STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

IN THE MATTER OF:	DOCKET NO. 23-LMS-01
Load Management Standards Implementation	

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE LOAD SERVING ENTITIES' OCTOBER 1, 2024, PLAN FOR A SINGLE STATEWIDE RATE ACCESS TOOL

Leanne Bober,
Director of Regulatory Affairs and Deputy General Counsel

CALIFORNIA COMMUNITY CHOICE ASSOCIATION
1121 L Street, Suite 400
Sacramento, CA 95814
Telephone: (415) 302-2376
E-mail: regulatory@cal-cca.org

January 17, 2025

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The California Community Choice Association[1] (CalCCA) submits these comments in the Load Management Standards[2] (LMS) docket pursuant to the *Request for Comment on the Load Serving Entities' October 1, 2024, Plan for a Single Statewide Rate Access Tool* (the Request), dated November 15, 2024. The Request states that California Energy Commission (Commission) staff is interested in comments on the October 1, 2024, Single Statewide Tool plan[3] (SST Plan) filed jointly by the Large Investor-Owned Utilities[4] (Large IOUs), Large Publicly Owned Utilities[5]

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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 of Southern California, 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] California Code of Regulations (CCR), Title 20, §§ 1621-1625.

[3] Docket 23-LMS-01, *Initial Proposed Framework for Single Statewide Standard Tool Required by California Code of Regulations, Title 20, Section 1623(c)* (Initial Proposed Framework); *IOU/POU/CCA Concept Design Document for CEC LMS Single Statewide Tool; Terms and Conditions for Use of Single Statewide Standard Tool by Third Parties* (Oct. 1, 2024) (together, the SST Plan).

[4] The Large IOUs are Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE). LMS § 1621(c)(8).

[5] The Large POUs are Los Angeles Department of Water and Power (LADWP) and Sacramento Municipal Utility District (SMUD). LMS § 1621(c)(9).

(Large POUs), and Large Community Choice Aggregators[6] (Large CCAs), as those entities are defined in the LMS (together, the Joint LSEs). Commission staff requests answers to 20 questions set forth in Attachment A, as well as any other comments, to allow planning of "next steps for the design and implementation of a statewide rate tool."

CalCCA submits these comments on behalf of its CCA members, including the Large CCAs.

I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

CalCCA appreciates the targeted questions posed by Staff on the Joint LSEs' SST proposal. Equally as important as answering these questions, however, is ensuring that the Commission, staff, and all parties share a common understanding of the interaction between the SST and LMS and the problems we are collectively trying to solve. The affordability crisis also commands that the Commission adopt solutions sensitive to costs, administrative burden, and flexibility in achieving the ultimate goal – enabling customers to shift their load in response to market signals.

The SST is one of several components of the LMS scheme intended to encourage shifting of customer electric use based on programs or hourly or sub-hourly grid signals, including electricity prices. The LMS regulations require the Joint LSEs to develop and maintain the SST to enable third parties, including automated service providers (ASP), to obtain customer rate information. After retrieving their customers' rate information through the SST, and obtaining the actual rate from the Market Informed Demand Automation Server (MIDAS), the third parties

[6] The Large CCAs are: (1) Ava Community Energy (formerly East Bay Community Energy) (Ava); (2) Central Coast Community Energy (CCCE); (3) Clean Energy Alliance (CEA); (4) Clean Power Alliance of Southern California (CPA); (4) CleanPowerSF (CPSF); (6) Marin Clean Energy (MCE); (7) Orange County Power Authority (OCPA); (8) Peninsula Clean Energy (PCE); (9) Pioneer Community Energy (Pioneer); (10) San Diego Community Power (SDCP); (11) San Jose Clean Energy (SJCE); (12) Silicon Valley Clean Energy Authority (SVCE); (13) Sonoma Clean Power (SCP); and (14) Valley Clean Energy (VCE). *Id.,* § 1621(c)(10).

can then provide grid signals to their customers, who can in turn shift load during certain conditions (*e.g.,* high price periods).

While the LMS regulations have strict and explicit requirements for the SST, which were incorporated into the October 1, 2024, SST Plan submission, the Request now states that Commission staff "will review and consider all comments *in planning next steps for the design and implementation of a statewide rate tool.*"[7] In fact, the Request incorporates questions regarding an "alternative architecture" of the tool design, with potential "additional customer information (e.g., historical interval meter data)" and an adjusted "feature set" vis a vis the "initially envisioned features."[8]

CalCCA appreciates the Commission's desire to think outside the box in planning "next steps." The LMS is, in fact, at an implementation crossroads not only with the SST, but with the status of the MIDAS as well as the load serving entities' (LSEs') LMS Plans. The discussion below encourages the Commission to examine not only where LMS has been, but also how to ensure its future success. Prior to moving forward on any "next steps" for the SST, the Commission should pause, reassess current LMS implementation, and determine if the LMS scheme should be reconfigured to more effectively, and affordably, reach LMS goals. This reassessment may even require reopening and revising the LMS regulations.

In support of this "level set," the discussion below first provides the LMS background to describe the LMS requirements as well as the status of LMS implementation. CalCCA also provides the following overall recommendations regarding the LMS program, including that:

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7 Request, Attachment A, at 3.

