DOCKETED

Docket Number:	19-OIR-01
Project Title:	Load Management Rulemaking
TN #:	232439
Document Title:	SCE, SDG&E, and PG&E Comments - Joint-IOU comments on draft load management amendments
Description:	N/A
Filer:	System
Organization:	SCE, SDG&E, and PG&E
Submitter Role:	Public Agency
Submission Date:	3/16/2020 4:57:46 PM
Docketed Date:	3/16/2020

Comment Received From: SCE, SDG&E, and PG&E
Submitted On: 3/16/2020
Docket Number: 19-OIR-01

Joint-IOU comments on draft load management amendments

Additional submitted attachment is included below.

March 16, 2020

California Energy Commission
Docket Office, MS-4
Re: Docket No. 19-OIR-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Comments of Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company on the California Energy Commission Docket No. 19-OIR-01: Draft Amendments to the Load Management Tariff Standard

Dear Commissioners:

On March 2, 2020, the California Energy Commission (CEC) staff conducted a workshop to receive public input on draft amendments to the Load Management Tariff Standard (California Code of Regulation Title 20 § 1623) within the Load Management Rulemaking (19-OIR-01). The draft amendments would add a requirement that "retail electricity providers" offer time-dependent retail electricity tariffs based on locational marginal costs to provide granular economic signals that enable increased demand flexibility through automation of end-uses that can shift electricity consumption away from system net load peaks, toward times of excess renewable power.

Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) (collectively, the Joint Utilities) appreciate the opportunity to engage with the CEC and other stakeholders on the draft amendments to the Load Management Tariff Standard. The Joint Utilities support the development of automated demand flexibility, but caution that such efforts must appropriately weigh potential benefits against implementation costs, and require coordination with ongoing efforts at the California Public Utilities Commission (CPUC). For these reasons, the Joint Utilities request that the draft amendments to the Load Management Tariff Standards do not take effect until the CEC and stakeholders have had the opportunity to conduct comprehensive pilot studies that fully assess the costs and benefits of real-time rates, including required infrastructure, manufacturer interest, and customer impacts. The Joint Utilities respectfully submit the following comments for consideration by the CEC.

I. Retail electricity providers should be given time to develop, implement, and review pilots using real-time rates to assess customer acceptance, manufacturer interest, and impact on demand flexibility.

Real-time tariffs, as described in the draft amendments, should not be developed without significant piloting. Hourly or sub-hourly pricing with locational granularity down to the distribution circuit requires significant investments in advanced information technology and billing systems to accommodate the exponential increase in data collection, storage, billing, communication, and management. Furthermore, customer willingness or interest in opting for such a real-time tariff and manufacturer interest in providing service to support customers is uncertain, which leads to uncertain impacts on demand flexibility. Before assuming a positive outcome that would justify the level of investment and effort required to implement a real-time tariff, retail electricity providers should be given time to design and implement pilots to assess customer acceptance of real-time rates and the associated impact on demand flexibility. The Joint Utilities will not have time to conduct such pilots, capture lessons learned, and design and implement full-scale real-time tariffs before the proposed July 1, 2022 deadline. Even without the opportunity to conduct pilots, the Joint Utilities would not be able to upgrade our billing and communications infrastructure to offer real-time tariffs by the proposed July 1, 2022 deadline. The Joint Utilities recommend a two-phased pilot approach, with Phase 1 involving small-scale pilots conducted by individual electric service providers, and Phase 2 involving a statewide pilot after the Joint Utilities implement residential default time-of-use rates in the next few years.

