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REQUEST FOR APPROVAL OF REVISION OF SOUTHERN CALIFORNIA EDISON COMPANY'S LOAD MANAGEMENT STANDARDS COMPLIANCE PLAN

July 31, 2026

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July 31, 2026

California Energy Commission
Drew Bohan, Executive Director
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Re: Docket No. 23-LMS-01

Dear Executive Director Bohan:

Pursuant to Title 20, Section 1621(d)(3) of the California Code of Regulations,[1] Southern California Edison Company (SCE) respectfully submits this proposed revision of its Load Management Standards Compliance Plan for your review and approval.

I. BACKGROUND

California's Load Management Standards (LMS) regulations (20 CCR § 1621, *et seq*.) are intended to establish cost-effective programs and rate structures that encourage off-peak electricity usage and control of peak loads in order to improve the electric system and achieve other public purpose goals.[2] As one of the Large Investor-Owned Utilities (IOUs)[3] subject to the LMS regulations, SCE submitted an LMS Compliance Plan to the California Energy Commission (CEC) on October 2, 2023 pursuant to Section 1621(d)(1). After receiving feedback from CEC staff, SCE submitted a Revised Compliance Plan on March 24, 2025.[4] In Order No. 25-0508-05a, issued May 16, 2025, the CEC approved SCE's Compliance Plan and the plans of the other Large IOUs.[5] On May 8, 2026, pursuant to Section 1621(d)(4), SCE filed its 2026 Annual LMS Compliance Report (Annual Report), describing its implementation of the LMS Compliance Plan.

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1 20 CCR § 1621(d)(3). Unless otherwise indicated, references to "Section" in the remainder of this document cite to a section of CCR Title 20.

2 *See* 20 CCR § 1621(a).

3 The Large IOUs are SCE, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.

4 SCE Revised LMS Compliance Plan (TN#262312), available at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-LMS-01.

5 Order No. 25-0508-05a (TN#263178) at 1–2, available at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-LMS-01.

II. SUBJECT OF PROPOSED REVISION

A. SCE's Previously Approved Compliance Path and Implementation Timeline

SCE's proposed revision of its LMS Compliance Plan pertains to SCE's compliance with Section 1623(d)(2), which provides that by January 1, 2027, each Large IOU shall either (1) offer all customers the option of participating in a marginal cost-based rate, if such rate has been approved by the California Public Utilities Commission (Commission or CPUC), or (2) if the CPUC has not approved such a rate, offer a cost-effective program identified according to Section 1623(d)(1).[6] For ease of reference, SCE in this document will refer to the foregoing as "Option 1" and "Option 2," respectively.

In its Compliance Plan, SCE stated as follows regarding its compliance with this regulation:

> In the event a marginal cost-based, full-scale RTP rate has not been approved by SCE's rate-approving bodies by January 1, 2027, SCE notes the combination of its current TB-RTP tariff and its ongoing expanded Flexible Pricing Rate Pilot represent alternative dynamic rate offerings to meet the compliance requirement as defined in Section 1623(d)(1)-(2). Continuing to offer these two programs to customers during the interim period is the most cost-effective approach to complying with the requirements of Section 1623(d)(1)-(2), as SCE will not be required to develop and implement new rate offerings that will only be available for approximately 10 months before being superseded by the full-scale dynamic rates.[7]

As to timing, SCE stated that its "expected implementation" of at-scale LMS-compliant dynamic rates "will be on October 1, 2027," and separately included a flow chart that stated in relevant part, "Oct. '27 – SCE implements Single Issue Rates."[8]

In other words, SCE's Compliance Plan conveyed SCE's expectation that it would comply with Section 1623(d)(2) via Option 2 until October 1, 2027, by which date SCE anticipated the CPUC would have approved a marginal cost-based rate that SCE could make available to all customers, thus allowing SCE to comply with Section 1623(d)(2) via Option 1.

B. Regulatory Developments Affecting the Timing of Standard Dynamic Rates

As discussed in SCE's Annual Report, SCE no longer expects to be able to offer full-scale dynamic rates by October 2027, due to developments in the regulatory space, including in the following areas.

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[6] 20 CCR § 1623(d)(2) ("Within forty-five (45) months of April 1, 2023, each Large IOU shall offer to each of its electricity customers voluntary participation in a marginal cost-based rate developed according to Section 1623(a) if such rate is approved by the Large IOU's rate-approving body, or a cost-effective program identified according to Section 1623(d)(1) if such rate is not yet approved by the Large IOU's rate-approving body.").