8 *Id.,* Questions 6 and 18, at 3-4.

- The Commission should pause its LMS implementation to assess "next steps";
- The LMS should be reconfigured as an innovative, voluntary program to ensure the goals of the program are met;
- Functional market tools and funding should be established, in coordination with the California Public Utility Commission's (CPUC's) Demand Flexibility proceeding,[9] prior to LMS implementation; and
- LMS costs should to the greatest extent possible be funded by the profit-motivated beneficiaries of the LMS program instead of all ratepayers, preventing cost shifts and ensuring equity.

Finally, to the extent the Commission does move forward with SST development, CalCCA provides answers below to the specific questions in the Request, with the following overall recommendations:

- SST funding must be determined prior to any final decision on the SST structure;
- To the extent ratepayers are expected to fund the SST, existing systems should be used to the greatest extent possible to ensure affordability, as is proposed in the Joint LSEs' SST Plan;
- In response to the Joint LSEs' SST Plan, the Commission should require the IOUs to provide customer rate information on behalf of CCAs given IOU/CCA rate complexity and existing business rules;
- CCA data needs should be addressed if the Commission seeks additional functionalities for the SST, subject to cost and affordability considerations; and
- The Commission should require the development, maintenance, and funding of the SST by the third parties utilizing and profiting from the tool.

As the Commission and stakeholders work toward a balanced solution to achieve the LMS goals, CalCCA urges the Commission to step back and reflect on the most efficient, sensible, and cost-effective path to move forward.

[9] *See* CPUC Rulemaking (R.) 22-07-005, *Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates*.

II. BACKGROUND

A. Load Management Standard Regulations

The LMS regulations were amended effective April 1, 2023, after a pre-rulemaking[10] and rulemaking.[11] Implementation of the amended regulations is occurring in Docket 23-LMS-01. The LMS states that it "establishes electric load management standards pursuant to section 25403.5 of the Public Resources Code [PRC]."[12] PRC section 25403.5 requires the Commission to "adopt standards by regulation for a program of electrical load management for each utility service area."[13] "Service area" is defined as "any contiguous geographic area serviced by the same electric utility."[14] While CCAs are not explicitly subject to the Commission's statutory jurisdiction under PRC section 25403.5, the Commission interprets section 25403.5 to incorporate Large CCAs into the LMS as a result of their service of customers within the utility "service area."[15]

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10 *See* Docket 19-OIR-01.

11 *See* Docket 21-OIR-03.

12 LMS § 1621(a). "Load Management" is defined in the Public Resources Code as "any utility program or activity that is intended to reshape deliberately a utility's load duration curve." Pub. Res. Code § 25132.

13 *Id.* § 25403.5(a).

14 *Id.* § 25118. "Electric utility" is defined as "any person engaged in, or authorized to engage in, generating, transmitting, or distributing electric power by any facilities, including, but not limited to, any such person who is subject to the regulation of the Public Utilities Commission." *Id.* § 25108.

15 CalCCA and the Large CCAs repeatedly disagreed, and continue to disagree, with the Commission's assertion of jurisdiction over CCAs based on this statutory interpretation. *See* CEC Docket 19-OIR-01, *Comments of the California Community Choice Association to the California Energy Commission on the Draft Staff Report* (June 4, 2021); Docket 21-OIR-03, *California Community Choice Association's Comments on the Proposed Amendments to the Load Management Standards Contained in the California Code of Regulations, Title 20* (Feb. 7, 2022); Docket 21-OIR-03, *California Community Choice Association's Comments on the Proposed Revisions to the Load Management Standards* (Apr. 20, 2022); Docket 21-OIR-03, *California Community Choice Association's Comments on the Proposed Revisions to the Load Management Standards (Notice of Second 15-Day Public Comment Period)* (July 21, 2022); Docket 21-OIR-03, *California Community Choice Association's Comments on the Proposed Amendments to the Load Management Standards, California Code of Regulations, Title 20 (Notice of Third 15-Day Public Comment Period)* (Sept. 27, 2022). Nevertheless, the Large CCAs continue best efforts to comply with the LMS.

The stated purpose of the LMS is to:

> establish cost-effective programs and rate structures which will encourage the use of electrical energy at off-peak hours and encourage the control of daily and seasonal peak loads to improve electric system equity, efficiency and reliability, lessen or delay the need for new electrical capacity, and reduce fossil fuel consumption and greenhouse gas emissions, thereby lowering the long-term economic and environmental costs of meeting the State's electricity needs. These load management standards do not set rates. The standards instead require that entities subject to this article offer rates or programs structured according to the requirements established herein.[16]

PRC section 25403.5 *requires* the LMS to be cost effective and technologically feasible.[17] The Commission states that LMS will: (1) help customers "adjust their energy use to better match the availability of clean electricity"; (2) integrate renewables on the grid and help mitigate future climate change; and (3) provide electricity bill savings when consumers opt-in to using automated load-shifting devices such as smart thermostats, appliances and other third party technologies.[18]

The LMS program includes five broad categories for implementation for the Large IOUs, Large POUs, and Large CCAs:

LMS Category	Description	LSE
(1) Marginal Cost-Based Rates/Programs	Develop, and apply to the applicable rate-approving body for approval of, hourly or sub-hourly time and location dependent **marginal cost-based rates** for each customer class that the rate-approving body determines such rates will materially reduce peak load.	IOUs, POUs, CCAs[19]

[16] LMS § 1621(a).

