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CALIFORNIA ENERGY COMMISSION

In the Matter of Load Management Standards Compliance Plans for MCE and SCP Docket No.: 23-LMS-01

ORDER Approval of Load Management Standards Compliance Plans for MCE and SCP

ORDER NO: 26-0312-03b

I. BACKGROUND

The Load Management Standards (“LMS”) regulations (Title 20 California Code of Regulations “CCR” section 1621, et seq.) define Marin Clean Energy (MCE), and Sonoma Clean Power (“SCP”) as a “Large Community Choice Aggregators” (“Large CCAs”), and require them to submit plans for complying with the LMS regulations (“plans” or “compliance plans”) to the California Energy Commission (“CEC” or “Commission”) for its review and approval (20 CCR section 1621(c)(8); 20 CCR section 1621(c)(10); 20 CCR section 1623.1(a)(3)).

As Large CCAs, MCE’s and SCP’s compliance plans must show how they will comply with 20 CCR section 1623.1 of the LMS regulations. Among other things, this requires that MCE’s and SCP’s plans show how they will develop marginal cost-based electricity rates or programs, apply to their rate approving bodies for approval, and offer at least one such rate or program to its electricity customers. (20 CCR sections 1623.1(b)(2) and (4).)

In particular, the LMS regulations require that MCE’s and SCP’s compliance plans show how they, with the approval of their rate-approving bodies, will:

1. Upload and maintain its time-dependent electricity rates in the CEC’s Market Informed Demand Automation Server (“MIDAS”) database and assign Rate Identification Numbers (“RINs”) to customers so they can access their electricity rates in real time and manage their energy use to optimize electricity savings and align it with supply and the availability of renewable energy. (20 CCR section 1623.1(c)).
2. Provide customers with access to marginal cost-based electricity rates that vary at least hourly for each customer class for which the rate-approving body determines

such a program will materially reduce peak load. (20 CCR section 1623.1(b)(1) and (b)(4)). Where such rates have not yet been approved by a Large CCA's rate-approving body, the Large CCA must provide programs identified as cost-effective according to 20 CCR section 1623.1(b)(3) that allow customers to respond to MIDAS signals indicating marginal cost-based rates, marginal prices, hourly or sub-hourly marginal greenhouse gas emissions, or other Commission-approved marginal signals (20 CCR sections 1623.1(b)(3) and (4)). To fulfill these requirements, Large CCAs may apply for approval of marginal cost-based rates that are offered by the Large Investor-Owned Utilities ("Large IOUs", 20 CCR section 1621(c)(8)) in whose service areas the Large CCA exist (20 CCR section 1623.1(b)(2).) By July 1, 2027, Large CCAs must offer each of their customers voluntary participation in either a marginal cost-based rate developed according to 20 CCR section 1623.1(b)(2) and approved by its rate-approving body, or a cost-effective program identified according to 20 CCR section 1623.1(b)(3). (20 CCR section 1623.1(b)(4).)

3. Conduct public information programs to inform customers of the benefits of marginal cost-based rates and automation, which may include saving money, aligning electricity usage with available green energy resources, and reducing use during periods of grid stress (20 CCR section 1623.1(b)(5)).

The LMS regulations also require MCE, SCP and the other regulated load serving entities (LSEs) to jointly build a RIN access tool so that customers and third parties may look up customers' RINs and, with customer consent, program their electrical devices to connect with the rates uploaded to MIDAS (20 CCR section 1623(c)). Large CCAs are not required to document these efforts in their compliance plans, however.

MCE submitted its compliance plan to the CEC on June 14, 2024. SCP submitted its compliance plan on May 13, 2024.

20 CCR section 1623.1(a)(3) establishes a process under which the Executive Director of the CEC ("Executive Director") "shall review the plans and either return them to the Large CCA for revision or submit them to the Commission for review and potential approval." The Executive Director "shall make an initial determination whether the plan... is consistent with the requirements of [s]ections 1623.1(a)(1) and (2)."

The Commission approves CCA compliance plans that are consistent with sections 1623.1(a)(1) and (2) "and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2)." "The Commission may place conditions on its approval of [compliance] plans that are necessary to guarantee that the plan... will comply with [sections] 1623.1(a)(1) and (2)." (20 CCR section 1623.1(a)(3)).

The Executive Director conducted an initial review of the compliance plans submitted under the LMS regulations. The CEC staff reached out to the LSEs, including MCE and SCP, collaborated with them, and provided them with technical assistance necessary to bring their plans into compliance with the regulations'

requirements. In addition, on June 19, 2025, the CEC staff docketed a formal compliance plan revision request to MCE. The CEC staff also published documents providing technical compliance assistance. They are available at: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-LMS-01>.