[7] SCE Revised LMS Compliance Plan at 21.

[8] *Id.* at 4, 6.

First, SCE's Standard Dynamic Rates (SDR) application (Application (A.) 24-12-008) – through which SCE has sought CPUC approval of the rate structures required by the LMS – was consolidated with its earlier Large Power Dynamic Rate (LPDR) application (A.24-06-014); collectively now referred to as SCE's Consolidated Dynamic Rates Application (A.24-06-014, *et al.*).[9] Consolidation has expanded the issues before the CPUC to include, among others, rate design, customer applicability, cost recovery, and implementation requirements, and has extended the proceeding schedule. The schedule in this proceeding was affected by the issuance of CPUC Decision (D.) 25-08-049 (Guidance Decision) in Rulemaking (R.) 22-07-005,[10] which directed SCE to serve supplemental testimony in A.24-12-008 consistent with the rate design guidance provided in that Guidance Decision. The schedule was further modified in an ALJ Ruling issued March 25, 2026, and then again in ALJ Ruling issued July 8, 2026, in which parties were ordered to submit supplemental opening briefs. SCE and other parties in this proceeding have raised the prospect of further expanding the proceeding to consider issues beyond the threshold rate design issues presented in the applications.[11] Thus, the outcomes and ultimate point of conclusion of the proceeding remain uncertain, particularly as intervenors have raised concerns regarding implementation and associated costs, benefits, and potential cost shifts between customer groups.

Second, R.25-09-004,[12] *Order Instituting Rulemaking to Enhance Demand Response in California*, is expected to address the data access, system, and process requirements needed to support reliable, scalable demand response and dynamic pricing programs. These issues are foundational to administering dynamic rates. Any requirements adopted in this rulemaking may affect SCE's implementation design, system build, operational processes, and deployment timeline. The CPUC anticipated initiating the data access, systems, and processes track in Q2 2026, including by issuing a staff proposal, conducting workshops, and considering party comments, with a final decision targeted for Q1 2027.[13] However, as of this filing, these steps have not commenced.

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[9] *See* A.24-06-014, docket card available at https://apps.cpuc.ca.gov/apex/f?p=401:1:0).

[10] *See* D.25-08-049, available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M578/K182/578182496.PDF.

[11] *See, e.g.*, Public Advocates Office, Supplemental Rebuttal Testimony, A.24-06-014, *et al.* (May 26, 2026) at 2 ("the Commission should address costs within this proceeding via a separate track and adopt system-wide distribution pricing, as recommended by SCE. Furthermore, on-going measurement and evaluation (M&E) of ratepayer impacts and load response are necessary in order to understand how effective these dynamic rates are at eliciting load response and providing benefits to participants and non-participants. Finally, the Commission should scope the expansion of the dynamic rate pilots into this proceeding and addressed in a new track, as recommended by SCE"). Available at https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2406014;A2412008/9336/607644122.pdf.

[12] *See* R.25-09-004, docket card available at https://apps.cpuc.ca.gov/apex/f?p=401:1:0.

[13] *See* R.25-09-004, *Assigned Commissioner's Scoping Memo and Ruling*, at 2, 4–5 (Issue 4 – "Data Systems and Processes"), available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M599/K038/599038857.PDF.

Third, R.26-04-009,[14] *Order Instituting Rulemaking on California Advanced Electric Rate Design*, may further affect the timing and design of SDRs. The CPUC initiated this proceeding to "establish advanced electric rate design policies to update residential and non-residential rate structures and their underlying cost inputs so that rates more accurately reflect the cost of providing service, send price signals that support efficient use of grid infrastructure, and allocate costs fairly across all customers."[15] The CPUC further explained that the proceeding will address issues remaining from the Demand Flexibility Rulemaking (R.22-07-005), through which the CPUC adopted demand flexibility design principles and expanded dynamic pricing pilots.[16] Notably, the preliminary scope of the rulemaking expressly asks: "Should the Commission provide any additional rate design requirements for dynamic rates? If so, which?"[17] The rulemaking also states that the CPUC may "modify, consolidate, or eliminate existing rates, or authorize additional pilots, rates, programs, studies, or tools."[18] Accordingly, outcomes in R.26-04-009 could affect the cost inputs, rate structures, customer protections, and other policy requirements SCE must incorporate into any SDR proposal. Given the breadth and complexity of the issues, the CPUC has established a 24-month schedule extending through 2028, and the decision date for broader rate design issues therefore remains subject to CPUC scoping and direction.