[17] Pub. Res. Code § 25403.5(b) ("The standards ***shall*** be cost-effective when compared with the costs for new electrical capacity, and the commission shall find them to be technologically feasible. Any expense or any capital investment required of a utility by the standards ***shall*** be an allowable expense or an allowable item in the utility rate base and ***shall*** be treated by the Public Utilities Commission as allowable in a rate proceeding.").

[18] *See* Commission LMS Website: https://www.energy.ca.gov/programs-and-topics/topics/load-flexibility/load-management-standards

[19] LMS §§ 1623(a) (Large IOUs), 1623.1(b)(1)-(2) (Large POUs, Large CCAs).

LMS Category	Description	LSE
	If after evaluation of cost effectiveness, equity, technological feasibility, benefits to the grid, and benefits to customers of marginal cost-based rates for each customer class the Large POU or Large CCA does not propose development of marginal-cost based rates, the plan is required to propose "**programs** that enable automated response to marginal cost signal(s) for each customer class" and evaluate them on the same criteria.	Only POUs and CCAs[20]
	Seek a **delay, modification, or exemption** from compliance if despite good faith efforts to comply, requiring timely compliance with the LMS requirements results in: • extreme hardship, • reduced system reliability (e.g., equity or safety) or efficiency, or • is not technologically feasible or cost-effective to implement	IOUs, POUs, CCAs[21]
(2) MIDAS	**Upload** to the Commission-maintained Market Informed Demand Automation Service (MIDAS) rate database all existing and future time-varying rates;	IOUs, POUs, CCAs[22]
(3) Single Statewide Tool	Develop a "single statewide tool for **authorized rate data access by third parties** that is compatible with each of those entities' systems"	IOUs, POUs, CCAs[23]
(4) Public Information Programs	Encourage mass-market automation of load management through **public information and programs**	IOUs, POUs, CCAs[24]
(5) LSE Compliance Plans	Submit **compliance plans** to describe how the LSE will meet the LMS goals	IOUs, POUs, CCAs[25]

The Joint LSEs began uploading time-dependent rates to MIDAS in August 2023. The SST is in development, as the Joint LSEs submitted the SST Plan on October 1, 2024, according to the LMS regulation. The LSEs have also submitted LMS compliance plans, which are currently being assessed by the Commission. As described below, each of the processes necessary for compliance with the LMS, including MIDAS, the SST, and the LMS Plans, have been fraught with inefficiencies, lack of clear guidance on funding of tools, and technological limitations.

20 *Id.* § 1623(a)(1)(B).
21 *Id.* §§ 1621(e) (Large IOUs), 1623.1(a)(2) (Large POUs, Large CCAs).
22 *Id.* §§ 1623(b) (Large IOUs), 1623.1(c) (Large POUs, Large CCAs).
23 *Id.* § 1623(c) (Large IOUs, Large POUs, and Large CCAs).
24 *Id.* §§ 1623(d) (Large IOUs), 1623.1(b)(5) (Large POUs, Large CCAs).
25 *Id.* §§ 1621(d) (Large IOUs), 1623.1(a)(1) (Large POUs, and Large CCAs).

1. MIDAS

MIDAS is a statewide database of current and future time-dependent rates, greenhouse gas (GHG) emissions, and California Independent System Operator (CAISO) Flex Alert Signals. MIDAS was developed and is hosted by the Commission and became publicly accessible through a public application programming interface (API) in August 2021. The rate data in MIDAS must be populated and updated by LSEs. The Commission envisions end-users and their third-party ASPs accessing rate data, Flex Alerts, GHG emissions and other grid signals from MIDAS. Access to the rate information from MIDAS is provided through a rate identification number (RIN), which can be manually accessed (or potentially automatically accessed through customer devices), or through the SST. The Commission expects customers to shift load based on information gained through MIDAS.

The LSEs began uploading time-dependent rate information to MIDAS in August 2023. Beginning at that time, the Large CCAs experienced difficulties with: (1) MIDAS server fragility (MIDAS was easily overwhelmed, and dropped rates haphazardly); (2) latency (MIDAS received rates very slowly); (3) congestion (if too many uploads occur at once, MIDAS can lock up and stop responding); (4) error codes (with no description of any error); and (5) limits of data per payload (not consistent with representations of MIDAS functionalities). While MIDAS functionality has since improved, difficulties remain. Large CCAs also continue to report inefficient use of staff time and related costs to work with the difficulties presented by MIDAS. MIDAS also does not use a standardized protocol, such as OpenADR 3.0, and therefore it remains unclear as to what extent product manufacturers and ASPs will want or be able to use it. MIDAS will likely need significant additional development to fulfill its intended purpose.

