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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates.	R.22-07-005

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON TRACK B WORKING GROUP REPORT

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- The California Public Utilities Commission (Commission) should continue to collect and assess data to inform design of real-time pricing (RTP) rates;
- The Commission should continue to facilitate data sharing and collection between investor-owned utilities (IOUs) and community choice aggregators (CCAs) for successful implementation of RTP rates;
- Load-serving entities (LSEs) should pursue time-of-use and critical peak pricing rates in parallel to the development of RTP rates to maximize near-term load shifting impacts; and
- The Commission and stakeholders should continue to define Environmental and Social Justice goals within RTP rate design;
- Working Group 2's recommendation to utilize the California Energy Commission's (CEC) Market Informed Demand Automation Server system as a price portal, with necessary upgrades as determined by the Commission and the CEC, should be adopted;
- Energy Division's price machine proposal should be adopted;
- IOUs should be required to provide CCAs access to customer usage data, including:
    - Requiring Pacific Gas and Electric Company to provide billing quality usage data to CCAs at hourly or sub-hourly intervals; and
    - Requiring all IOUs to provide non-billing quality hourly customer interval usage data for CCA load forecasting and offering dynamic pricing to unbundled customers;
- In the event dual enrollment between demand response (DR) programs and demand flexible rates is prohibited, the Commission should require IOUs to provide customer enrollment data in DR programs;
- In the context of dynamic pricing, the Commission should ensure equivalent bill presentation between bundled and unbundled customers;
- The Commission must address the complexities regarding customer rate change requests in the context of RTP;
- The IOUs' request for the establishment of a two-way balancing account for the development of systems and processes should be rejected; and
- All LSEs should be able to recover shared categories of costs for the development of systems and processes through the same rate mechanism.

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California Community Choice Association[1] (CalCCA) submits these comments on the *California Public Utilities Commission Demand Flexibility OIR Track B Working Group Report*[2] (Report), dated October 11, 2023, and filed in response to the *Assigned Commissioner's Phase 1 Scoping Memo and Ruling*[3] (Scoping Memo), dated November 2, 2022, and *Email Ruling Modifying Deadlines for Working Group Proposal and Comments,*[4] dated September 29, 2023.

I. INTRODUCTION

Among the objectives of the California Public Utilities Commission's (Commission) Order Instituting Rulemaking (OIR) to establish demand flexibility policies and modify electric

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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, *Track B Working Group Report and Notice of Availability, Attachment A* (Oct. 11, 2023): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K541/520541672.PDF.

3 R.22-07-005, *Assigned Commissioner's Phase 1 Scoping Memo and Ruling* (Nov. 2, 2022): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K072/498072273.PDF.

4 R.22-07-005, *Email Ruling Modifying Deadlines for Working Group Proposal and Comments* (Sept. 29, 2023): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K520/520520661.PDF.

rates is to enable participation in demand flexibility by <u>both</u> bundled customers (i.e., customers of investor-owned utilities (IOUs)) <u>and</u> unbundled customers.[5] Track B of the Demand Flexibility proceeding is considering the adoption of dynamic pricing rates for the IOUs, to support the January 2025, IOU applications to offer marginal cost dynamic rates to each customer class as required by the California Energy Commission's (CEC) Load Management Standards (LMS).[6] Large community choice aggregators (CCA) will have the option to adopt the dynamic price rate design required by the Commission for the IOUs, develop their own dynamic rates, or offer load shifting programs to customers by 2027 pursuant to the LMS requirements.[7] In addition, CCAs are committed to the overall demand flexibility and demand response policies identified by the Commission in the OIR.[8]

As part of Track B, the Commission ordered the formation of Working Groups to address two categories of issues: (1) principles for dynamic pricing rate design, including design principles to enable all load-serving entities (LSEs) to participate in demand flexibility (Working Group 1 (WG 1)); and (2) systems and processes needed for access to dynamic prices and responding to dynamic price signals by both bundled and unbundled customers (Working Group 2 (WG 2)).[9] After many months of meetings, the Report containing the findings of both Working

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5 R.22-07-005, *Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates* (July 22, 2022) (DFOIR), at 1: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K285/496285639.PDF.

6 Title 20, Art. 5, §§ 1621-1623.1 (2023).

7 *See* LMS § 1623.1(b).

8 DFOIR, at 1 (stating that "the Commission will establish demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California's electric system; make electric bills more affordable and equitable; (c) reduce the curtailment of renewable energy and greenhouse gas emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers").

9 Scoping Memo, at 4.

Groups was filed with the Commission on October 11, 2022.[10] CalCCA was actively involved in both Working Groups, and provided input for the Report. The following provides CalCCA's recommendations as the Commission considers the Report:

- The Commission should continue to collect and assess data to inform design of real time pricing (RTP) rates;
- The Commission should continue to facilitate data sharing and collection between IOUs and CCAs for successful implementation of RTP rates;
- LSEs should pursue time-of-use (TOU) and critical peak pricing (CPP) rates in parallel to the development of RTP rates to maximize near-term load shifting impacts; and
- The Commission and stakeholders should continue to define Environmental and Social Justice (ESJ) goals within RTP rate design;
- WG 2's recommendation to utilize the CEC's Market Informed Demand Automation Server (MIDAS) system as a price portal, with necessary upgrades as determined by the Commission and the CEC, should be adopted;
- Energy Division's (ED's) price machine proposal should be adopted;
- IOUs should be required to provide CCAs access to customer usage data, including:
  - Requiring Pacific Gas and Electric Company (PG&E) to provide billing quality usage data to CCAs at hourly or sub-hourly intervals; and
  - Requiring all IOUs to provide non-billing quality hourly customer interval usage data for CCA load forecasting and offering dynamic pricing to unbundled customers;
- In the event dual enrollment between demand response (DR) programs and demand flexible rates is prohibited, the Commission should require IOUs to provide customer enrollment data in DR programs;
- In the context of dynamic pricing, the Commission should ensure equivalent bill presentation between bundled and unbundled customers;
- The Commission must address the complexities regarding customer rate change requests in the context of real time pricing;
- The IOUs' request for the establishment of a two-way balancing account for the development of systems and processes should be rejected; and

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10 *See infra,* n. 2.

- All LSEs should be able to recover shared categories of costs for the development of systems and processes through the same rate mechanism.

II. BACKGROUND

A. Working Group 1

The Commission established Track B, WG 1 to develop guidance for demand flexibility rate design. Though the guidelines developed in WG 1 will ultimately inform the IOU LMS applications for implementing RTP rates, Question 3.e. of the Scoping Memo asks, "[h]ow should demand flexibility rates be designed to enable <u>all [LSEs]</u> to have the option to participate?"[11] CalCCA participated in WG 1 to provide CCA perspectives as they relate to Question 3.e. and other aspects of dynamic rate design. On July 7, 2023, CalCCA and CCA staff presented to WG 1 the CCA perspective on the flexibility needed to enable CCA participation in dynamic pricing. In these comments, CalCCA provides a summary of its positions on the WG 1 proposals and responds to comments from other parties included in the Report.

B. Working Group 2

Track B, WG 2 addressed the following general question with respect to the <u>systems and processes</u> necessary to enable dynamic pricing (i.e., RTP):[12]

> 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 processes should the Commission authorize for access to prices and responding to price signals?[13]

Subsection 4.b. further defines the question with respect to entities serving unbundled customers such as CCAs:

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11 Scoping Memo, at 4 (emphasis added).
12 The term "dynamic pricing" is used herein interchangeably with "RTP."
13 Scoping Memo, at 5.

> What systems and processes should the Commission authorize to enable load serving entities to offer unbundled customers the option to take service on dynamic electricity prices?

During the WG 2 process, CalCCA presented the barriers known at this time for CCAs to offer dynamic pricing, and the CalCCA proposals to overcome the barriers. In addition to the WG 2 meetings during which these barriers were discussed, several additional meetings were held between the CCAs, ED staff, and the IOUs regarding the identified barriers and potential solutions.[14]

III. CALCCA COMMENTS ON WORKING GROUP 1 PROPOSALS

The Commission tasked WG 1 in this proceeding with proposing a set of guidelines for all demand flexibility rate design applications to be filed by the IOUs. Three sets of parties submitted proposals for WG 1: ED staff; PG&E, Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E) (together referred to as the Joint IOUs), and the Microgrid Resources Coalition (MRC).[15] CalCCA first summarizes its positions on these WG 1 proposals and the six WG 1 Scoping Memo questions and then discusses the following topics in response to WG 1 party comments included in the Report: (1) data collection and assessment to inform RTP rate design; (2) data sharing between IOUs and CCAs for implementation of RTP rates for all customers; (3) the value of LSEs pursuing TOU and CPP rates in parallel to developing RTP rates; and (4) the need to define and incorporate ESJ goals through the development of RTP rates.

[14] The CCAs and IOUs discussed the barriers in several WG 2 meetings, including meetings on March 24, 2023, and June 30, 2023. The CCAs also had meetings with PG&E and ED on April 20, 2023, May 11, 2023, and July 18, 2023. A meeting between the CCAs, ED, and SCE was held on April 18, 2023. A meeting between the CCAs, ED, and SDG&E was held on May 4, 2023.

[15] *See* Report, at 4.

A. Summary of CalCCA Positions on WG 1 Proposals

CalCCA submitted comments via template, as requested by ED staff, which were included in the Report. To provide clarity on CalCCA's positions on the scoping questions and proposals from WG 1, CalCCA presents a summary in Table 1, below.

Table 1: CalCCA Summary of Position on WG 1 Proposals

Scoping Memo Question	*CalCCA Position on Party Proposals*
3a. How should wholesale market prices be incorporated into demand flexibility price signals?	CalCCA supports proposals utilizing day ahead market prices. CCAs are diverse and will need to determine correct methodologies for marginal generation capacity costs and revenue neutral adders for demand flexible rates.
3b. What options should be provided to help customers plan and manage their bills (e.g., customer load shape subscriptions, forward transactions, bill protections)?	CalCCA does not oppose or support one bill protection method over another. CCAs will need to determine the best bill protection methods for their customers. CalCCA supports gathering more data from pilots to inform selecting bill protection methods. CCAs may have difficulty implementing subscriptions if the data required to compute the subscription is difficult to access or acquire by the CCA in the time needed. As subscription rates are developed, the Commission should ensure that CCAs have access to the necessary data required to design and bill for subscription rates.
3c. How should the timing of customer exports be aligned with grid needs to reduce greenhouse gas emissions, reduce curtailment of renewable energy, and enhance system reliability?	The dynamic rates developed in this proceeding should avoid creating unintended conflicts with other rates that involve customer exports. CalCCA agrees with the Joint IOU proposal that Non-Net Energy Metering, Non-Qualifying Facility export compensation may raise questions about the boundary between retail and wholesale jurisdiction.