These regulatory developments will have downstream effects on needed regulatory approvals of rate designs and implementation activities,[19] including Federal Energy Regulatory Commission (FERC) approval for transmission costs and rates, and CPUC approval of systems implementation and cost recovery. Cost recovery issues are likely to present additional challenges because intervenors, including the Public Advocates Office at the CPUC (Cal Advocates), have questioned whether the Commission has sufficient information regarding the costs of implementing dynamic rates relative to the potential efficiency gains and savings dynamic rates may provide, particularly as implementation will require new internal spend on SCE's part. Cal Advocates raised concerns about implementation costs, budgets, cost recovery mechanisms, and estimated costs and benefits, and recommended that the CPUC require supplemental testimony on those issues, which SCE served in May 2026. Cal Advocates also

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[14] *See* R.26-04-009, docket card available at https://apps.cpuc.ca.gov/apex/f?p=401:1:0; *see also* https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M601/K776/601776967.PDF.

[15] R.26-04-009 at 1.

[16] *Id.* at 1–2.

[17] *Id.* at Preliminary Scoping Issue 3.1(m).

[18] *Id.* at Summary ("We may also modify, consolidate, or eliminate existing rates, or authorize additional pilots, rates, programs, studies, or tools.").

[19] To implement bill calculation for dynamic rates, SCE will use a waterfall project management process that will include Planning (0-6 months), Solution Analysis (4 months), Solution Development (9 months), Testing (4 months), and Implementation (1 month). These times are <u>minimum</u> times and assume the simplest rate design and smallest feature set for customer billing. This process does not include time needed to build customer tools or other supporting processes, which may be built in parallel or may be deployed in sequence. This description also does not account for Marketing, Education, and Outreach activities, which represent additional work but typically occur in parallel with the billing system upgrade.

raised concerns regarding potential cost shifts to customers not participating in dynamic rates and revenue under-collections associated with the proposed rate design.[20]

C. Estimated Implementation Timeline for Standard Dynamic Rates

Following final CPUC approvals, SCE anticipates that full implementation of SDRs will require approximately 24 to 30 months due to the breadth and complexity of the required work. SCE will implement SDRs using the same waterfall project management methodology used for other major billing system enhancements. Key implementation phases include: (1) translating regulatory requirements into detailed business requirements; (2) designing billing systems, dynamic price calculations, customer protections, enrollment processes, and customer-facing tools; (3) developing and integrating solutions across billing, pricing, data, and operational platforms; (4) conducting comprehensive testing and operational readiness activities; and (5) deploying the solution, supporting customer enrollment and education, and performing post-launch monitoring and support. Many of these activities must occur sequentially and are dependent upon final CPUC decisions regarding rate design, implementation scope, funding, and cost recovery. Accordingly, although the duration of implementation may vary depending on the scope ultimately approved by the CPUC, SCE currently estimates that implementation would require approximately 24 to 30 months following regulatory authorization, resulting in an anticipated launch of SDRs in early 2030 or later. Expected milestones with respect to implementation activities necessary after regulatory approval is received are listed in Table 1 below.

D. Revised Compliance Timeline

For these reasons, while SCE in its Compliance Plan conveyed the expectation that, for purposes of complying with Section 1623(d)(2), it would be in a position to shift from utilizing Option 2 to Option 1 in October 2027, SCE has concluded that this target date is no longer feasible.

Instead, the "interim period" during which SCE will need to rely on Option 2 to satisfy Section 1623(d)(2) will be significantly longer, potentially to early 2030 or beyond, contingent on timely CPUC and FERC approvals; resolution of remaining data access, systems, and process issues; completion of any additional dynamic rate process requirements arising from R.25-09-004 and R.26-04-009; and the availability of necessary funding.

E. Continued LMS Compliance During the Interim Period

Based on feedback from CEC staff, SCE flagged this expected timing change in its Annual Report and now submits this standalone revision proposal. To be clear, SCE will be fully

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[20] *See* Exhibit CA-01 (Public Advocates Office Testimony in Response to Application on Policy and Rate Design, A.24-06-014, *et al.*) at 2, 22–25, 35–36. Available at https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2406014;A2412008/8875/595345008.pdf.

compliant with Section 1623(a)(2) by continuing to offer pilot-based rates[21] as authorized by the CPUC in D.24-01-032, as the Order approving SCE Compliance Plan confirmed that these pilots "utilize marginal cost-based electricity rates."[22]

III. REQUEST FOR APPROVAL OF PROPOSED REVISION OF COMPLIANCE PLAN

Based on the facts described above, SCE requests approval of a revision to its LMS Compliance Plan in accordance with Section 1621(d)(3), which states:

> All proposed plan revisions must be submitted to the Executive Director for review. The Executive Director may approve plan revisions that do not affect compliance with the requirements of Sections 1621 or 1623. The Executive Director shall submit all other plan revisions to the Commission for approval.[23]

SCE submits that this proposed revision would not affect SCE's compliance with the LMS, but only the timeline for transitioning from pilot-based to standard rate-based compliance.

