



**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 EMAIL RULING DIRECTING SOUTHERN CALIFORNIA EDISON
COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY TO PROVIDE
ADDITIONAL PILOT BUDGET INFORMATION**

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TABLE OF CONTENTS

I. INTRODUCTION1

II. REJECT PG&E’S PROPOSAL TO PROHIBIT PHASED LAUNCH FOR CCAS ADMINISTERING THEIR OWN EXPANDED PILOT, IN THE CASE WHERE THE COMMISSION APPROVES A PHASED LAUNCH FRAMEWORK. THE COMMISSION SHOULD REJECT SCE’S PROPOSAL THAT COSTS FROM EXPANDED PILOTS BE RECOVERED FROM TWO BALANCING ACCOUNTS2

III. THE COMMISSION SHOULD REJECT CAL ADVOCATES’ PROPOSAL TO REQUIRE PROOF OF ALTERNATIVE FUNDING SOURCES BEFORE RECEIVING RATEPAYER FUNDING FOR EXPANDED PILOTS3

IV. PG&E’S PROPOSAL TO REQUIRE CCA COMPLIANCE WITH COMMISSION REQUIREMENTS IF ACCEPTING RATEPAYER FUNDING FOR EXPANDED PILOTS IS REASONABLE.....5

V. THE COMMISSION SHOULD REQUIRE IOU DR ENROLLMENT DATA SHARING WITH CCAS PARTICIPATING IN EXPANDED PILOTS6

VI. THE COMMISSION SHOULD REJECT PG&E’S ASSERTION THAT CCAS OPTING INTO AN IOU EXPANDED PILOT WOULD BE MORE COST EFFECTIVE7

VII. THE COMMISSION SHOULD REJECT PG&E’S PROPOSAL TO PROHIBIT PHASED LAUNCH FOR CCAS THAT CHOOSE TO INDEPENDENTLY FUND EXPANDED PILOT IMPLEMENTATION8

VIII. CONCLUSION.....9

SUMMARY OF RECOMMENDATIONS

California Community Choice Association recommends that the California Public

Utilities Commission:

- Reject Southern California Edison Company’s proposal to recover expanded pilot costs through two separate balancing subaccounts;
 - Reject the Public Advocates Office at the California Public Utilities Commission’s proposal to require community choice aggregators (CCAs) to submit proof of non-ratepayer funding before being eligible to receive ratepayer funding;
 - Require investor-owned utilities to share demand response enrollment data with CCAs implementing expanded pilots;
 - Reject Pacific Gas and Electric Company’s (PG&E’s) misleading assertions that a CCA administering an expanded pilot is less cost-effective than a CCA opting into PG&E’s expanded pilots; and
 - Reject PG&E’s proposal to prohibit a phased launch for CCAs administering their own expanded pilot in the case in which the Commission approves a phased launch framework.
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ADDITIONAL PILOT BUDGET INFORMATION**

California Community Choice Association¹ (CalCCA) submits these comments in response to the *Email Ruling Directing Southern California Edison Company and Pacific Gas and Electric Company to Provide Additional Pilot Budget Information*² (Ruling), dated October 3, 2023.

I. INTRODUCTION

CalCCA appreciates the opportunity to submit a response to Reply Comments³ on the Staff Proposal on Existing Dynamic Rate Pilot Expansion (Staff Proposal) attached to the Commission's August 15, 2023 Ruling (August 15 Ruling) on expanding existing dynamic rate

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster 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 Rulemaking (R.) 22-07-005, *Email Ruling Directing Southern California Edison Company and Pacific Gas and Electric Company to Provide Additional Pilot Budget Information* (Oct. 3, 2023).

³ All references herein to party Reply Comments are to the Reply Comments filed in this Rulemaking (R.) 22-07-005, on or about October 9, 2023, unless otherwise specified.

pilots.⁴ Robust community choice aggregator (CCA) participation in the expanded pilots heavily depends on the Commission-approved design of the pilots. Accordingly, CalCCA recommends that the Commission:

- Reject Southern California Edison Company’s (SCE’s) proposal to recover expanded pilot costs through two separate balancing subaccounts;
- Reject the Public Advocates Office at the California Public Utilities Commission’s (Cal Advocates’) proposal to require CCAs to submit proof of non-ratepayer funding before being eligible to receive ratepayer funding;
- Require investor-owned utilities (IOU) to share demand response (DR) enrollment data with CCAs implementing expanded pilots;
- Reject Pacific Gas and Electric Company’s (PG&E’s) misleading assertions that a CCA administering an expanded pilot is less cost-effective than a CCA opting into PG&E’s expanded pilots; and