Scoping Memo Question	*CalCCA Position on Party Proposals*
3d. How should demand flexibility design consider the barriers and needs of low-income and disadvantaged communities and advance the Commission's Environmental and Social Justice (ESJ) Action Plan goals?	CalCCA generally supports proposals to develop marketing, education, and outreach (ME&O) for low-income customers and customers in disadvantaged communities (DACs), recognizing that these customers may have less flexible load or less access to supporting technologies such as smart thermostats.
3e. How should demand flexibility rates be designed to enable all load serving entities to have the option to participate?	CalCCA generally supports proposals to provide LSEs with the option to either: (1) design their own demand flexible rate independently, or (2) adopt the generation component of the bundled rate for their customers.
3f. How should demand flexibility rates be designed to comply with the California Energy Commission's (CEC) amendments to the Load Management Standards (LMS)?	CalCCA recognizes the importance of designing demand flexible rates to comply with LMS requirements at the outset to minimize future rate changes and complexity. For this reason, CalCCA supports proposals to use LMS to inform the design of demand flexible rates.

B. The Commission Should Continue to Collect and Assess Data to Inform RTP Rate Design

The Commission should continue to collect and assess data from the RTP pilots to inform RTP rate design. Party comments in the Report reflect the complexity and novelty of RTP rates by calling for more data collection to determine various aspects of the RTP rate design. In comments on WG 1 proposals included in the Report, parties such as the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the California Large Energy Consumers Association (CLECA), the Joint IOUs, Valley Clean Energy (VCE), Polaris Energy Services (Polaris), and Gridtractor Inc. (Gridtractor) recommend pursuing pilots to test implementation of RTP rates.[16] The Commission is currently exploring expansion of existing RTP pilots, including both the PG&E/VCE Agricultural Flexible Irrigation Technology (AgFIT) pilot and SCE's RTP pilot.[17] These pilot expansions will provide valuable insights into unanswered questions around implementation of dynamic rates including rate design for different customer classes, automating load shifting, ME&O, and customer acceptance. With insights gathered further through the expanded pilots, the Commission and LSEs can make informed decisions about how to design RTP rates to maximize grid reliability benefits and provide value to customers.

C. The Commission Should Continue to Facilitate Data Sharing and Collection Between IOUs and CCAs for Successful Implementation of RTP Rates

As RTP pilots are expanded and IOUs and CCAs work together to implement dynamic rates, the Commission should continue to address data access issues identified by CCAs for successful implementation of RTP rates. CalCCA presented data-related barriers to participation in dynamic rates in WG 2 and expands on these below in Section IV.D. Parties also recognize the importance of addressing data sharing and access issues in comments on WG 1 proposals in the Report. For example, the Clean Coalition believes that "a greater level of coordination and data sharing with CCAs is necessary than has been the case in the past to successfully implement real time rates for unbundled customers as well as bundled customers."[18] 350 Bay Area

[16] *Id.*, at 24 (Cal Advocates argues for the need for more pilots to test two-part tariffs with customer load-shape subscriptions before implementing at full scale); *see also id.,* at 14 (CLECA recommends to pursue dynamic rates at the pilot stage before expanding significantly); *see also id.,* at 27 (Joint IOUs recognize the need for pilots to find the balance between customer protection and customer understandability); *see also id.,* at 28 (VCE, Polaris, and Gridtractor jointly point out that results from pilots are not available yet to tease out the effectiveness of two-part subscriptions).

[17] *See* R.22-07-005, *Administrative Law Judge's Ruling on Track B Staff Proposal to Expand Existing Pilots* (Aug. 15, 2023) (ALJ Ruling on Expanding Pilots): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K407/517407755.PDF.

[18] Report, at 101.

commented that the Joint IOU proposal to "'[work] with the CCAs to eliminate barriers' is inadequate given history of delay in e.g. data availability."[19] CalCCA appreciates parties acknowledging the need to continue to improve data sharing and access for CCAs to implement RTP rates. Along with continuing to gather data on RTP rate implementation through pilots, the Commission should improve IOU/CCA data sharing processes and access.

D. LSEs Should Pursue TOU and CPP Rates in Parallel to RTP Rates to Maximize Near-Term Load Shifting Impacts

As the Commission contemplates guidance for RTP rates and assesses data from ongoing and future RTP pilots, LSEs should pursue expansion of TOU and CPP rates. Though RTP pilots are underway (and may be expanded) and have provided valuable experience so far, the need to shift loads to support grid reliability statewide exists now. The LMS requires LSEs to offer dynamic rates beginning in 2026, and ED staff have proposed that the expanded dynamic rate pilots run from 2024-2027.[20] Therefore a gap will exist between now and 2026 without large-scale adoption of dynamic rates. CLECA recognizes this gap in comments to WG 1 proposals in the Report, stating that:

> [s]ince TOU rates incentivize customers to shift their loads outside of the on-peak period, load shifting will be maximized if the overall number of customers on time differentiated rates (both dynamic and TOU) is maximized. Thus, going forward the Commission should not limit its focus to dynamic rates.[21]

350 Bay Area also proposes to implement RTP rates "as soon as practicable in parallel with efforts to improve TOU and other dynamic programs."[22] The parallel implementation of TOU and CPP rates will be complementary to RTP rate development because TOU and CPP rates

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[19] *Id.*, at 100.
[20] ALJ Ruling on Expanding Pilots, Attachment A - *Staff Proposal on Existing Dynamic Rate Pilot Expansion*, at 4.
[21] *See* Report, at 14-15.
[22] *Id.*, at 82.

already exist, are being implemented, will incentivize load shifting, and will allow LSEs to expand ME&O efforts to increase load shifting while RTP rates are tested with customers.