The specific revisions that SCE proposes to its LMS Compliance Plan are as follows:

1. **<u>Current Approved Language (p. 4)</u>**
   "Pursuant to Title 18 of the Code of Federal Regulations governing Single-Issue 205 Applications filed at the FERC, the Single-Issue Application must be filed 'not less than sixty days nor more than one hundred-twenty days' before the scheduled implementation date. Because SCE's expected implementation will be on October 1, 2027, the FERC application will be filed no sooner than June 3, 2027."

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[21] SCE's Extended Dynamic Rate Pilot includes a systemwide hourly transmission dynamic price produced by a sigmoidal function designed based on the FERC's 12 Coincident Peak (12-CP) methodology. This hourly transmission price is consistent with the CEC's LMS requirements. The pilot also has minimal participation barriers. The pilot is broadly available to customers on current time-of-use (TOU) rates, including Net Energy Metering (NEM) and Net Billing Tariff (NBT) solar customers. Limited exceptions apply to customers enrolled in most Demand Response programs, other than Critical Peak Pricing (CPP). *See* D.24-01-032 at 63. Customers on streetlighting rates, traffic control rates, Domestic Tiered rates, other non-TOU rates, contract rates, or TOU-EV-7 must first switch to an eligible TOU rate before enrolling. Bundled Service and Clean Power Alliance (CPA) Community Choice Aggregator (CCA) customers are eligible to participate. Customers served by other CCAs, as well as other non-bundled-service customers, are not eligible because their load-serving entities (LSEs) are not participating in the pilot. *See id.* at Conclusion of Law 20.

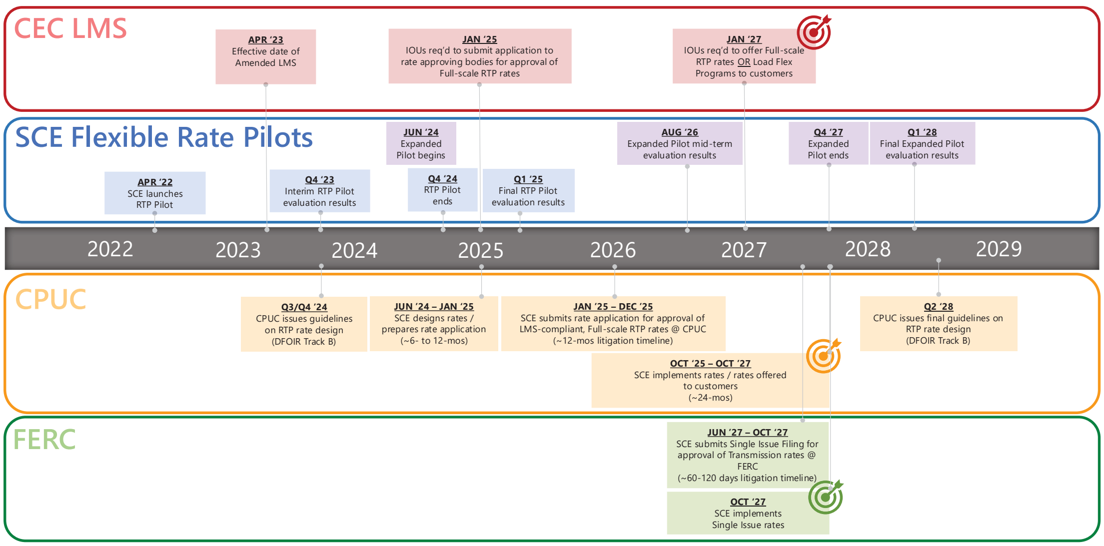
[22] *See* Order No. 25-0508-05a at 2.