MCE submitted a revised compliance plan to the CEC docket on August 1, 2025, and further revised it on January 7, 2026 (“revised plan”) in response to CEC staff’s comments. A key feature of MCE’s revised plan is its commitment to participate in the expanded California Flexible Unified Signal for Energy (“CalFUSE”) pilots that the California Public Utilities Commission authorized in its Decision D. 24-01-032. These pilots utilize marginal cost-based electricity rates and will be offered by the Large IOU within MCE’s service area.

SCP submitted a revised plan on February 3, 2026. SCP’s revised plan includes an evaluation of dynamic rates that is methodologically sound. It concludes that offering dynamic rates at this time is not yet more cost-effective than SCP’s proposed portfolio of load flexibility programs, due to high upfront cost and SCP’s small size. SCP will offer its customers a portfolio of load flexibility programs that enable continuous, daily load shifts. Notably, some programs will incorporate an innovative, tiered incentive structure that aligns with the pay-by-performance principle. The portfolio of programs, when taken together, complies with LMS requirements at this time. Going forward, SCP will continue to offer its current load flexibility programs and SCP will reevaluate its rate and program designs for compliance with LMS requirements based on program operations and results. SCP will include findings based on this experience in the next update of its LMS plan.

The Executive Director reviewed the revised compliance plans MCE and SCP submitted, makes the initial determination that they are consistent with the requirements of 20 CCR sections 1623.1(a)(1) and (2), and submits them to the Commission for review and potential approval pursuant to 20 CCR section 1623.1(a)(3).

As required by 20 CCR section 1623(c), MCE and SCP are working along with the other load serving entities subject to the LMS regulations in an open, public process to develop the single statewide standard tool (RIN tool) which will allow authorized third parties access to customer electricity rate information. 20 CCR section 1623(c)(2)(A) requires the RIN tool to be submitted by October 1, 2024, but 20 CCR section 1623(c)(2)(B) authorizes the Executive Director to extend this deadline for good cause. The Executive Director finds that good cause exists for extending this deadline to May 8, 2029, as discussed below.

A workshop on the RIN tool was held on January 17, 2024. A draft plan for the RIN tool was submitted on October 1, 2024, and on November 15, 2024, the CEC staff published a notice requesting public comment on it. Comments were received from members of the public and most of the LSEs subject to the LMS regulations. Developing the RIN tool is a complex matter. It involves highly technical issues, implicates sensitive customer information, and is of interest to many stakeholders

and members of the public. Based on the comments received, staff's most current analysis of them and the draft RIN tool plan itself, additional time, public input, and analysis are required before the RIN tool can be finalized. The CEC is continuing to examine options to help consumers and may pursue an update for the regulations to assist with this goal. Accordingly, pursuant to 20 CCR section 1621(c)(2)(B), the Executive Director finds that good cause exists to extend the deadline for submitting the final RIN tool to May 8, 2029, and for also extending the deadline established in the Commission's Orders 25-0508-05a (covering Pacific Gas & Electric Company ("PG&E"), Southern California Edison ("SCE") and San Diego Gas & Electric ("SDG&E")), 25-0508-05b (covering San Jose Clean Energy (SJCE), Valley Clean Energy (VCE), and Peninsula Clean Energy Authority (PCEA)), 25-0813-09 (covering Ava Community Energy (ACE), Clean Power Alliance of Southern California (CPASC), Los Angeles Department of Water and Power (LADWP) and Sacramento Municipal Utility District (SMUD)) and, 25-1208-03d (covering Central Coast Community Energy (3CE), CleanPowerSF (CPSF), Pioneer Community Energy (PCE), Silicon Valley Clean Energy (SVCE), and San Diego Community Power (SDCP)).

Although their compliance plans indicate that MCE and SCP are participating in developing the RIN tool as required by 20 CCR section 1623(c), 20 CCR section 1623.1 does not specifically require that Large CCAs document these efforts in their compliance plans.

II. THE EXECUTIVE DIRECTOR'S INITIAL DETERMINATION, FINDING OF GOOD CAUSE AND RECOMMENDATION

20 California Code of Regulations section 1623.1(a)(1) provides that each Large CCA "shall submit a plan to comply with Section 1623.1." 20 CCR section 1623.1(a)(3) then requires the CEC Executive Director to "review the plans and either return them to the Large CCA for revision or submit them to the Commission for review and potential approval." The Executive Director "shall make an initial determination whether the plan... is consistent with the requirements of [s]ections 1623.1(a)(1) and (2)." 20 CCR section 1623.1(a)(3) requires the Commission to approve Large CCA compliance plans that are consistent with sections 1623.1(a)(1) and (2) "and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2)." Section 1623.1(a)(3) also provides that the Commission may impose conditions on its approval of the plans.