E. The Commission and Stakeholders Should Continue to Define ESJ Goals Within RTP Rate Design

The Commission and stakeholders are still early in RTP rate development but should continue to define ESJ goals and emphasize equity within RTP rate design. The Scoping Memo established an emphasis on equity and ESJ goals through Question 3.d. which asks, "[h]ow should demand flexibility design consider the barriers and needs of low-income and disadvantaged communities and advance the Commission's [ESJ] Action Plan goals?"[23] In the Report, comments from the Center for Accessible Technology (CforAT) and 350 Bay Area demonstrate a desire to see more direct engagement with Scoping Question 3.d. from the ED proposal. CforAT states that:

> [t]he ED proposal does not meaningfully grapple with the question of how to consider barriers and needs of low-income and disadvantaged communities. In its single page addressing the issue, Energy Division attempts to identify implications of its proposal on the Commission's ESJ Action Plan Goals but presents no substantive recommendations on how to address the implications.[24]

350 Bay Area takes a higher-level view but agrees that the ED proposal "does not appear to directly address ESJ, DAC, and low-income issues."[25] Additionally, while CalCCA supports the high-level strategies the Joint IOUs propose in response to Question 3.d., the Joint IOUs did not provide many details beyond the need to craft ME&O for low-income and DAC customers and the potential need for technology incentives.[26] Though planning to make dynamic rates consistent with the Commission's ESJ goals and to support low-income and DAC customers is

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23 Scoping Memo, at 4-5.
24 Report, at 32.
25 *Ibid.*
26 *Id.*, at 97.

important, the process of developing dynamic rates is still early. Without more experience with expanded RTP pilots, the Commission and stakeholders cannot know precisely how to address Question 3.d. of the Scoping Memo. Continued emphasis on ESJ goals and equity is vital to determining specific strategies to ensure that dynamic rates can help both California's grid reliability and all customers.

IV. CALCCA COMMENTS ON WORKING GROUP 2 PROPOSALS

Working Group 2 was tasked with ensuring <u>access</u> to <u>dynamic electric prices</u> by the following: (1) bundled customers; (2) unbundled customers; (3) devices; (4) distributed energy resources; and (5) third party providers.[27] Therefore, the Commission asked WG2 to determine the <u>systems and processes</u> that the Commission should authorize to ensure such <u>access</u> to <u>prices</u> and <u>responding to price signals</u>.[28] The Commission tasked WG2 with considering systems and processes that should be authorized for:

- Computation of dynamic prices for bundled and unbundled customers (Question 4.a.);
- Enabling LSEs to offer unbundled customers the option to take service on dynamic prices (Question 4.b.);
- Enabling third-party service providers to offer demand flexibility services to customers (Question 4.c.);
- Enabling customers to optimize and pre-schedule their energy use to provide demand flexibility (Question 4.d.).

In addition, the Commission asked WG 2 to determine the costs of such systems and processes, and how these costs should be recovered (Question 4.e.). Finally, the Commission asked how the systems and processes should be managed and overseen (i.e., by IOUs or third-parties?) (Question 4.f.).

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27 Scoping Memo, at 5.
28 *Ibid.*

CalCCA appreciates the Commission's commitment to ensuring the systems and processes ordered and developed from this proceeding "support widespread adoption of demand flexibility rates."[29] Therefore, while CCAs will not be required to adopt the dynamic pricing rate design adopted by the Commission in this proceeding, CCAs share the Commission's goals of reliability, affordability, reduction of renewable energy curtailment, lowering emissions, and enabling electrification through demand flexibility policies.

Consistent with its Comments in the Working Group and on the draft Report, CalCCA provides comments below on (1) the price portal (Question 4), (2) the proposed price machine (Question 4.a.), (3) enabling CCA customers to take service on dynamic electricity prices (Question 4.b.), and (4) costs and cost recovery for the dynamic pricing systems and processes (Question 4.e.). CalCCA reserves the right to comment on other aspects of the Report as the dynamic pricing rate design is further developed, and other issues are raised concerning the systems and processes necessary to support dynamic pricing.

A. Summary of CalCCA Positions on WG 2 Proposals

CalCCA submitted comments via template, as requested by ED, which were included in the Report as part of the WG 2 process. To provide clarity on CalCCA's positions on the scoping questions and proposals from WG 2, CalCCA presents a summary in Table 2.

Table 2: CalCCA Summary of Position on WG 2 Proposals

Scoping Memo Question	***CalCCA Position on Party Proposals***
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 processes should the Commission authorize for access to prices and responding to price signals?	Utilize the existing CEC MIDAS system as the price portal, with necessary upgrades determined by the Commission and the CEC.

29 *Id.*, at 6.