2. Single Statewide Tool

While the MIDAS database holds time-dependent rates, the SST to be developed and maintained by the LSEs is to provide third parties, including ASPs, with access to their customers' rate information held by the LSEs.[26] With that customer information, the third parties then seek the corresponding rate from MIDAS to provide the price information to their customers. The third parties, therefore, are the primary beneficiaries of the SST, as noted in the Commission's Final Staff Report accompanying the adopted LMS amendments:

> The intended outcome of these proposed amendments is to facilitate load management activities by building owners. The standards form the foundation for a statewide demand automation system that aggregates and publishes time-dependent rate information from utilities. ***This data can be used by mass-market end-use automation*** to provide time- and location-specific demand flexibility. Such a system would enable automation markets to coalesce around agreed upon principles and consumer technologies for load management.[27]

While "mass-market end-use automation" providers (i.e., the third parties) are the intended beneficiaries of the SST, the LMS requires the Large IOUs, Large POUs, and Large CCAs to "implement and maintain the tool," without explicitly providing how the SST will be funded.[28]

The Joint LSEs are required to develop the SST compatible with each of the LSEs' systems to:

(1) **Provide rate identification number(s) (RIN(s))** applicable to the customer's premise(s) to third parties authorized and selected by the customer;

(2) Provide any RINs, to which the customer is **eligible to be switched**, to third parties authorized and selected by the customer;

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[26] *Id.* § 1623(c).

[27] Herter, Karen and Gavin Situ. 2021. *Analysis of Potential Amendments to the Load Management Standards: Load Management Rulemaking, Docket Number 19-OIR-01.* California Energy Commission. Publication Number: CEC-400-2021-003-SF, at 52 (Final Staff Report) (emphasis added).

[28] LMS § 1623(c)(3).

(3) Provide **estimated average or annual bill amount(s)** based on the customer's current rate and any other eligible rate(s) if the Large IOU, Large POU or Large CCA has an existing rate calculation tool and the customer is eligible for multiple rates;

(4) Enable the authorized third party to, upon the direction and consent of the customer, **modify the customer's applicable rate** to be reflected in the next billing cycle according to the Large IOU's, Large POU's or Large CCA's standard procedures;

(5) Incorporate reasonable and applicable **cybersecurity** measures;

(6) **Minimize enrollment barriers**; and

(7) Be **accessible** in a digital, machine-readable format according to best practices and standards.

As noted in the Joint LSEs' Initial Submission on the SST, the Joint LSEs engaged with CEC staff starting in September 2023 to discuss development of the SST design.[29] The Joint LSEs then engaged in a process amongst the Large IOUs, Large POUs, and Large CCAs beginning in July 2024, holding nine workshops and providing updates to the CEC prior to finalizing the SST Plan. The Joint LSEs complied with the requirement to submit the SST by October 1, 2024, for Commission approval at a Business Meeting.[30] CalCCA provides specific comments on the SST in the answers to the Commission's questions in Section IV., below.

3. LMS Plans

The LMS regulations state that LSEs are to submit LMS compliance plans to describe how the LSE plans meet the requirements of the regulations.[31] The Large CCAs submitted their first plans to their rate-approving bodies (i.e., CCA Boards) by April 1, 2024. After Board approval, the CCAs then submitted their plans to the CEC Executive Director, who is required to follow the procedures set forth in LMS section 1623.1(a)(3)(B) and review the LMS plans for

[29] SST Plan Initial Proposed Framework, at 7-8 (describing the process culminating in the Joint LSE proposal).
[30] LMS § 1623(c)(2).
[31] *See Id.* § 1623.1(a).

consistency with section 1623.1(a)(1) and (2).[32] The rate approving body is to: (1) approve a plan that considers programs and rate structures to satisfy the requirements of section 1623.1(b)-(d); *or* (2) delay or modify compliance with sections 1623.1(b)-(c) if the rate approving body determines that the plan demonstrates hardship, reduced system reliability (e.g., equity or safety) or efficiency, technological infeasibility, or lack of cost-effectiveness.[33] However, despite all of the Large CCAs receiving individual board approval for their LMS plans, and the Large CCAs submitting the approved plans to the Executive Director, CEC staff continues its review of the plans. CEC staff has generally indicated that "approval" will be granted if the CCA agrees to participate in the CPUC's IOU dynamic pricing pilots, or their own hourly pricing pilots.[34] However, not all CCAs have determined that participation in the pilots will be beneficial or cost-effective for their customers, and not all Large IOUs currently offer a dynamic pricing pilot. Rather, some CCAs have chosen to either provide programs in response to the LMS requirements, or to seek an exemption. CalCCA is concerned with the inconsistent application and enforcement of the LMS by the CEC. As CCA governing bodies maintain sole jurisdiction over CCA rates, the CEC should simply be reviewing LMS plans for *consistency* with the LMS.

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[32] *See id.* § 1623.1(a)(3)(B) ("The Executive Director shall review plans or material plan revisions and either return them to the Large POU or the Large CCA for changes or submit them to the Commission for review and potential approval. The Executive Director shall make an initial determination whether the plan or material plan revision is consistent with the requirements of Section 1623.1(a)(1) and (2). In reviewing plans and material plan revisions, the Executive Director may request additional information or recommend changes to make it consistent with the requirements of Section 1623.1(a) (1) and (2). The Large POU or Large CCA shall respond to requests or recommendations within ninety (90) days of receipt from the Executive Director. The Executive Director shall then submit the plan or material plan revision to the Commission with a recommendation on whether to approve it.").

