

**Rulemaking 22-07-005, Order Instituting Rulemaking to Advance Demand
Flexibility Through Electric Rates
Track B, Working Group 2
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
Comments in Response to Joint Price Machine Proposal (Energy Division, TeMix)
Scoping Memo Questions 4.a. and 4.e.
August 28, 2023**

Required Elements	Description
Organization(s)	California Community Choice Association (CalCCA)
Proposal Name	Joint Price Machine Proposal (Energy Division, TeMix) and Addendums
Comments	<p>CalCCA provides comments herein on the Joint Price Machine Proposal by Energy Division and TeMix (Proposal), (2) Addendum of alternate considerations (TeMix) (TeMix Addendum), and (3) Energy Division Addendum to Price Machine Proposal, Cost Estimate for the PG&E Price Machine (Energy Division Addendum). The Proposal and TeMix Addendum address Question 4a of the Scoping Memo: <i>What systems and processes should the Commission authorize for computation of dynamic prices for bundled and unbundled customers.</i> The Energy Division Addendum addresses Question 4e of the Scoping Memo: <i>What are the costs associated with these systems and processes (for access to prices and responding to price signals), and how should these costs be recovered?</i></p> <p>CalCCA provides these comments on the price machine at this early stage of the Demand Flexibility (DF) proceeding. CalCCA reserves the right to comment further as more information is gained concerning price machine components, costs, and concerns, as well as DF rate design and dynamic pricing. In addition, systems and processes being developed in the California Energy Commission’s (CEC’s) Load Management Standard (LMS) proceeding may impact the price machine, and CalCCA reserves the right to comment further on the price machine as the CEC LMS components are constructed.</p> <p style="text-align: center;">1. Energy Division/TeMix Price Machine Proposal</p> <p>CalCCA is generally in support of the Proposal. The following provides clarifications and additional comments regarding the Proposal:</p> <ul style="list-style-type: none"> • CalCCA agrees that price functions must be defined by load-serving entities (LSEs) and utility distribution companies (UDCs). The Proposal states that “CPUC and UDCs are NOT expected to be involved in reviewing /approving unbundled LSE’s price function design.” (Proposal, § 2.a.2., at 1). CalCCA requests that the Proposal be revised to simply state that “CPUC and UDCs <u>cannot</u> be involved in reviewing/approving unbundled LSE’s price function design,” as the rate design of community choice aggregators (CCAs) is independent of both California Public Utilities Commission (CPUC) and UDC

jurisdiction (i.e., CCAs have rate autonomy and are not subject to CPUC jurisdiction or UDC authority).

- CalCCA agrees that “LSEs and UDCs [are] responsible for providing respective time-dependent grid conditions as inputs.” (Proposal, § 2.a.3). CalCCA requests that the Proposal be revised to note that CCAs can only provide time-dependent rates associated with the generation component – the transmission and distribution components must be provided by the UDC.
- CalCCA requests that the Proposal explicitly state that CCAs will have the ability to participate in and/or access the price machine, regardless of whether the CCA adopts the exact DF OIR rate design as ultimately adopted by the CPUC and/or implemented by the IOUs. This is critical to ensure that unbundled customers have equitable access to demand flexibility rates, and that CCAs maintain autonomy over their rate design.
- CalCCA does not agree that one price machine should be housed in each UDC, as proposed in Section 3.a. CalCCA does agree with the Proposal’s alternative set forth in Section 3.a. of a price machine housed in a single statewide entity for all three UDCs, allowing all LSEs to participate. Housing the price machine outside of the UDCs (i.e., in a single statewide independent entity physically separate from the UDCs) will promote a level playing field between the UDCs and participating LSEs, will likely promote efficiencies, and prevent duplication of efforts and multiple vendors.
- The price machine design must remain flexible as the DF rate design is not yet complete, and the CEC LMS proceeding continues to develop additional systems and processes for dynamic pricing.

2. TeMix Addendum

The TeMix Addendum requests that the price machine be integrated with other sub-systems: a transactive platform (based on customer forward schedules), subscription manager, and calculator for bill determinants. CalCCA reserves comment on whether the price machine should incorporate such sub-systems until the details of both the price machine and the sub-systems are developed.

3. Energy Division Addendum

CalCCA appreciates the preliminary cost analysis in the Addendum, including PG&E’s estimates for the potential price machine. Given the preliminary stage of the development of both the dynamic pricing design and the systems and processes to support demand flexibility both in the DF proceeding and the CEC LMS proceeding, CalCCA cannot yet opine on the overall costs or the cost allocation for the price machine. CalCCA also agrees with PG&E’s analysis that costs of the price machine will likely scale depending on the functionalities of the price machine, granularity of the rate design, and other complexities to be

	identified. CalCCA reserves the right to comment further on costs (and cost recovery mechanisms) as the parameters of the dynamic pricing rate design are established, and the systems and processes to support the dynamic pricing are developed and finalized.
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2. Comment Summary Table

Proposal: Energy Division

Scoping Question	Position			
	Generally support	Support with modifications	Do not support, unless modified	Do not support
4a Price Machine		CalCCA		
4a Addendum: TeMix				
4a Addendum: Grid Science				
4d Transactive Energy/Subscription Manager				
4d Addendum: Joint IOUs				
4d Addendum: NRG				
4d Addendum: IEMS				
4e (within proposals)				
4f (within proposals)				