Scoping Memo Question	*CalCCA Position on Party Proposals*
4.a. What systems and processes should the Commission authorize for computation of dynamic prices for bundled and unbundled customers?	CalCCA generally supports Energy Division's proposal for a price machine, including: • The primary option to house the price machine in a third-party independent of the IOUs; and • Ensuring access to the price machine by LSEs electing to participate to offer a dynamic generation component of the composite, dynamic price, even if their LSE has not adopted the DFOIR rate design.
4.b. What systems and processes should the Commission authorize to enable load serving entities to offer unbundled customers the option to take service on dynamic electricity prices?	CalCCA provided barriers to CCAs offering dynamic pricing during the Working Group process. Details of the barriers, and each of the IOUs' proposals (and CalCCA's responses) are provided in the Working Group Report.[30] The barriers fall into the following categories, but in some cases vary in each service territory as noted below. In the comments below, CalCCA provides the status of both the IOUs and CalCCA addressing the identified barriers.
	1. Customer Usage Data a. PG&E Service Territory i. CCA access to non-billing quality interval data for CCA forecasting ii. CCA access to billing-quality interval data b. SCE Service Territory i. CCA access to non-billing quality interval data for CCA forecasting c. SDG&E Service Territory i. CCA access to non-billing quality interval data for CCA forecasting
	2. Data Regarding Customer Enrollment in DR Programs, including the Emergency Load Reduction Program (ELRP) (all IOU service territories)
	3. Equivalent Bill Presentment (all IOU service territories)
	4. Customer Rate Change Mechanisms (all IOU service territories)

30 *See* Report at 233-252.

Scoping Memo Question	*CalCCA Position on Party Proposals*
4.c. What systems and processes should the Commission authorize to enable third-party service providers (e.g., automation service providers, device manufacturers) to offer demand flexibility services to customers?	No position at this time.
4.d. What systems and processes should the Commission authorize to enable customers to optimize and pre-schedule their energy use to provide demand flexibility (e.g., forward transactions)?	No position at this time.
4.e. 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?	*See* Section IV.E., below.
4.f. How should these systems and processes (for access to prices and responding to price signals) be managed and overseen (e.g., utility administration or third-party administration)?	*See* CalCCA position on Question 4.a., above. Otherwise, no position at this time.

B. The Commission Should Adopt WG 2's Recommendation to Utilize the MIDAS System as a Price Portal, with Necessary Upgrades as Determined by the Commission and the CEC

The Commission should adopt the Working Group's recommendation to utilize the existing MIDAS platform as the system to allow customers to access prices and respond to price signals.[31] However, MIDAS will need significant improvements to meet the needs set forth in the Scoping Memo. The Working Group characterizes MIDAS as an "[i]nternet-based price server developed by the CEC to get "prices to devices" in support of the CEC's Load Management Standards and load flexibility in California."[32] However, as noted by the Joint IOUs, it is unclear whether MIDAS will ultimately hold forecast prices generated by the price machine or transactive system, or if MIDAS should only contain final prices.[33] In addition, LSEs

31 *Id.*, at 189.
32 *Ibid*.
33 *Ibid*.

have recently encountered challenges even uploading their time-dependent rates to MIDAS in compliance with LMS, with MIDAS seemingly unable to support the number of rates being uploaded without error alerts, delays, and significant issues with the system. Upgrades and further development to MIDAS will be necessary for it to work as envisioned by the Working Group, in concert with the price machine and to ensure customer access to dynamic pricing. If sufficient upgrades to MIDAS cannot be made, the Commission should consider other options for the price portal.

C. Energy Division's Price Machine Proposal Should be Adopted

CalCCA generally supports ED's price machine proposal set forth in the Report. ED's price machine is designed to compute time-dependent, composite electricity prices (including capacity cost components and time and location dependent wholesale market energy price component as inputs) and upload them with their unique rate identification numbers to the price portal and billing system.[34] While many aspects of the price machine remain uncertain, CalCCA's support at this point of the functionality of the price machine is on a theoretical level. CalCCA reserves the right to comment further as more information is gathered concerning the price machine components and costs, as well as the DFOIR rate design. In addition, systems and processes being developed in the CEC LMS proceeding may impact the price machine, and CalCCA reserves the right to comment further on the price machine as the LMS components are constructed.

CalCCA supports the updates to the price machine provided in the revised ED proposal in the Report. First, CalCCA supports ED's recommendation to have as the "primary option" one consolidated price machine constructed on a statewide basis operating independently from the IOUs (rather than one price machine per IOU).[35] Housing the price machine outside of the IOUs

[34] *Id.*, at 213.
[35] *Id.*, at 216.

will promote a level playing field between the IOUs and participating LSEs, promote efficiencies, and prevent duplication of efforts and multiple vendors. Second, CalCCA also supports ED's proposal to allow all LSEs to elect to participate, regardless if the LSE adopts the DFOIR rate design.[36] Finally, ED correctly delineates the price functions for the price machine, including that LSEs provide the generation price function only, and that the IOU and transmission operator will separately provide the distribution and transmission components.[37]

D. The Commission Must Address the Barriers Identified by CalCCA in the Report to Enable CCAs to Offer Dynamic Pricing

As noted in the Scoping Memo, Question 4.b., the Commission is considering the systems and processes necessary to enable LSEs to offer unbundled customers the option to take service on dynamic electricity prices.[38] While CCAs will not be required to adopt the DFOIR rate design, CCAs are required by the CEC LMS to offer either marginal-cost based rates or programs to encourage the use of electrical energy at off-peak hours and the control of daily seasonal peak loads.[39] As noted above, CCAs are committed to adopting policies that encourage load shifting away from off-peak hours to increase grid reliability.