[33] *Id.* § 1623.1(a)(2).

[34] *See* D.24-01-032, *Decision to Expand System Reliability Pilots of Pacific Gas and Electric Company and Southern California Edison Company,* R.22-07-005 (Jan. 25, 2024) (CPUC directing PG&E and SEC to expand demand flexibility pilots, authorized in D.21-12-015, to provide system reliability benefits between June 1, 2024, and December 31, 2027).

The CEC cannot seek to utilize the LMS plans to coerce CCAs to offer specific rates or pilots or otherwise limit the jurisdiction of CCA's governing bodies.

The Large CCAs also remain concerned with the considerable staff time spent creating their plans, which have been approved by their rate approving bodies, and which cannot be changed according to CEC staff recommendations if their rate approving bodies do not find the changes cost-effective or beneficial to customers.

B. Overlap Between LMS and CPUC Demand Flexibility Proceeding, R.22-07-005

Significant overlap exists between the LMS and CPUC Demand Flexibility proceeding, R.22-07-005, in terms of both real-time pricing tools and systems, as well as pending funding considerations for the SST. As the LMS and SST planning moves forward, considerable coordination should occur between the Commission and CPUC to ensure compatibility on real-time pricing system architecture and funding sources.

1. MIDAS, SST, and the CPUC's Proposed "Price Machine"

As noted above, the MIDAS and SST are the Commission-specified tools to enable third parties to obtain customer rate and market information, to allow their customers to shift load. At the same time, the CPUC is considering a "price machine" system "to compute time-dependent, composite, dynamic electricity prices that reflect grid conditions and upload them to [MIDAS]."[35] While still pending at the CPUC, the price machine may maintain all RINs/sub-RINs. The customer information that may be incorporated into the price machine is unclear, as is the method with which the price machine will interact with the SST. All tools and systems considered by both the Commission and the CPUC should be coordinated, along with the California Independent System Operator (CAISO) if necessary, to ensure cost efficiencies and system compatibility.

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[35] R.22-07-005, *Track B Working Group Report and Notice of Availability* (Oct. 11, 2023), at 181.

2. LMS Tool Funding and Cost Allocation

As noted above, funding and cost allocation for the Joint LSEs development and maintenance of the SST are not explicitly addressed in the LMS. The Commission has advised CalCCA that it may not be able to fund the SST like it has funded MIDAS. The Joint LSEs stated in their SST Plan submission that they see a need for a second SST phase in this Docket to fully explore overall SST costs, cost allocation across LSEs, and regulatory approval of costs recovery, allocation, and future funding sources.[36] The SST Plan filing has an extended discussion regarding the necessity of allocating SST related costs according to principles of cost causation, and preventing cost shifts.[37]

As noted in the SST Plan filing, LMS funding questions have been raised in the CPUC's Demand Flexibility proceeding. Specifically, the Administrative Law Judge in the Demand Flexibility proceeding in an April 24, 2024, Ruling asked how the CPUC should support the implementation of the LMS.[38] Both the Large IOUs and Large CCAs provided comments, with the Large CCAs asserting (through CalCCA's comments) that LMS cost recovery (including for the SST) should be through IOU distribution rates if cost recovery is not available through non-ratepayer or Commission funds.[39] There are approximately twenty different LSEs subject to the

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[36] SST Plan, Initial Proposed Framework, at 18-19.

[37] *Id.* at 18-22.

[38] R.22-07-005, *Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5* (Apr. 24, 2024), at Attachment A, Question 5.

[39] *See California Community Choice Association's Comments on the Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5,* R.22-07-005 (May 22, 2024), at 5-7 (that LMS cost recovery on behalf of bundled and unbundled customers, including costs for the SST, should be through IOU distribution rates if cost recovery is not available through non-ratepayer or CEC funds); *see also California Community Choice Association's Reply Comments on Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5,* R.22-07-005 (June 12, 2024), at 6-11 (stating that the CPUC should adopt the Large IOUs' categorization of LMS costs and specify from whom and how the LMS costs will be recovered from the Large IOU and Large CCA customers to prevent cost shifts). The Large IOUs also filed comments and reply comments on LMS cost issues in response to the ALJ's April 24, 2024, ruling. *See Opening Comments of Southern California Edison Company (U 338-E), Pacific Gas and*

LMS regulations, all with different processes for approving funds and allocating costs. There is no precedent that CalCCA is aware of in which twenty different LSEs have coordinated to fund, implement, and maintain a tool like the SST.[40] Adding complex and uncertain funding processes through twenty different LSEs complicates the development of the SST. Further, there should be a mechanism to recover costs to develop, implement, and maintain the SST through the third parties that use and stand to profit from the SST. As of today, the issue remains pending before the CPUC. No other guidance on funding or cost allocation for the SST has been provided by the Commission, the CPUC, or any other regulatory or governing body.