II. REJECT PG&E’S PROPOSAL TO PROHIBIT PHASED LAUNCH FOR CCAS ADMINISTERING THEIR OWN EXPANDED PILOT, IN THE CASE WHERE THE COMMISSION APPROVES A PHASED LAUNCH FRAMEWORK. THE COMMISSION SHOULD REJECT SCE’S PROPOSAL THAT COSTS FROM EXPANDED PILOTS BE RECOVERED FROM TWO BALANCING ACCOUNTS

The Commission should reject SCE’s proposal to recover the distribution and generation costs of expanded pilots through two separate balancing accounts. SCE proposes to recover the delivery portion of program costs through a distribution subaccount of SCE’s BRRBA-D and the generation portion of program costs through the generation subaccount.⁵ This cost recovery framework, which tracks pilot costs through two separate balancing accounts, is similar to PG&E’s proposal from opening comments, which proposed to recover generation costs from

⁴ R.22-07-005, *Administrative Law Judge’s Ruling on Track B Staff Proposal to Expand Existing Pilots* (Aug. 15, 2023) (ALJ Ruling on Expanded Pilots).

⁵ See SCE Reply Comments, at 7-8 (“Specifically, administrative and bill credit costs associated with the delivery portion of a customer’s bill would be recovered from all customers via distribution rates using the distribution subaccount of SCE’s Base Revenue Requirement Balancing Account (BRRBA-D). Administrative and bill credit costs associated with the generation portion of a bundled service customer’s bill would be recovered from bundled service customers via bundled generation rates using the generation subaccount of SCE’s BRRBA-G”).

providing shadow bill credits through the latest vintage of the Power Charge Indifference Adjustment (PCIA).⁶ In response, CalCCA proposed to recover all expanded pilot costs for IOUs and CCAs through distribution rates because the expanded pilots will benefit the reliability of the grid, which benefits all customers.⁷ While SCE and PG&E may have different specific subaccounts in which to track expanded pilot costs through distribution rates, the principle that all customers that benefit from the improved reliability of the expanded pilot should pay the costs of the programs still stands. The simplest and most effective way to do this is to use a single balancing account and distribution rates since all customers, bundled and unbundled, pay distribution rates. Tracking costs through a single balancing account also minimizes administrative costs relative to tracking costs through two balancing accounts. Finally, the use of distribution rates mimics the Cost Allocation Mechanism and will not necessitate relying upon the PCIA and associated complicated vintaging calculations that occur with the PCIA.

III. THE COMMISSION SHOULD REJECT CAL ADVOCATES' PROPOSAL TO REQUIRE PROOF OF ALTERNATIVE FUNDING SOURCES BEFORE RECEIVING RATEPAYER FUNDING FOR EXPANDED PILOTS

The Commission should reject Cal Advocates' proposal to require CCAs to seek funding from other sources prior to ratepayer funding because time is essential to being able to provide increased reliability for potential extreme weather events as early as the summer of 2024. Cal Advocates argues in Reply Comments that ratepayer funding should only go to a CCA after it has submitted an application to the Commission that proves the CCA has attempted and failed to

⁶ See R.22-07-005, *Attachment to the Submission of GridX, Inc., Polaris Energy Services, Gridtractor, Inc., and Pacific Gas and Electric Company's Comments and Responses to the Administrative Law Judge's Ruling on Track B Staff Proposal to Expand Existing Pilots*, at 27 (Sept. 25, 2023) ("PG&E believes that recovery through the last PCIA vintage year of PABA for PG&E generation rate shadow billing credits is the most appropriate method of recovery for the generation component because it will recover the revenue shortfall from those customers i.e., bundled and departed load customers who left bundled service from the preceding six month period, who received the benefit of the pilot").

⁷ See CalCCA Reply Comments, at 6-7.

acquire alternative funding sources.⁸ The August 15, 2023 Ruling’s request for potential expanded pilot administrators to consider non-ratepayer funding sources is reasonable;⁹ however, given the short timeline to launch expanded pilots in June 2024, CCAs will need to spend their available time in developing programs, identifying customers, enrolling those customers, implementing necessary technology for the customer, and implementing their own billing systems in order to have the expected load shift available by summer of 2024. Placing another task of identifying alternate sources of funding, applying for such funding, and obtaining funding is not likely to be feasible in the short time that is available to meet grid reliability needs for potential extreme weather conditions in the summer of 2024. CCAs have only recently begun to plan for an AgFIT pilot after the Commission published the Staff Proposal on August 15, 2023 proposing to expand the pilot, and Commission decisions on funding and cost recovery are still undetermined. Requiring CCAs to prove they have sought alternative funding means not only leaves little time for CCAs to apply for and receive determinations on alternative funding sources before Summer 2024, but also makes funding uncertain, which can negatively impact planning and pilot development. Additionally, Cal Advocates’ proposal does not propose for IOUs to provide the same proof which constitutes inequitable and inconsistent treatment that would also hinder CCA planning of expanded pilots. Therefore, the Commission should reject