As noted in the summary chart above, CalCCA presented during the WG 2 process the systemic and process-related barriers known at this time for CCAs to offer dynamic pricing to unbundled customers, along with potential solutions. Also as noted in the summary chart above, these barriers include access to data from the IOUs on customer usage and data regarding customer enrollment in DR programs, potential non-equivalent bill presentment between bundled

36 *Ibid.*
37 *Id.*, at 214.
38 Scoping Memo, at 5.
39 CEC LMS §§ 1621(a), 1623.1(b).

and unbundled customers, and complexities surrounding customer rate changes once third-party automation providers become involved in the dynamic pricing offerings.

The Report provides in depth descriptions of the barriers, along with solutions proposed by both CalCCA and the IOUs, as well as stakeholder comments on the identified barriers. In general, CalCCA notes that stakeholders generally support the need of unbundled customers to participate in demand flexibility and dynamic pricing, as well as the need for the IOUs to address and solve the existing data sharing issues between the IOUs and CCAs (as discussed in the Report and below). For example, 350 Bay Area "strongly supports the need of unbundled customers to participate in DF," and states that "[t]he CCA data and billing needs are reasonable and ED/CPUC should hold IOUs accountable."[40] Cal Advocates encourages the Commission to "determine logistics for allocation and cost recovery of funding for CCA and IOU data sharing or upgrades to the existing data sharing platforms."[41] Cal Advocates also recommends that the IOUs "explore and consider using non-ratepayer funding sources such as CEC or State General Fund funding" for the upgrades. The Small Business Utility Advocates support the IOU consideration of the issues raised by CCAs to facilitate their enablement, agreeing with the CCAs "that these are important issues."[42] Finally, Utility Consumers' Action Network requests that the IOUs "provide a credible detailed explanation as to why it continues to be challenging to provide the same data [that the IOUs have] in an accurate and reliable fashion to CCAs…."[43]

The following provides updated information on each of the identified barriers for CCAs to offer dynamic pricing, and recommendations for the Commission.

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40 Report, at 247.
41 *Id.*, at 247.
42 *Id.*, at 251-52.
43 *Id.*, at 252.

1. The Commission Should Require the IOUs to Provide CCAs Access to Customer Usage Data

Historically, CCAs have had difficulty accessing both non-billing quality and billing quality usage data from the IOUs. The following details the data access issues CCAs in each service territory have identified as potential barriers to their offering dynamic rates, and recommendations for the Commission on ensuring these barriers are resolved.

a. CCAs in PG&E Service Territory

i. The Commission Should Require PG&E to Provide Billing Quality Usage Data to CCAs at Hourly or Sub-Hourly Intervals

The Commission should require PG&E to provide billing quality usage data to CCAs at hourly or sub-hourly intervals. As noted in the Report, CCAs in PG&E's service territory do not currently receive billing quality usage data at the hourly (or sub-hourly) interval, which will be crucial for CCAs to bill customers on hourly (or sub-hourly) dynamic rates.[44] Instead, customer usage data, provided at the end of each billing period, is only aggregated down to PG&E's TOU periods. PG&E's billing transactions – the only reliable source of billing quality usage data – are presently aggregated down to PG&E's own pre-defined TOU periods.

As noted in the Report, PG&E proposes to upgrade its existing EDI system to support billing quality interval data for up to 600,000 service address IDs (SAIDs), including those of CCA customers, by December 2023.[45] This upgrade will serve as an interim step to address the need for such interval data prior to completion of PG&E's billing system upgrade (which will enable the provision of such data to CCAs) in approximately July, 2026.[46] CalCCA requests that the Commission order PG&E to ensure the interim and complete upgrades will occur to ensure

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44 *Id.,* at 233-34.
45 *Ibid.*
46 *Ibid*.

CCAs gain access to the billing quality usage data at the hourly or sub-hourly level. In addition, while the status of the interim upgrade is currently unknown, CalCCA recommends that the Commission require PG&E to provide regular updates to the CCAs in PG&E's service territory regarding PG&E's progress toward implementation of both the interim and final billing system upgrades. Finally, CalCCA requests that the Commission institute an overall requirement in this proceeding that all IOUs provide such billing quality meter data to CCAs to ensure they can offer dynamic rates.

ii. CCA Access to PG&E Non-Billing Quality Hourly Customer Interval Usage Data is Necessary for CCA Load Forecasting

CCAs in PG&E's service territory receive non-billing quality hourly interval data through PG&E's ShareMyData (SMD) platform. LSEs such as CCAs need such data for load forecasting. Accurate forecasting (including day-ahead load forecast submissions to the California Independent System Operator) promotes load management and grid reliability especially during grid stress events. PG&E commits to providing data through SMD within 48 hours of power flow. However, as detailed in the Report, the CCAs have experienced many instances of substantial delays in the data, as well as unplanned outages and certification issues with the platform.[47]

As pricing becomes more time-dependent (i.e., for both TOU and dynamic rates), the need for accurate data for load forecasting becomes heightened. Without such data, CCAs will incur additional costs for inaccurate scheduling, potentially resulting in inflated prices and further exacerbating grid reliability issues that both TOU and RTP are designed to improve.