[23] 20 CCR § 1621(d)(3). Section 1621(e)(3) separately allows a utility to apply for a "modification[]" of its compliance plan. SCE believes a Section 1621(d)(3) proposed revision is more appropriate here, as the change SCE proposes to its Compliance Plan would not affect SCE's compliance with the LMS, but only the timeline for transitioning from pilot-based to standard rate-based compliance. However, SCE has no objection to the CEC treating this submission as a Section 1623(e)(3) request for modification.

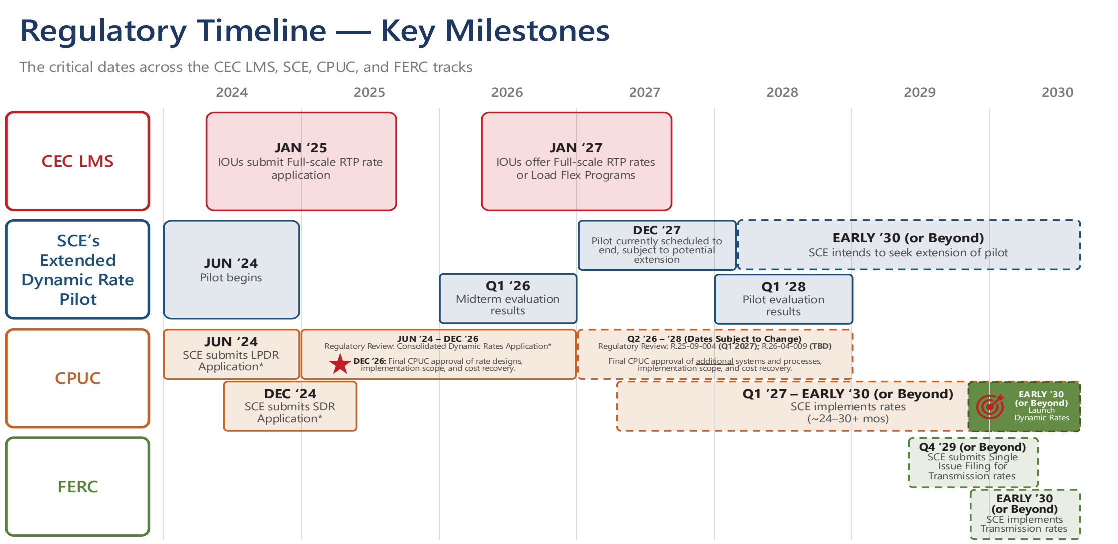
Proposed Revised Language

"Pursuant to Title 18 of the Code of Federal Regulations, governing Single-Issue 205 Applications filed at the FERC, the Single-Issue Application must be filed 'not less than sixty days nor more than one hundred-twenty days' before the scheduled implementation date. ~~Because SCE's expected implementation will be on October 1, 2027, the FERC application will be filed no sooner than June 3, 2027.~~ Following the applicable CPUC decision(s), SCE anticipates submitting a single-issue Section 205 filing aligned with downstream systems implementation and at least 60 days before the approved implementation date."

2. **Current Approved Timeline (Figure 1, p. 6)**



Proposed Revised Timeline (Updated Figure 1)



* ALJ consolidated the Large Power Dynamic Rate (LPDR) and Standard Dynamic Rate (SDR) applications into a single proceeding, now referred to as A.24-06-014, *et al.* (Consolidated Dynamic Rates Application).

<u>Proposed New Table 1 to Supplement Updated Figure 1</u>
Table 1 below summarizes the key regulatory and implementation milestones associated with SCE's anticipated transition from pilot-based dynamic rates to Standard Dynamic Rates. As shown, the implementation timeline is contingent on multiple CPUC proceedings that will establish final rate designs, implementation requirements, systems and process standards, funding, and cost recovery. Following receipt of the necessary regulatory approvals, SCE anticipates that implementation activities will require approximately 24 to 30 months. SCE notes that these implementation estimates may vary depending on the final features and requirements adopted by the CPUC. As shown in Table 3 of SCE's supplemental testimony in A.24-06-014, *et al.*,[24] different implementation scenarios may require substantially different levels of system development, integration, testing, customer-facing functionality, and operational support, which could affect both the scope and duration of implementation activities. Accordingly, the duration of implementation activities may differ from the estimates presented below.