The Executive Director has reviewed the revised compliance plans submitted by MCE and SCP and makes the initial determination that the plans are consistent with the requirements of the LMS regulations. The Executive Director also finds that good cause exists to extend the deadline for submitting the final RIN tool plan to May 8, 2029. However, since, as discussed above, the law does not specifically require Large CCAs to document their efforts to develop the RIN tool in their compliance plans (although most do), there is no basis for including the RIN tool's completion as a condition of approving MCE's and SCP's compliance plans. The Executive

Director recommends that the Energy Commission approve the revised LMS compliances plan submitted by MCE and SCP without the condition.

III. ENERGY COMMISSION FINDINGS

The CEC makes the following findings:

- 1) 20 CCR section 1621(c)(10) defines MCE and SCP as a “Large CCAs” for purposes of the LMS regulations (20 CCR section 1621, et seq.).
- 2) 20 CCR section 1623.1(a)(3) requires Large CCAs to submit plans for complying with the Load Management Standards regulations to the CEC. MCE submitted its original plan on June 14, 2024. SCP submitted its original compliance plan on May 13, 2024.
- 3) 20 CCR section 1623.1(a)(3) establishes a process under which the Executive Director of the CEC “shall review the plans and either return them to the ... Large CCA for revision or submit them to the Commission for review and potential approval.” The Executive Director reviewed the original plans MCE and SCP submitted and sought revisions to them. MCE submitted a revised plan on August 1, 2025, and further revised it on January 7, 2026. SCP submitted a revised plan on February 3, 2026. The Executive Director made the initial determination that MCE’s and SCP’s revised plans comply with the requirements of the Load Management Standards regulation and submitted MCE’s and SCP’s revised plans to the Commission for its review and approval. The Executive Director also found good cause exists to extend the deadline for MCE, SCP and the other LSEs subject to the Commission’s orders approving their compliance plans [Orders 25-0508-05a (covering Pacific Gas & Electric Company (“PG&E”), Southern California Edison (“SCE”) and San Diego Gas & Electric (“SDG&E”)) and 25-0508-05b (covering San Jose Clean Energy (SJCE), Valley Clean Energy (VCE), and Peninsula Clean Energy Authority (PCEA), 25-0813-09 (covering Ava Community Energy (ACE), Clean Power Alliance of Southern California (CPASC), Los Angeles Department of Water and Power (LADWP) and Sacramento Municipal Utility District (SMUD)) and 25-1208-03d (covering Central Coast Community Energy (3CE), CleanPowerSF (CPSF), Pioneer Community Energy (PCE), Silicon Valley Clean Energy (SVCE), and San Diego Community Power (SDCP)) to submit the final RIN tool plan to May 8, 2029.
- 4) 20 CCR section 1623.1(a)(3) requires the Commission to approve Large CCA compliance plans that are consistent with sections 1623.1(a)(1) and (2) “and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2).” The Commission finds that MCE’s and SCP’s revised compliance plans are consistent with 20 CCR sections 1623.1(a)(1) and (2) and show good faith efforts to plan to meet the goals of the LMS program.

- 5) The CEC has considered the application of CEQA to its approval of MCE's and SCP's revised compliance plans and concluded that its approval is not a "project" under CEQA, but that in the event that approval were determined to be a project, that it would nonetheless be exempt from CEQA under Class 7 (Cal. Code Regs., tit. 14, § 15307) and Class 8 (Cal. Code Regs., tit. 14, § 15308) because it constitutes a regulatory action that would protect natural resources and the environment, and the commonsense exemption (Cal. Code Regs., tit. 14, § 15061 subd. (b)(3)) because there is no reasonable possibility that its approval would have a significant effect on the environment, even due to unusual circumstances.

IV. CONCLUSION AND ORDER

The California Energy Commission hereby approves the revised Load Management Standards compliance plans submitted by MCE and SCP. The Commission also extends the deadline for MCE, SCP, PG&E, SCE, SDG&E, SJCE, VCE, PCEA, ACE, CPASC, LADWP, SMUD, 3CE, CPSF, PCE, SVCE and SDCP to May 8, 2029 for submitting the final RIN tool plan.

V. IT IS SO ORDERED.