While PG&E appears to agree with the CCAs' need for hourly interval data (non-billing

[47] *Id.* at 182-183, 234-235, and 248.

quality) within at least 48 hours for load forecasting, PG&E believes that instances of missing or delayed data are isolated to a very small percentage of SAIDs that are encountering metering issues and disagrees that the SMD system is not performing as advertised. CalCCA requests that the Commission order the SMD issues be addressed in a working group between PG&E and CCAs in its service territory to determine potential reliability improvements. While PG&E has been generally responsive to individual instances of CCA difficulties with SMD, the CCAs believe that systemic problems with SMD are preventing accurate and low-latency transmission of the data to CCAs. After identification of the systemic problems, PG&E and the CCAs can report back to the Commission to identify any potential solutions.

b. CCA Access to SCE Non-Billing Quality Hourly Customer Interval Usage Data is Necessary for CCA Load Forecasting

During the Working Group process, CalCCA identified barriers for CCAs in SCE territory to offer dynamic pricing due to the CCAs not receiving (non-billing quality) hourly interval data from SCE until the close of the billing cycle (i.e., 29-31 days after power flow).[48] Lack of timely data hampers CCA load forecasting and will prevent CCAs from timely tracking load correlation from real-time pricing. As such, the Commission should institute a requirement that all IOUs provide such near-time non-billing quality meter data to CCAs to ensure they can offer dynamic rates.

In the Working Group process, SCE informed CCAs that it would soon be implementing its cloud-based Snowflake platform that can provide CCAs with the "raw" or unbilled interval data within two business days after power flow.[49] SCE noted that it expected rollout of the Snowflake platform in the fourth quarter of 2023. As of the date of this filing, the CCAs

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48 *Id.*, at 239.
49 *Id.*, at 240.

commend SCE for their efforts involving CCAs in the testing of the new system. SCE has been supportive of CCA teams integrating SCE's new system, and the CCAs in SCE's territory look forward to continuing to work with the SCE team to successfully implement the Snowflake platform. CalCCA requests that the Commission order SCE to continue to provide ongoing support to CCA teams with respect to utilizing the platform, and that SCE provide ongoing updates on the schedule for implementation.

c. CCA Access to SDG&E Non-Billing Quality Hourly Customer Interval Usage Data is Necessary for CCA Load Forecasting

During the Working Group process, CalCCA identified barriers for CCAs in SDG&E's territory to offer dynamic pricing due to the CCAs not receiving (non-billing quality) hourly interval data from SDG&E until the close of the billing cycle (i.e., 29-31 days after power flow).[50] Currently, with TOU rates and in the future to provide dynamic pricing, lack of timely data hampers CCA load forecasting and will prevent CCAs from timely tracking load correlation from real-time pricing. During the Working Group process, SDG&E stated that it is building a technical solution for providing near real-time interval data, as described in detail in the Report.[51] SDG&E reported that it expected to have its solution complete in early fourth quarter 2023. SDG&E filed an Advice Letter seeking to add a new line-item fee to its schedule for CCAs to access the data through the new self-service interface.[52] The CCAs in SDG&E's service territory filed a response on October 16, 2023, commending SDG&E for proposing a solution to the barriers preventing the Joint CCAs from offering dynamic pricing rate options.[53] Consistent

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50 *Id.*, at 239.

51 *Id.,* at 243.

52 *See* Tier 2 Advice Letter 4288-E, *San Diego Gas & Electric Company's Update to Schedule CCA to Add a New Service for Near Real-Time Interval Meter Data Access* (Sept. 26, 2023).

53 *See Response of San Diego Community Power and Clean Energy Alliance to San Diego Gas & Electric Company Advice Letter 4288-E* (Oct. 16, 2023).

with the CCAs' request in response to SDG&E's Advice Letter, CalCCA requests herein that the Commission require all IOUs to provide such near-real time meter data access in this proceeding to ensure CCAs can offer dynamic rates.

2. In the Event Dual Enrollment Between Demand Response Programs and Demand Flexible Rates is Prohibited, CCAs Must Have Access to Data Regarding CCA Customer Enrollment in Such Programs

In the event dual enrollment is prohibited between certain DR programs (such as ELRP) and dynamic pricing, the Commission must address the data needs of CCAs to prevent such dual enrollment. For example, in PG&E's service territory, CCAs currently cannot get access to the identity of their customers enrolled in DR and ELRP programs. PG&E provided an extensive explanation of the issues surrounding providing such information, and the parties ultimately agreed to address these issues in the PG&E DR application proceeding, A.22-05-002.[54] However, whether the dual enrollment issues will be addressed in that proceeding are uncertain, and such data sharing should be aligned across the IOUs. Currently, SCE has agreed to provide such information in its weekly reporting, and SDG&E has stated that it already provides such information (although the CCAs in SDG&E's service territory have pointed out that SDG&E does not provide customer identifiers for all DR programs that customers are enrolled in).[55] Given the disparity between IOU practices in sharing customer DR enrollment information, the Commission should establish requirements for IOUs to share such data in the context of demand flexibility. In addition, the Commission will need to address whether dual enrollment between certain programs will be prohibited.[56]

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54 Report, at 235-238.

55 *Id.*, at 240-41, 244.

56 The Commission is currently considering whether to establish dual enrollment prohibitions in the context of the proposed expanded pilots. *See* ALJ Ruling on Expanding Pilots, *Attachment A - Staff Proposal on Existing Dynamic Rate Pilot Expansion*, at 11-12 (prohibiting customers participating in certain DR programs, including ELRP, from participating simultaneously in the expanded pilots).

