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**OhmConnect comments on February 21, 2020 CEC Draft Load Management Tariff Standard**

*Additional submitted attachment is included below.*



March 16, 2020

California Energy Commission  
Dockets Office, MS-4  
Docket No. 19-OIR-01  
1516 Ninth Street  
Sacramento, CA 95814-5512

**Re: Comments of OhmConnect, Inc. on February 21, 2020 Draft Load Management Tariff Standard Markup**

Dear Commissioners and Staff:

Pursuant to the California Energy Commission's (CEC) February 14, 2020 *Notice of March 2, 2020 Load Management Tariff Standard Staff Workshop*, OhmConnect, Inc. (OhmConnect) respectfully submits these timely comments on the Draft Load Management Tariff Standard Markup published by CEC Staff on February 21, 2020. OhmConnect strongly supports the CEC's efforts to make real-time pricing (RTP) available to all classes of electricity customers in California as expediently as possible. We are confident that, properly implemented, RTP will save families and businesses money while better aligning their electricity use with periods of abundant renewable generation. The purpose of these comments is to call attention to three issues we believe are important to the success of any RTP tariff in California:

1. The tariff should recognize explicitly the role that third-party service providers will play in facilitating end-use customers' participation in RTP;
2. The tariff should require that the capacity component of an electricity provider's RTP rate reflect a customer's contribution to the coincident peak load profile that determines the provider's capacity obligations; and
3. Implementation of the tariff should not be slowed due to concern about electricity providers' billing system capabilities.

**I. OVERVIEW OF OHMCONNECT**

OhmConnect is a non-utility Demand Response Provider (DRP) founded in 2013 and headquartered in San Francisco, California. The company currently provides DR services to hundreds of thousands of residential and small commercial retail electric customers in California pursuant to Electric Rules 24 (PG&E and SCE) and 32 (SDG&E). OhmConnect is, at its core, a software company, and customers enrolled in OhmConnect's DR services are not required to purchase or connect any specific hardware. However, customers may optionally connect a variety of smart devices (e.g. WiFi thermostats, electric vehicle chargers, smart plugs, etc.) to the OhmConnect platform and thereby automate their participation in DR events.

Although OhmConnect's software platform and hardware integrations were originally developed for CAISO wholesale-level DR, they have obvious applications to retail-level RTP. Specifically, the technology OhmConnect uses today to enable DR for hundreds of thousands of customers can be used tomorrow to enable RTP by notifying customers of high (or low) electricity prices and adjusting their electricity use down (or up) automatically in response. Of course, given California's current restrictions on retail electric competition, OhmConnect cannot deliver the benefits of RTP to customers by itself. Accordingly, OhmConnect's principal interest in this rulemaking is to ensure that customers of the retail electricity providers subject to the proposed RTP tariff standard (i.e. the investor-owned utilities (IOUs) and community choice aggregators (CCAs)) may authorize a third-party agent to manage their participation in RTP.

## **II. COMMENTS ON DRAFT TARIFF STANDARD**

### **1. The tariff should recognize explicitly the role that third-party service providers will play in facilitating end-use customers' participation in RTP.**

While customers will enroll in RTP with, and continue to pay their electric bills to, their electricity providers (IOU, CCA, etc.), OhmConnect believes that many customers will opt to use the services of a third party to facilitate their participation in RTP. These services might include text or app-based messaging during periods of high or low prices, automated adjustments to customers' electric loads, and tools for forecasting monthly bill payments and savings.

To provide customers with a rewarding RTP experience, a third party will require access to customer data. In particular, a third party, *acting as authorized agent to the customer*, will require data necessary to calculate the customer's bill charges. This includes (but is not limited to) interval meter usage data, bill cycle start and end date, baseline territory, and bill-assistance programs (e.g. CARE/FERA). Fortunately, the IOUs already have systems to enable customer-authorized data sharing, which were originally developed for Rule 24/32 direct participation DR. These systems can be leveraged to allow customers to work collaboratively with the third parties of their choosing to optimize their RTP experiences.

OhmConnect foresees several advantages to affording third-party service providers a prominent role in deploying RTP in California. First, competition among third parties will result in rapid innovation that reduces the lead time for customers to participate in RTP compared to the case where retail electricity providers are the sole facilitators of customers' RTP experiences. Second, customers will not be limited to the RTP-related tools (if any) offered by their retail electricity providers; rather, they will be able to choose from among multiple competitors the tools that best suit their needs and budgets. Finally, insofar as third parties (rather than retail electricity providers) bear the costs of developing the customer-facing elements of RTP (e.g. mobile apps, smart device integrations, etc.), this will limit the costs that might otherwise be passed through to ratepayers *not* participating in RTP.

**2. The tariff should require that the capacity component of an electricity provider's RTP rate reflect a customer's contribution to the coincident peak load profile that determines the provider's capacity obligations.**

The draft tariff standard seems to posit that only the *energy* component of a retail electricity provider's RTP rate must be time-sensitive, whereas the *capacity* component may remain time-insensitive. OhmConnect is concerned this will dampen customers' incentives to engage in the load-shifting behavior RTP is meant to encourage.

Suppose there are two customers, A and B, who use equal total amounts of energy during the month, except A uses most of her energy during off-peak hours (when prices tend to be low) while B uses most of her energy during on-peak hours (when prices tend to be high). If A and B are on the same RTP rate, then A's monthly energy charges will likely be lower than B's monthly energy charges. However, if the capacity component of the RTP rate is time-insensitive and purely volumetric, then A and B will be assessed exactly the same monthly capacity charge, even though A contributes less than B to their electricity provider's capacity obligation. Thus, while A and B pay the shares of the electricity provider's *energy* procurement costs for which they are directly responsible, A ends up paying for a portion of the *capacity* procurement costs actually caused by B. This cross-subsidy diminishes the incentive for either A or B to engage in the efficient level of load shifting.

The draft tariff standard states that the goal of the standard is to “[move] electric demand away from system load peaks, and toward times of surplus renewable power”. To ensure that customers on RTP rates have the strongest possible incentives to engage in load shifting, OhmConnect recommends that the capacity component of each electricity provider's RTP rate reflect a customer's contribution to the coincident peak load profile driving the provider's capacity obligations.

**3. Implementation of the tariff should not be slowed due to concern about electricity providers' billing system capabilities.**

Implementation of RTP will likely require changes to electricity providers' current billing systems and processes, especially in the case of the IOUs. Insofar as the CEC and other stakeholders are concerned about the time and cost needed to implement such changes, OhmConnect submits that the IOUs (or other electricity providers) need not develop comprehensive RTP billing capabilities internally. There is an established ecosystem of billing system vendors who service retail electricity providers in competitive choice states like Texas. Many of these vendors already support “complex” billing for time-sensitive rate structures like RTP. Accordingly, if the CEC lacks confidence in electricity providers' ability to implement billing systems and processes to enable RTP at reasonable cost and in a reasonable amount of time, the CEC should require that electricity providers utilize the billing services of an established vendor.

### III. CONCLUSION

OhmConnect appreciates the CEC's continued efforts to update the Load Management Tariff Standard and thereby make RTP available to all classes of electricity customers in California. We are confident that RTP will save families and businesses money while taking the greatest advantage of the renewable generation on California's grid. By ensuring that end-use customers may authorize a third-party agent to manage their participation in RTP, the CEC can expedite the rollout of RTP in California while minimizing costs to non-participating ratepayers. OhmConnect looks forward to working with stakeholders in a solutions-oriented manner to reestablish California as a leader in RTP.

Respectfully submitted,

/s/ JOHN ANDERSON

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