THE COMMISSION SHOULD REJECT THE JOINT RATEPAYER PARTIES' RECOMMENDATION AGAINST EXPANSION OF ANY EXISTING DYNAMIC RATE PILOT

The expansion of VCE's AgFIT pilot should be pursued because of its success in shifting agricultural pumping load away from ramp and peak hours during extreme heat in the Summer of 2022. Extreme weather conditions are possible in 2023 and the Commission recognized the need for more demand response measures to prevent service interruptions as seen during the August 2020 rotating outages.⁷ Maximizing the accessibility of a demonstrated pilot like AgFIT for more agricultural customers in California will directly address the Commission's call for immediate strategies to maintain grid reliability in the face of extreme weather.

The Joint Ratepayer Parties oppose expansion of any dynamic rate pilot for three reasons. First, they claim it is unclear whether the pilots will provide near-term grid reliability benefits.⁸ On the contrary, CalCCA included in its Opening Comments evidence in the form of data gathered from VCE's AgFIT pilot showing success in shifting agricultural pumping load away from both ramp and peak hours.⁹ The pilot incentivized participating customers to act in a manner that contributed to grid reliability even during extended, high temperatures that occurred in September 2022. Expansion of AgFIT would provide more agricultural customers throughout

⁷ See Decision (D.) 21-12-015 *Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023*, R.20-11-003 (Dec. 2, 2021), at 8-9 (Detailing the scope of Phase 2 to include reducing peak and net peak demand in 2022 and 2023), and Findings of Fact (FoF) 6-7.

⁸ See Joint Ratepayer Parties' [Opening Comments](#) at 22.

⁹ See CalCCA [Opening Comments](#) at 8 (Figures 1 & 2).

California the option to opt-in and contribute to shifting load to times of the day when electricity is less expensive, and the grid is not strained.

The Joint Ratepayer Parties then argue that it would be inappropriate for the Commission to alter dynamic rate pilots because it would modify mutually agreed-upon terms litigated in other proceedings.¹⁰ VCE's proposal for AgFIT was approved in D.21-12-015¹¹ and details of the pilot subsequently approved through the Commission's approval of VCE Advice Letter 11-E, dated January 5, 2022, PG&E's Advice Letter 6495-E, dated February 4, 2022, and Supplemental Advice Letter 6495-E-A, dated April 7, 2022. It is reasonable for the Commission to call for a modification of an existing pilot when the data suggests such change is warranted, especially given the urgency of implementing strategies to address reliability.

Finally, the Joint Ratepayer Parties cite the risk of corrupting data if a pilot is expanded.¹² However, expansion of AgFIT would not affect how the pilot incentivizes participants, it would simply allow more customers to participate. VCE can distinguish between a customer participating pre- and post-expansion if the Commission authorizes an increase in the megawatt capacity of the pilot. Therefore, data collection for currently participating customers would not be affected by data collection of any newly participating customer. Additionally, expansion to other load-serving entity service areas allows for more data collection throughout California to demonstrate what factors of the pilot are most effective to increase benefits to grid reliability. Given the potential for weather events such as the heatwave in September 2022 that threaten

¹⁰ See Joint Ratepayer Parties' [Opening Comments](#) at 22.

¹¹ See D.21-12-015 at Ordering Paragraph 50.

¹² See Joint Ratepayer Parties' [Opening Comments](#) at 22.

California's grid, the Commission should pursue multiple strategies to improve reliability, including expansion of the AgFIT pilot as proposed in CalCCA's Opening Comments.¹³

IV. THE COMMISSION SHOULD ENSURE TERMS IN THE ELECTRIC RATE DESIGN AND DEMAND FLEXIBILITY DESIGN PRINCIPLES ARE CLEARLY DEFINED

The Commission should provide stakeholders a list of definitions of key terms used in both the ERPs and DFPs to ensure clarity. Currently, there is ambiguity within the ERPs and DFPs. At the November 17, 2022, workshop on ERPs and DFPs, many stakeholders asked for clarity from ED Staff on terms used in the principles. Additionally, many parties submitted recommended revisions to ERPs and DFPs in Opening Comments providing alternate wording for both sets of principles. Vital to the success of the proceeding is a clear understanding of the foundational principles guiding the development of demand flexibility rates. PG&E raised a similar point in Opening Comments and suggested that it may be beneficial to gather stakeholders one more time to seek consensus on a single set of agreed terms and definitions.¹⁴ PG&E's proposal to hold a final workshop on the terms used in the ERPs and DFPs should be adopted. However, ED Staff should first publish a list of terms and definitions for the principles. ED Staff should then take feedback on those published definitions at the final workshop before publishing a finalized version of the terms and definitions. Full consensus across all parties may not be possible on each and every term, however, minimizing ambiguity is important to ensuring every party's understanding of terms is the same.

¹³ See CalCCA [Opening Comments](#) at 9-10 (Section 4B discussing how the AgFIT pilot should be expanded).

¹⁴ See PG&E [Opening Comments](#) at 4 (introducing ambiguity of terms and the benefit of attempting to seek consensus on terms and definitions before kicking off Track B of the proceeding).

V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of its recommendations and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive style.

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January 4, 2023