III. THE COMMISSION SHOULD PAUSE ITS LMS IMPLEMENTATION AND ASSESS "NEXT STEPS"

As part of LMS "next steps," the Commission should immediately pause LMS implementation while it reassesses whether the overall LMS program can be improved. As noted in the background section above, MIDAS as a database remains inadequate, the Commission is seeking comments on alternative SST architecture from what the regulations require for the SST, the LMS Plans have yet to be approved and continue through uncertain processes with CEC Staff, and the CPUC is in parallel considering alternative systems for dynamic pricing and LMS funding. In addition, Californians are facing an affordability crisis, exacerbated by high electric utility rates. Given the uncertainties surrounding LMS, the Commission should pause, potentially reopen the regulations for revision, and: (1) reconfigure LMS to ensure its success; (2) establish, in concert with the CPUC's Demand Flexibility proceeding, functional market tools and funding

Electric Company (U-39), and San Diego Gas & Electric Company (U-902-E) in Response to Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5 (May 22, 2024), at 13-18*;* and *Reply of Southern California Edison Company (U 338-E), Pacific Gas And Electric Company (U-39), and San Diego Gas & Electric Company (U-902-E) in Response to Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5,* R.22-07-005 (June 1, 2024), at 3-5.

[40] *See California Community Choice Association's Comments on the Administrative Law Judge's Ruling on Track B Working Group 1 Proposals and Issue 5,* R.22-07-005 (May 22, 2024), at 6.

prior to LMS rate or program implementation; and (3) coordinate with profit motivated third parties in developing tools for LMS implementation.

A. The LMS Should be Reconfigured as an Innovative, Voluntary Program

The LMS program should be reconfigured as an innovative, voluntary program. The overly dogmatic and prescriptive implementation of LMS regulations by CEC staff fails to recognize that many CCAs are already administering load management programs that meet the goals of the LMS – enabling customer-supported load management.[41] While some of the programs may not neatly fit into the LMS "box," they align with the spirit, and meet the goals, of the LMS. Meanwhile, the Commission is dogmatically implementing LMS requirements, *mandating* participation with strict LMS requirements, even when presented with programs meeting the spirit of the LMS. In doing so, the Commission is undermining innovation and progress of LSEs meeting the needs of their customers and the autonomy of each CCA's governing body. As a result, CalCCA recommends the Commission pause, reevaluate, and reconfigure LMS into an innovative, voluntary program.

B. Functional Market Tools and Funding Should be Established, in Coordination with the CPUC's Demand Flexibility proceeding, prior to LMS Implementation

Functional market tools and funding sources, including through coordination with the CPUC's Demand Flexibility proceeding, should be established prior to further LMS development. In fact, requiring MIDAS uploads, development of the SST, and commitment to dynamic pricing programs prior to the establishment of such market tools and funding sources has effectively put the cart before the horse. While MIDAS remains inadequate, the CPUC is considering establishing a "price machine" and other systems to enable dynamic pricing that will

[41] *See* LMS Final Staff Report, at 1.

certainly overlap with LMS systems.[42] However, cost recovery and allocation for the Large IOUs and Large CCAs for the price machine, as well as the LMS MIDAS uploads and the SST, is still pending before the CPUC.[43] While the LMS steams forward, the Large IOUs and Large CCAs cannot commit to any structure for the SST until the cost recovery and allocation issues are decided. Similarly, dynamic pricing proposals pending at the CPUC will certainly impact the Large IOUs, and potentially the Large CCAs, in their development of such proposals. CalCCA urges the Commission to work closely with the CPUC to ensure "next steps" for the LMS move forward in a coordinated, effective manner.

C. Profit Motivated Third Parties Should be Encouraged to Develop, Fund, and Maintain Tools Necessary for their Customers to Shift Load

The Commission should also consider not placing cost responsibility for LMS tools, including the SST, on ratepayers when the third parties receiving the rate information through the SST are not only likely better equipped to develop the SST, but will also likely profit from the SST. The LMS regulations currently place responsibility to develop and maintain the SST on the Joint LSEs. The Joint LSEs have repeatedly stated that either the CEC or the third parties profiting from the tool should be responsible for its costs, rather than ratepayers in general (many of whom will not use or benefit from the SST). However, SST funding remains an open and critical question for moving forward with development of the SST, especially in light of the current affordability crisis for ratepayers. CalCCA encourages the Commission to clearly establish funding sources for the SST prior to further discussion on the SST structure. Funding from the SST should be sourced either from the Commission or non-ratepayers such as the third parties directly benefitting from the SST.

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42 *See* R.22-07-005, *Track B Working Group Report and Notice of Availability* (Oct. 11, 2023), at 181.

43 *See supra,* note 39.

IV. CALCCA COMMENTS IN RESPONSE TO ATTACHMENT A QUESTIONS

A. Design

1) Please identify examples of other, similar software/tools that perform this kind of task. Specifically, please identify other software that authenticates a person as an eligible customer of a business that is different from the business querying the customer's information.

CalCCA has no response at this time.

2) Do you support the statewide rate tool design as proposed by the LSEs in their October 1, 2024, filings? Why or why not? If not, what alternative architecture do you recommend?

CalCCA supports the SST Plan submitted by the Joint LSEs as responsive to LMS requirements, but with the CCA conditions as set forth in the Plan submittal. The tool as described in LMS, can vary from a robust, centralized system holding all LSE rate information, ready to compile any information requested of third parties, to a thin proxy as proposed in the SST Plan. The thin proxy will simply direct requests from third parties to the relevant LSE, which responds back through the thin proxy to the third-party request. As noted above, funding for the SST has not yet been established. If ratepayers are required to fund the SST, the thin, proxy layer, addresses affordability concerns by utilizing *existing systems* to enable third parties to access the utility rate information of their customers. However, as described below, differences remain among the IOUs and CCAs regarding functionalities of the tool, including responsibilities of the LSEs to provide the rate information.