II. Equity and affordability issues need to be addressed prior to the adoption of real-time tariffs.

The Joint Utilities are concerned that the real-time tariffs described in the draft amendments could lead to equity and affordability issues. For example, a real-time tariff could result in cost shifting from participating customers to non-participants if the cost elements of the new tariffs are not fully understood. This can lead to equity issues because participating customers are often those who can afford new technologies, absorb higher bill volatility, have favorable existing load profiles, or live in locations that benefit from locational pricing. Furthermore, a real-time tariff designed without the benefit of comprehensive pilot studies could also result in volatile bills if customer charges increase unexpectedly due to extreme grid conditions. For example, while real-time pricing for generation could result in low prices during the day, there can also be real-time price spikes associated with ramping needs and forecast errors due to a grid powered increasingly by variable renewable energy resources. These issues need to be fully understood through the pilot studies discussed above so they can be addressed prior to the adoption of real-time tariffs.

III. The CEC should ensure alignment with competing regulatory proceedings underway at the CPUC.

The CPUC and stakeholders are exploring various aspects of real-time rates in ongoing proceedings. For example, real-time pricing is being explored within General Rate Case (GRC) Phase 2 and Demand Response proceedings, while locational pricing is being explored within the

Integrated Distributed Energy Resources (IDER) and Distribution Resources Plan (DRP) proceedings. Having these subjects simultaneously addressed in two jurisdictions will cause confusion, duplication of effort, and inefficient use of resources. The CEC should ensure the draft amendments and the Load Management Proceeding are fully aligned with those ongoing proceedings and informed by their efforts. The proposed timing of the draft amendments will not allow for the knowledge gained in the CPUC proceedings to inform the proposed real-time tariffs.

IV. The dual approval structure between the CEC and other rate-approving bodies (e.g., the CPUC) should be clarified.

The draft amendments appear to create a dual approval structure for real-time rates, with approval of tariff proposals required by both the CEC and each retail electricity provider's rate-approving body. For the Joint Utilities, our rate-approving body (i.e., the CPUC), has existing processes in place to accept and approve tariff proposals. The draft amendments should clarify the CEC's approval process and scope of authority to ensure coordination with these existing processes. For example, does approval by the CEC and the CPUC occur in parallel or in sequence? What is the scope of the CEC's approval? Would the CEC approve details of the actual rate structure and implementation?

V. All load-serving entities should be required to comply with the draft amendments.

Enabling automated demand flexibility at the scale necessary to realize relevant benefits will require participation by all load-serving entities. For example, Community Choice Aggregators set energy supply rates for more than 11 million Californians. The draft amendments use the term "retail electricity providers" to describe entities required to comply with the Load Management Tariff Standard. However, it is unclear whether this covers all load-serving entities. One document in the public record for this proceeding appears to imply that only the Joint Utilities, Sacramento Municipal Utility District, and Los Angeles Department of Water and Power are required to comply.[1] The CEC should clarify the definition of "retail electricity providers" and ensure all load-serving entities are included in that definition.

VI. Conclusion

The Joint Utilities thank the CEC for consideration of the above comments and look forward to continued partnership with stakeholders in the Load Management Rulemaking (19-OIR-01). The Joint Utilities support the development of automated demand flexibility. However, for the reasons described above, the Joint Utilities request that the draft amendments to the Load Management Tariff Standards do not take effect until the CEC and stakeholders have had the opportunity to conduct comprehensive pilot studies that fully assess the costs and benefits of real-time rates, including required infrastructure, manufacturer interest, and customer impacts. Please do not hesitate to contact us with any questions or concerns you may have. We are available to discuss these matters further at your convenience.

[1] Workshop Notice March 2, 2020 Load Management Tariff Standard (TN #232046), docketed February 14, 2020.

Very truly yours,

Dawn Anaiscourt
Director, Regulatory Affairs
Southern California Edison Company
1201 K Street, Suite 1810
Sacramento, CA 95814
T. 415-929-5518

Kent Kauss
Regional Vice President, External Relations
San Diego Gas & Electric Company
925 L Street, Suite 650
Sacramento, CA 95814
T. 916-492-4245

Mark Krausse
Director, State Agency Relations
Pacific Gas and Electric Company
1415 L Street, Suite 280
Sacramento, CA 95814
T. 916-386-5709