3. The Commission Must Ensure Equivalent Bill Presentation for Bundled and Unbundled Customers

During the Working Group process, CalCCA identified the need for equivalent bill presentation for bundled and unbundled customers in the context of dynamic pricing.[57] Given that a CCA customer's bill is provided by the IOUs, it will be important once the rate design and bill presentment issues begin to be addressed in this proceeding that the Commission require the IOUs to present bundled and unbundled customer information equivalently, without the use of IOU "proxies" to demonstrate customer savings on certain rates. The IOUs generally agreed that bundled and unbundled customers should receive identical bill presentment. In addition, SDG&E proposed to create an online portal that will allow bundled and unbundled customers to access detailed customer usage information.[58] CalCCA and the IOUs agreed to discuss this issue, including tools for equivalent bill presentment, further when bill design is addressed in the proceeding (i.e., after rate design is complete).

4. Complexities Regarding Customer Rate Change Requests in the Context of RTP Must be Addressed

The final potential barrier for CCAs offering dynamic rates identified at this time by CalCCA is the complexity that arises in the context of dynamic pricing and potential third-party DR automation with customers wishing to automatically change CCA/IOU rates through DR capable devices. For example, CCAs currently cannot fulfill customer rate change requests – instead, CCA customers wishing to change rates must contact their IOU to make a rate change. CalCCA is not requesting that the CCAs be able to take on the rate change role but is instead flagging that as we move towards automated DR, customer consent and privacy issues may arise. CalCCA and the IOUs all agree that this issue can be addressed in both later phases of this

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[57] Report, at 238, 241-42, 244-45.

[58] *Id.*, at 245.

proceeding, and also in the LMS proceeding. Indeed, the LMS requires a "single statewide tool" be developed to allow access by third parties to customer rate data in MIDAS.[59] Such a tool may address streamlining the customer rate change process.

E. The IOUs' Cost Recovery Requests are Premature and Should be Addressed Once the Systems and Process Requirements are Established

1. The Commission Should Reject the IOUs' Request for the Establishment of a Two-Way Balancing Account for the Development of the Systems and Processes

The Joint IOUs request the Commission authorize and direct the IOUs to file advice letters to establish two-way balancing accounts to facilitate the recovery from all customers of costs for establishing systems and processes for dynamic rate proposals in Track B, and for costs associated with implementing the CEC's LMS.[60] The Joint IOUs propose that the advice letter process should serve the purpose of setting revenue requirements.

While CalCCA is not wholly opposed to the Joint IOUs utilizing a balancing account to record certain costs, the Joint IOUs' proposal lacks detail on (1) what categories and types of costs are appropriate to be recorded and collected from all customers, (2) why all such costs should be recovered from all customers, and (3) the specific rate mechanisms by which the Joint IOUs should be allowed to recover those costs. As discussed above by CalCCA, many outstanding questions remain regarding the nature of the systems and processes that will be developed to facilitate the offering of dynamic rates. Additionally, CalCCA notes that the advice letter process is not the appropriate venue to determine cost recovery mechanisms. The advice letter process does not allow for sufficient party input and record development on what costs should be recovered, from whom, and how. As such, CalCCA recommends the Commission

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59 CEC LMS § 1623(c).

60 Report, at 74.

reject the Joint IOUs' proposal until it rules on how these systems and processes will be developed, who will update and maintain them, and who has access. Once these details are provided, parties should be given the opportunity to comment on cost estimates and the appropriate cost recovery mechanism before advice letters indicating budget and setting revenue requirements are filed.

2. The Commission Should Ensure that all LSEs are Able to Recover Shared Categories of Costs for the Development of Systems and Processes Through the Same Rate Mechanism

To ensure equity and prevent cost shifting between bundled and unbundled customers, CalCCA recommends the Commission ultimately permit CCAs to recover all *shared categories of costs* for systems and process developments through the same rate component, or rate mechanism, that IOUs are permitted to recover that category of cost. If IOUs are allowed to recover shared categories of costs from all customers, but CCAs are required to recover those *same* categories of costs from just their customers, CCA customers will be unreasonably and unnecessarily harmed. To illustrate, if IOUs are permitted to recover all categories of their costs associated with developing systems and process for dynamic rates from all customers through IOU charges, but CCAs are required to recover all of their categories of costs from only CCA customers, for any shared category of cost to develop and administer dynamic rates CCA customers must then pay for those IOU costs through their distribution rates. CCAs must then additionally absorb all costs on the CCA side through their CCA's generation rates, while IOU customers pay only for the IOU specific costs. This places a disproportionate burden on CCAs offering dynamic rates and acts as a disincentive for CCAs to participate in the dynamic rates and utilize the systems and processes that are developed through this proceeding.

To avoid this negative outcome, once the Commission ultimately rules on the cost recovery mechanisms for developing the systems and processes for dynamic rate proposals, the

Commission could permit CCAs to create and submit budgets via advice letter to the Commission, in a similar manner to how the Commission provides consistent cost recovery mechanisms to IOUs and CCAs in the context of disadvantaged community Green Tariff programs,[61] to ensure all customers share equally in the costs of developing dynamic rates.

V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments herein.

Respectfully submitted,

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November 13, 2023

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61 *See* D.18-06-027, *Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities,* R.14-07-002 (June 22, 2018): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M216/K789/216789285.PDF.