⁸ See Cal Advocates Reply Comments, at 12-13 (“CCAs should not receive funding from bundled service customers for the Expanded Pilots until they have proven that they have utilized all other sources of non-ratepayer funds at their disposal. This should include submission of their applications with requests for funding and reporting of the outcome for each of the identified funding sources”).

⁹ ALJ Ruling on Expanded Pilots, at 2 (“PG&E and SCE are each directed to: (a) provide estimated costs for additional administration of implementation for the Expanded Pilots (as described in the Staff Proposal), including a table with a breakdown of costs by category, and (b) comment on whether non-ratepayer sources of funds are available to provide additional automation incentives beyond those authorized in D.21-12-015 (e.g., Energy Commission grants)”).

Cal Advocates' proposal, which is not suitable for the short planning and implementation timeline of expanded pilots by June 2024.

IV. PG&E'S PROPOSAL TO REQUIRE CCA COMPLIANCE WITH COMMISSION REQUIREMENTS IF ACCEPTING RATEPAYER FUNDING FOR EXPANDED PILOTS IS REASONABLE

PG&E's proposal to require CCA compliance with Commission requirements if utilizing Commission-authorized ratepayer funds for implementing expanding pilots is reasonable. PG&E argues that if the Commission approves funding for CCAs to implement expanded pilots, then CCAs should have to comply with Commission oversight of those expanded pilots.¹⁰ CCAs anticipated doing so and have experience with Commission oversight and administering ratepayer funds through the implementation of programs in other proceedings. For example, eight CCAs administer the Disadvantaged Community Green Tariff (DAC-GT) and Community Solar Green Tariff (CS-GT) programs, and operate under Commission oversight while recovering costs from ratepayers.¹¹ PG&E correctly supposes that the Commission cannot establish rules or funding requirements for those areas where it does not authorize ratepayer funding and "particularly those over which the Commission has no authority or oversight."¹² However, in the alternative where the Commission does authorize ratepayer funding, it can place conditions and requirements on the use of those funds. The examples provided of CCA implementation of energy efficiency and DAC-GT and CS-GT programs demonstrate that the Commission has already set the precedent for CCAs to receive ratepayer funding for programs

¹⁰ See PG&E Reply Comments, at 12 ("If the Commission classifies and funds the AgFIT expansions as DRET pilots, it would rely on a regulatory program that would subject participating CCA's pilot activities to Commission oversight (as occurs with VCE in the existing pilot)").

¹¹ Clean Power Alliance of Southern California, Clean Power San Francisco, CalChoice, East Bay Community Energy (now known as Ava Community Energy), MCE, Peninsula Clean Energy, San Diego Clean Energy, and San Jose Clean Energy administer DAC-GT and/or CS-GT programs.

¹² See PG&E Reply Comments, at 12.

and that CCAs would indeed be under Commission oversight for operating those programs.

CCAs generally support the application of Commission jurisdiction over Commission-authorized ratepayer funding for pilots or programs.

V. THE COMMISSION SHOULD REQUIRE IOU DR ENROLLMENT DATA SHARING WITH CCAS PARTICIPATING IN EXPANDED PILOTS

The Commission should require PG&E and SCE to share relevant DR program enrollment data with CCAs participating in expanded pilots. CalCCA appreciates PG&E's recommendation that if the Commission prohibits dual enrollment between expanded pilots and demand response programs, the Commission should direct PG&E and SCE to provide unbundled customer specific Emergency Load Reduction Program (ELRP) data to CCAs.¹³ As discussed in the Track B Working Group Report, PG&E does not currently share ELRP data with CCAs.¹⁴ Without this data, CCAs would not be able to prevent dual enrollment with a DR program like ELRP while enrolling customers into a dynamic rate pilot, complicating enrollment for both customers and CCAs. Additionally, without this data, CCAs would not be able to gain insight into and isolate the impacts of ELRP, the expanded pilots, and other demand side programs on load, hindering load forecasting efforts and estimates of future potential for demand flexibility, CalCCA does not currently take a position on whether or to what extent dual enrollment prohibitions should apply to expanded dynamic rate pilot.