Milestone	Estimated Timing / Duration	Impact on Implementation
SCE files Large Power Dynamic Rate (LPDR) Application (A.24-06-014)	June 2024	Initiates CPUC review of proposed large power dynamic rate design.
SCE files Standard Dynamic Rates (SDR) Application (A.24-12-008)	December 2024	Initiates CPUC review of proposed LMS-compliant dynamic rates for broader customer classes.
CPUC review of Consolidated Dynamic Rates Application (A.24-06-014, *et al.*)	June 2024 – Year-End 2026	Establishes final rate designs, customer protections, implementation requirements, and other foundational policy decisions necessary for implementation.
CPUC decision in Consolidated Dynamic Rates Application	Q4 2026 at the earliest	Provides approval and direction regarding dynamic rate design, customer eligibility, implementation requirements, and cost recovery. Implementation scope cannot be finalized until this decision is issued.
CPUC approval of Extension of Extended Dynamic Rate Pilot	Year-End 2026–2027 (timing dependent on CPUC process)	Approval of a pilot extension would allow SCE to continue offering dynamic rate options to customers and maintain LMS compliance during the period between pilot expiration

24 *See* Exhibit SCE-06 (Supplemental Testimony in Response to ALJ Ruling, A.24-06-014, *et al.*) at 23, available at https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2406014;A2412008/9189/605328560.pdf.

Milestone	Estimated Timing / Duration	Impact on Implementation
		(December 31, 2027) and implementation of Standard Dynamic Rates. SCE has sought such approval in the pending A.24-06-014, *et al.* proceeding and, if necessary, anticipates filing a Petition for Modification of D.24-01-032 to extend the pilot until SDRs are approved and implemented.
CPUC consideration of systems, data access, and process issues in R.25-09-004	2026–2027 (subject to CPUC schedule)	May establish additional requirements related to data access, systems, protocols, and operational processes needed to support dynamic rates at scale. These requirements may affect implementation design, system development, and deployment timelines.
CPUC consideration of advanced rate design issues in R.26-04-009	2026–2028 (subject to CPUC schedule)	May affect cost inputs, rate structures, and other policy requirements that SCE must incorporate into Standard Dynamic Rates. Outcomes may require additional design, development, or implementation activities.
Business Requirements and Solution Design	10 months (after receiving necessary regulatory approvals)	SCE translates final regulatory requirements into business requirements and designs billing systems, dynamic price calculations, customer protections, enrollment processes, and customer-facing tools.
Systems Development and Integration	9 months	SCE develops and integrates solutions across billing, pricing, data, and operational platforms.
Testing and Operational Readiness	4 months	SCE conducts comprehensive testing, validates system functionality, and prepares operational processes and customer support activities.
FERC Single-Issue Section 205 Filing	Approximately Q4 2029 (timing dependent on implementation date)	Required to implement transmission-related rate components and must be coordinated with downstream implementation activities.
Deployment, Customer Enrollment, and Launch of Standard Dynamic Rates	1-6 months	Dynamic rates become available to customers following completion of all regulatory approvals, implementation activities, testing, and operational readiness efforts.

All other sections of SCE's approved Compliance Plan remain unchanged and are not proposed for revision as part of this request. This request is *limited* to updating the anticipated timing of SCE's compliance with Section 1623(d)(2) through standard dynamic rates and is not intended to update other aspects of the Compliance Plan. For the current status of SCE's compliance obligations, please refer to SCE's Annual Report.[25]

IV. ANTICIPATED REQUEST FOR AUTHORIZATION TO EXTEND PILOT

Because SCE's current dynamic rate pilot is scheduled to expire on December 31, 2027,[26] the interim period will need to extend beyond the timeline projected in SCE's LMS Compliance Plan. Accordingly, SCE anticipates seeking CPUC approval of an extension of the pilot. As noted in SCE's Annual Report, the procedural vehicle for that extension will depend on future CPUC direction. SCE has proposed that the CPUC address pilot extensions within SCE's pending Consolidated Dynamic Rates Application (A.24-06-014, *et al.*), and SCE has sought such approval in that proceeding. If the CPUC declines that request, however, SCE anticipates filing a Petition for Modification (PFM) of D.24-01-032 to modify Conclusion of Law (COL) 19, extending the pilot for the duration of the interim period until SDRs are approved and SCE is able to complete the necessary system and operational implementation. The anticipated timing for any potential PFM depends on the CPUC's guidance and direction.

V. CONCLUSION

SCE appreciates the CEC's consideration of this proposed revision to SCE's LMS Compliance Plan.

Very truly yours,

/s/ Russell Archer
Russell Archer

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[25] *See* 2026 SCE Annual LMS Compliance Report (TN#269916), available at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-LMS-01.

[26] D.24-01-032, Conclusion of Law 19.