



**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 COMMENTS ON
THE PROPOSED DECISION ADOPTING ELECTRIC RATE DESIGN
PRINCIPLES AND DEMAND FLEXIBILITY DESIGN PRINCIPLES**

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SUMMARY OF RECOMMENDATIONS

- The California Public Utilities Commission (Commission) should amend the Findings of Fact and Conclusions of Law to be consistent with Demand Flexibility Principle 4's (O¶ 2(d)'s) guidance to ensure that both bundled and unbundled customers can participate in demand flexibility; and
 - The Commission should update Electric Rate Design Principle 7 (O¶ 1(g)) to ensure that both bundled and unbundled customers can understand their rates and manage their bills.
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The California Community Choice Association¹ (CalCCA) submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission’s (Commission’s) Rules of Practice and Procedure on the proposed *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles*² (Proposed Decision), dated March 17, 2023.

I. INTRODUCTION

Through this Demand Flexibility proceeding, the Commission seeks to enable customers to effectively manage their load by reacting to dynamic rates reflecting electric market prices (i.e., dynamic or demand flexible rates). With the investor-owned utilities’ (IOUs’) implementation of demand flexible rates, and the Commission’s establishment of tariffs, systems

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: <https://cal-cca.org/>.

² R.22-07-005, *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles* (Mar. 17, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M503/K824/503824406.PDF>.

and processes to support both IOU and other load-serving entity (LSE) dynamic rates, the Commission seeks to: (1) enhance the reliability of the electric system; (2) make electric bills more affordable and equitable; (3) reduce curtailment of renewable energy and greenhouse gas emissions; (4) enable electrification; (5) reduce long-term system costs through efficient electricity pricing; and (6) enable all customers, including bundled and unbundled customers, to participate in demand flexibility.³ The Commission’s efforts compliment the goals of the California Energy Commission (CEC) which requires in the Load Management Standard (LMS) regulations that not only IOUs, but also certain community choice aggregators (CCAs) and publicly owned utilities (POUs), adopt such rates by years 2026-27.⁴

In this proceeding, the Commission will provide rate design guidance for the IOUs to submit their CEC LMS applications to establish dynamic rates for bundled customers.⁵ The Electric Rate Design Principles (ERPs) in the Proposed Decision will guide this IOU dynamic rate design, while also providing guidance to the IOUs on billing and rate presentation. The Commission will also order the creation of systems and processes that can support dynamic rates for both IOU (bundled) and CCA (unbundled) customers.⁶ The Demand Flexibility Principles (DFPs) will guide the Commission’s development of such systems and processes.

³ Proposed Decision at 4; R.22-07-005, *Assigned Commissioner’s Phase 1 Scoping Memo and Ruling* (Nov. 2, 2022) (Scoping Memo), at 1.

⁴ See California Energy Commission Load Management Standards, 20 CCR §§ 1621-1625 (Apr. 1, 2023) (requiring the IOUs, “Large CCAs” (including twelve CCAs and defined as any CCA that provides in excess of 700 GWh of electricity to customers in any calendar year) and “Large POUs” (defined as the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District) to comply with standards leading to the offering of locational marginal cost-based rates or a program to allow customers to manage load (by April 1, 2026 for the Large POUs, January 1, 2027 for the Large IOUs, and July 1, 2027 for the CCAs).

⁵ Scoping Memo at 6.

⁶ *Id.* at 5 (Scoped Item 4 – “How should the Commission ensure access to dynamic electricity prices by bundled and unbundled customers, devices, distributed energy resources, and third-party service providers? What systems and process should the Commission authorize for access to prices and responding to price signals?”).

CalCCA appreciates the Proposed Decision's acknowledgment through the ERPs and DFPs of the role CCAs can play in advancing the goals of the Commission and CEC by offering dynamic rates to their unbundled customers. In fact, DFP 4 (set forth in O¶ 2(d)), explicitly acknowledges that all customers, including bundled and unbundled customers, should have the opportunity to be served under dynamic rates:

[t]he systems and processes for calculating dynamic price signals should be able to include bundled and unbundled rate components so that any load serving entity can elect to participate.⁷

Attachment A to the Proposed Decision explains the purpose of DFP 4:

Unbundled customers, including CCA and Direct Access customers, represent a growing share of California ratepayers. The systems and processes for calculating dynamic prices must be able to include generation rates for unbundled customers to enable widespread adoption of dynamic rates.⁸

While DFP 4 will therefore guide the Commission toward incorporating the systems and processes to benefit both bundled and unbundled customers, the Findings of Fact (FOF) and Conclusions of Law (COL) can be interpreted to only benefit bundled customers and are not consistent with DFP 4. Therefore, CalCCA recommends the following limited modifications to the Proposed Decision to ensure equal opportunity for service under dynamic rates for bundled and unbundled customers:

- The Commission should amend the FOF and COL to be consistent with DFP 4's (O¶ 2(d)'s) guidance to ensure that both bundled and unbundled customers can participate in demand flexibility; and
- The Commission should update ERP 7 (O¶ 1(g)) to ensure that both bundled and unbundled customers can understand their rates and manage their bills.

⁷ Proposed Decision, O¶ 2(d) (emphasis added).

⁸ *Id.*, Attachment A, at 5.

CalCCA provides a redline reflecting these modifications to the FOF, COL, and O¶s in Appendix A, attached hereto.

II. THE PROPOSED DECISION SHOULD BE AMENDED TO CONSISTENTLY ENSURE THE EQUAL OPPORTUNITY FOR BUNDLED AND UNBUNDLED CUSTOMERS TO PARTICIPATE IN DEMAND FLEXIBILITY

While DFP 4 (O¶ 2(d)) will ensure that the systems and processes for calculating dynamic price signals enable both bundled and unbundled customers to participate in demand flexibility, the FOF and COL currently only apply to bundled customers and should be amended.

DFP 4 (O¶ 2(d)) states that:

[t]he systems and processes for calculating dynamic price signals should be able to include bundled and unbundled rate components so that any load serving entity can elect to participate.⁹

The specificity and inclusivity of this principle in terms of voluntary participation of any LSE should apply to all considerations of demand flexibility design and development. This inclusive language will ensure more Californians can participate in demand flexibility and provide benefits to the grid. Additionally, planning for non-IOU LSEs to participate in demand flexibility is more administratively efficient than making changes in the future. Therefore, the following new FOF and COL should be added consistent with O¶ 2(d) to maximize the ability of all LSEs and both bundled and unbundled customers to participate in demand flexibility.

- New FOF 4: The systems, processes, and customer experiences developed for demand flexibility must consider bundled and unbundled customers so that any load serving entity can elect to participate.
- New COL 4: It is reasonable for the Commission to require demand flexibility systems, processes, and customer experiences that consider bundled and unbundled customers so that any load serving entity can elect to participate.

⁹ *Id.*, O¶ 2(d) (emphasis added).

III. ELECTRIC RATE PRINCIPLE 7 SHOULD BE UPDATED TO ENSURE BOTH BUNDLED AND UNBUNDLED CUSTOMERS ARE ABLE TO UNDERSTAND THEIR RATES, RATE INCENTIVES, AND BILLS

The Commission should update ERP 7 (in O¶ 1(g)) to ensure bundled and unbundled customers are equally able to understand their rates, rate incentives and bills. ERP 7 makes explicit the importance of customers' ability to understand their rates, rate incentives, and bills. IOUs provide transmission, distribution, and billing services to both bundled and unbundled customers. Customer bills should be consistent regardless of which LSE provides generation services such that customers are indifferent to bill presentment. CalCCA therefore proposes the following revision to ERP 7 (O¶ 1(g)):

- Bundled and unbundled €customers should be able to understand their rates and rate incentives and should have options to manage their bill.

IV. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,



Evelyn Kahl,
General Counsel and Director of Policy
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

April 6, 2023

**ATTACHMENT A
TO
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**PROPOSED CHANGES TO FINDINGS OF FACT,
CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS**

FINDINGS OF FACT

4. The systems, processes, and customer experiences developed for demand flexibility must consider bundled and unbundled customers so that any load serving entity can elect to participate.

CONCLUSIONS OF LAW

4. It is reasonable for the Commission to require demand flexibility systems, processes, and customer experiences that consider bundled and unbundled customers so that any load serving entity can elect to participate.

ORDERING PARAGRAPHS

1. (g) Bundled and unbundled customers should be able to understand their rates and rate incentives and should have options to manage their bill.