¹³ See PG&E Reply Comments, at 15-16 ("Solely for purposes of evaluating participation in PG&E's Expanded Pilots as a load serving entity subject to the CEC LMS standards, the Commission decision on pilot expansion might direct that unbundled customer specific ELRP information be provided to the unbundled customer's CCA or ESP under a non-disclosure agreement").

¹⁴ See R.22-07-005, *Track B Working Group Report and Notice of Availability*, at 235 (listing the potential barriers to CCA participation in dynamic pricing, including CCA's lack of data on customer enrollment in ELRP) (Oct. 11, 2023).

VI. THE COMMISSION SHOULD REJECT PG&E’S ASSERTION THAT CCAS OPTING INTO AN IOU EXPANDED PILOT WOULD BE MORE COST EFFECTIVE

The Commission should reject PG&E’s claim that CCAs administering the expanded pilots in their service area would increase overall pilot costs. PG&E asserts that, “It will be more efficient and less costly to implement PG&E’s pilot expansion proposal overall, versus allowing separate CCA AgFIT pilot expansions.”¹⁵ This statement should be rejected because it ignores two crucial factors that are relevant to both the cost and the benefit of CCA participation through their own programs. First, PG&E claims that CCAs will save money by opting into the PG&E Expanded Pilots. However, without funding mechanisms determined at this point,¹⁶ this claim is premature. In addition to this claim being premature, PG&E’s description ignores the fact that CCAs administering the expanded pilot in their service area will allow that CCA to utilize its deep knowledge of its community, including leveraging relationships with community based organizations and local governments in its service area, to more effectively and efficiently find customers for which the expanded pilots might be a good fit – thus potentially increasing the number of customers enrolled and participating. This in turn will increase the potential for load shifting resulting in further benefit to the grid, including summer reliability. Second, PG&E’s position also ignores an important aspect of CCAs administering expanded pilots rather than opting into PG&E’s expanded pilots: experience gained implementing dynamic rates ahead of the 2027 deadline to comply with CEC LMS. The Staff Proposal lists CCAs gaining operational

¹⁵ See PG&E Reply Comments, at 11.

¹⁶ See PG&E Reply Comments, at 11 (“PG&E believes it would be significantly less costly for CCAs to use what will be available under PG&E’s pilots, instead of each interested CCA mounting its own AgFIT extension”).

experience in offering dynamic rates as a benefit of expanding the existing pilots.¹⁷ If, instead of administering their own pilots, CCAs are required to allow PG&E to fully administer the expanded pilots in their service areas for their customers to be able to participate, those CCA's that are interested in creating their own dynamic rates as their preferred method to comply with the CEC's LMS would lose a valuable chance to gain such operational experience. Therefore, CCAs being permitted to administer the pilots, and not being required to "opt in" to an IOU expanded pilot does not represent a suboptimal pathway, instead it furthers the goals listed in the Staff Proposal for expanded pilots.

VII. THE COMMISSION SHOULD REJECT PG&E'S PROPOSAL TO PROHIBIT PHASED LAUNCH FOR CCAS THAT CHOOSE TO INDEPENDENTLY FUND EXPANDED PILOT IMPLEMENTATION

If the Commission allows CalCCA's phased launch for CCA expanded pilots, the Commission should not require CCAs to opt into PG&E's expanded pilots. In Reply Comments, PG&E acknowledges that it can accommodate CalCCA's phased launch approach, but only if CCAs are opting into its expanded pilots.¹⁸ This condition would prohibit CCAs launching and running their own expanded pilot from having the same flexibility with launch timing, preventing CCAs from gaining operational experience with dynamic rates as set forth above in Section VI.

¹⁷ R.22-07-005, Staff Proposal attached to *ALJ Ruling on Expanded Pilots*, at 2 ("Furthermore, staff suggests that there are additional benefits in expanding the pilots discussed in this proposal, including the following:... Enabling utilities and CCAs to gain important operational experience in offering dynamic rates to customers across different applications and capabilities, which should help advance their technical and operational readiness and deployment timelines to offer widespread hourly, marginal-cost-based dynamic rates consistent with CEC's Load Management Standards").

¹⁸ See PG&E Reply Comments, at 14 ("The PG&E Expanded Pilots can accommodate this CalCCA request. CCAs can join PG&E's Expanded Pilots at any point in the initial years, although there may be lead time required to get everything accomplished to roll out the pilot for any particular CCA"), and 15 ("It may not be reasonable to let a CCA start its own stand-alone AgFIT pilot later, whenever it wants since the pilot is for 2024-2027").

VIII. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the recommendations herein 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, flowing style.

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ASSOCIATION

October 25, 2023