Complexities exist for third party use of the SST on behalf of CCA "unbundled customers," requiring alternative functionalities than those originally proposed by the Large IOUs (*i.e.,* that each LSE develop systems, tools, and processes to handle providing the information through the thin SST proxy layer). "Unbundled" customer rates of the Large CCAs are comprised of both CCA generation components and IOU transmission and distribution

components, creating complexity for Large CCA participation in the SST. IOU and POU rates "bundle" the generation, transmission, and distribution components, which allow for IOU and POU functions in the canonical description of the SST to be relatively straightforward. During SST development discussions, the Large IOUs and Large CCAs identified and attempted to reconcile the complexities of providing the combined CCA/IOU RINs, rate comparisons, bill comparisons, or rate change capabilities required by LMS section 1623(c) for unbundled customers. Since CCA customers are also *de facto* IOU customers, the Large CCAs recommend that when a Third Party engages with the SST on behalf of an unbundled customer, the first "stop" should be the IOU. The IOU can then interact for both the CCA generation component, and IOU transmission and distribution component, with the SST on behalf of the IOU and Large CCA for that unbundled customer. To ensure cost effectiveness and ratepayer affordability – by not requesting CCAs to build duplicative systems that increase ratepayer costs – the Large CCAs recommend the existing "business rules" and billing services agreements between the IOUs and CCAs be utilized to govern the provision of services (providing RINs, rate/bill comparison, rate change) by the Large IOUs to the Large CCAs for the SST. The direct interface of the IOU on behalf of the CCA will result in the Large CCAs generally not interfacing directly with the SST, unless an individual CCA chooses such direct contact with the SST.

Additional details of such functionalities between the Large IOUs and Large CCAs for the SST remain unresolved, such as the IOUs storing (or "caching") RINS on behalf of the Large CCAs. PG&E has stated that it already caches RINs for CCAs in its territory, and therefore will be able to provide RINs on behalf of unbundled customers of those CCAs. However, SCE and SDG&E have stated that they do not currently cache the unbundled customer RINs, and therefore would need to build systems to cache the RINs (which are already provided to the

IOUs by the CCAs in their service territories) for inclusion on customers' monthly bills. In addition, it should be noted that most, if not all, Large CCAs do not currently have existing rate or bill comparison tools as likely envisioned by the LMS regulations.

3) **What aspects of the LSEs' proposed design do you support, and think will work well? Why?**

See CalCCA's response to Question 2, above.

4) **Do you recommend a different approach for sharing a customer's rate information with service providers that the customer explicitly authorizes?**

CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

5) **How do you view the proposed ease of access for rate customers? Are there areas where ease of use could be improved or barriers reduced?**

The SST Plan was submitted in response to the LMS regulations, which do not require a customer-facing tool. Rather, the regulations require third party access to customer rate information through the SST. If the Commission changes the requirements of the tool, significant modifications to the SST Plan will be necessary to ensure customer authentication, validation, and security.

6) **Should any additional customer information (e.g., historical interval meter data) be available through the statewide rate tool? If so, what? At what frequency should any additional data be available and at what frequency should it be updated? For example, "The statewide rate tool should include hourly meter data from the customer's meter and hourly distribution-level congestion measurement for the customer's meter. These data should be updated daily such that the previous day's data is always available."**

As noted in Section III., above, CalCCA recommends the Commission pause the LMS implementation while it reassesses LMS requirements, including whether the SST as framed in the regulations meets the needs of third parties, LSEs, and customers. This question specifically raises the possibility of additional functionalities for the SST, which are not currently scoped in

the regulations. As stated above, the Joint LSEs' SST Plan was developed in response to the existing LMS requirements and does not envision any additional requirements. The Joint LSEs were careful to meet the requirements of the LMS regulations, while ensuring cost-effectiveness through the use of existing IOU data systems.

If the Commission intends to require additional functionalities in the SST, the Large CCAs note that obtaining timely and accurate data to cost efficiently and adequately serve customers has always been a primary concern of CCAs. The CCAs and CalCCA have raised in many forums their challenges obtaining needed customer, billing, and other data from the IOUs.[44] In fact, in addition to the LMS cost issues, currently pending before the CPUC in the Demand Flexibility proceeding are CalCCA proposals to improve the data (such as for customer usage, interval billing data, demand response program enrollment) timeliness and accuracy provided by the IOUs to the CCAs. Therefore, as part of its reassessment of LMS, the Commission should consider whether additional data functionalities should be added in connection with LMS, and/or in coordination with the CPUC proceedings.

B. Authentication, Customer Authorization, Privacy and Security

7) What approach do you recommend for authentication? Single sign on, one time passcode, or something else?

CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

8) What are the privacy and security concerns for the statewide rate tool? How should they be addressed?

[44] Data challenges and issues are currently being addressed in several CPUC proceedings, including but not limited to: (1) R.22-07-005, Demand Flexibility; (2) R.22-11-013, Distributed Energy Resources; (3) R.21-06-017, High DER; and (4) A.24-10-014, PG&E Billing Modernization Initiative.

As noted in response to question 5, above, the LMS regulations do not anticipate direct customer access through the SST. Rather, third parties will access customer rate information only after getting consent from the customer to access such data. CalCCA supports the Joint LSEs' submission, which addresses cybersecurity and privacy concerns.

9) **How should service providers register to gain access to the statewide rate tool? What are appropriate and reasonable requirements for access (or reasons to deny access)? Are there examples that could be followed?**

CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

10) **Does the LSEs' proposal appropriately address customer authorization? Why or why not? If not, what approaches do you recommend for ensuring the customer is authorizing the service provider to look up their rate information?**

The Joint LSEs' SST Plan does address customer authorization for third parties to access their rate information from the Joint LSEs, as well as authorization to perform the other requirements of the SST (i.e., rate comparison or rate change). CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

C. Cost

11) **How can the cost of development, deployment, and maintenance be reduced?**

The Joint LSEs' SST Plan was developed to comply with the existing LMS regulations in the most cost-effective manner possible. Therefore, the LSEs chose to incorporate existing data systems into the functionality of the SST, and only require a thin proxy level SST to be built to channel requests and information between third parties and LSEs. If requirements for the SST are modified, CalCCA recommends that the SST remain simple, streamlined, and efficient, keeping operational and maintenance costs contained. CalCCA also recommends that the third

parties profiting from the SST both fund the development and maintenance of the tool, as explained in Section III.C., above.

12) Roughly, what is the total cost you would expect for developing, implementing, and maintaining the statewide rate tool? What experience or examples do you base your estimate on?

The total cost for the SST can vary widely depending primarily on whether existing tools are utilized, or if new tools must be developed. The Joint LSEs developed the SST Plan to utilize existing data access tools to the greatest extent possible, to ensure cost-effectiveness and affordability for ratepayers. CalCCA has no additional comment at this time as to the "total cost" for the SST.

D. Terms and Conditions

13) Do you support the terms and conditions in the LSEs' submission? If not, what changes would you recommend?

CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

14) What are appropriate limitations or requirements for data sharing, retention, storage, and privacy?

CalCCA supports the Joint LSEs' submission, with the conditions and caveats set forth therein.

E. Usage and Governance

15) The load management standards put responsibility for building and maintaining the statewide rate tool with the utilities and CCAs. Is there a more efficient way to build the tool or achieve its goals?

The Joint LSEs developed the SST Plan in light of the current LMS regulations. As noted in Section III.C. above, third parties profiting from the SST and who likely have greater expertise and knowledge as to appropriate technologies to respond to what their customers are seeking may be in a better position to develop and fund the tool. The Commission should consider

requiring third parties to fund the tool, either directly through a change to the regulations, or through usage or flat fees if the Joint LSEs are required to build and maintain the tool.

16) **How useful do you expect the tool to be to users, for example automation service providers? What are the most valuable use cases for the tool? Should costs be imposed on automation service providers to cover usage or for a service level agreement to help cover the cost of maintenance?**

See response to question 15, above.

17) **What should be the funding source for the development and maintenance of the tool?**

See response to question 15, above. Also as noted in Section II.B.2., above, as it stands now funding for the SST is uncertain. The Joint CCAs have recommended in the Demand Flexibility proceeding, and continue to recommend here, that non-ratepayers or the Commission, or third parties profiting from the tool, fund the tool.

18) **Should the tool incorporate all initially envisioned features or should the feature set be adjusted? For example, "Rate change capability is nice to have, but not required for my company's load flexibility and VPP offerings. We would benefit more by having additional customer and grid data available through the tool."**

The SST Plan was submitted in compliance with the current LMS regulations. Any further required functionalities for the SST will require the Commission to modify the regulations through a rulemaking. As set forth in Section III., above, CalCCA recommends that the Commission pause its implementation of the LMS, including development of the SST, to consider questions as to whether the current regulations satisfy the needs and goals of the LMS program.

19) **If the statewide rate tool is not developed, what effects do you expect this to have on automation service providers, electricity customers, and statewide adoption of load flexibility?**

As set forth in Section III., above, the Commission should consider this question as part of a holistic review of whether the current LMS regulatory requirements, including the SST, are necessary to fulfill the goals of the LMS program.

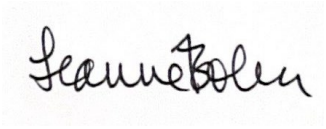
20) Do you have any concerns about equity or equal access? If so, how can these be addressed?

Equity and equal access should be a core component of the Commission's reassessment of the LMS. Requiring all ratepayers to fund LMS tools when only certain customers will access the LMS program through third parties raises significant equity and equal access concerns. Most customers are unlikely or unable to adopt the technology needed to participate in dynamic pricing, and therefore requiring those customers to pay for the systems supporting that technology is a cost-shift and patently unfair.

V. CONCLUSION

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

Respectfully submitted,



Leanne Bober,
Director of Regulatory Affairs and Deputy General Counsel
CALIFORNIA COMMUNITY CHOICE ASSOCIATION

January 17, 2025