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## PG&E Comments on Proposed Regulatory Language to Load Management Standards

*Additional submitted attachment is included below.*

Pacific Gas and Electric Company

**Licha Lopez**
CEC Liaison
State Agency Relations

1415 L Street, Suite 280
Sacramento, CA 95814
(202)903 4533
Elizabeth.LopezGonzalez@pge.com

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California Energy Commission
Efficiency Division - Buildings Energy Efficiency Standards Program
Docket No 21-IOR-03
715 P Street
Sacramento, CA 95814

**RE: Pacific Gas and Electric Company Comments on the California Energy Commission California Energy Commission's Proposed Load Management Standards Regulations (Docket Number 21-OIR-03)**

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the proposed regulatory language to update the Load Management Standards (LMS) Regulation released by the California Energy Commission (CEC) on December 22, 2021.[1] PG&E supports the development of utility programs that reduce peak electricity demand and help balance the California energy's supply and demand, to ensure grid reliability. PG&E also supports the development of automated demand flexibility and more dynamic rates as a load management tool to help meet the state's climate goals. In addition to the comments outlined in this letter, PG&E proposes specific changes in the proposed regulation.

In summary, PG&E requests the CEC provide clarity on the proposed regulatory language in Section 1623 (Load Management Tariff Standard), specifically Section (c) on Support Customers' Ability to Link Devices to Electricity Rates and Third Party Access, as detailed in this letter. PG&E restates comments submitted to the docket number 19-OIR-01[2] in April 2021 related to the use of OpenADR 2.0 as the standard for sending rate signals, as well as leveraging the existing ShareMyData (SMD) platform through necessary modifications to provide the customer's Rate Identification Number (RIN) to an Automation Service Provider (ASP) rather than developing a new access tool as proposed in the draft language released by the CEC in December 2021. Finally, PG&E supports the edits provided by the Sacramento Municipal Utility District (SMUD), Los

[1] CEC's Proposed Regulatory Language for the Load Management Standards Regulations. December, 2021. Proposed Regulatory Language

[2] PG&E Comments on the CEC's Potential Amendments to the Load Management Standards within the Load Management Rulemaking. Docket Number 19-OIR-01. California Energy Commission: Docket Log

Angeles Department of Water and Power (LADWP), and California Municipal Utilities Association (CMUA). These edits are incorporated in PG&E's attached redlined proposed regulatory language document, specifically in Sections 1621 (General Provisions) and 1623 of the proposed language, and offers additional edits as shown in the attachment.

**1- Under 1623 (c) (Load Management Tariff Standard), PG&E requests the CEC clarify whether the third-party access is intended as one statewide tool to be hosted independently from all utilities, or that each individual investor-owned utility (IOU) provide a service that is analogous or identical in function to other IOUs, for third parties to access**.

Section (c) Support Customer Ability to Link Devices to Electricity Rates, numeral (1) "*on third party access,"* states that *"the utilities shall develop a single statewide standard tool for authorized rate data access by third parties that is compatible with each utility's system."* This numeral includes a list of six specifications with which the intended statewide tool shall comply.

**2- PG&E recommends utilizing OpenADR 2.0 as the standard for sending rate signals.**

In previous comments filed to the Load Management Standards Docket Number 19-OIR-01[3] in April 2021, PG&E recommended the CEC utilize OpenADR 2.0 as the formalized communication of rates. PG&E supports the CEC using a "light version" of the OpenADR standard for the Load Management Standards (LMS) price signal on dynamic rates and adds that the CEC should clearly define the associated use cases for the applicability of such a "light" version. Reiterating concerns raised during the LMS proceeding, PG&E strongly recommends using OpenADR 2.0 on formalized communication of rates for the following reasons:

- OpenADR is an internationally recognized standard adopted by several countries and manufacturers;
- OpenADR was developed by industry experts (OpenADR Alliance members, Lawrence Berkeley National Laboratory (LBNL), the National Institute of Standards and Technology (NIST), the Department of Energy (DOE), OASIS, etc.) and has undergone multiple edits based on real-world implementation and best practices;
- The OpenADR Alliance has committed to developing a simpler profile for price signals that can be readily applied to this initiative;
- DOE and NIST smart grid roadmap processes recommended all stakeholders use standards in the catalog of smart grid standards such as OpenADR;
- The OpenADR standard is currently in use by manufacturers; and
- Developing a new standard would take a minimum of two to three years, which falls outside of the CEC LMS timeline, and would additionally slow industry adoption.

[3] PG&E Comments on the CEC's Potential Amendments to the Load Management Standards within the Load Management Rulemaking. Docket Number 19-OIR-01. California Energy Commission : Docket Log

**3- PG&E requests the CEC clearly state that implementation of the specifications of the statewide standard tool required under 1623 (c) is subject to an adequate funding mechanism, approved by the appropriate authority, to enable IOUs compliance.**

There are two different ways to interpret 1623 (c), and each would lead to vastly different services and technical solutions. PG&E maintains that greater clarity in this section is critical. The development of a statewide standard tool with the specifications described under this section will impact time, resources, and costs related to the implementation of a solution.

To illustrate, if this tool were to be hosted by each IOU, and the consensus from IOUs allowed for it, PG&E could, leverage its pre-existing ShareMyData (SMD) system as described below. However, in 1623 (c) (1), if PG&E were to leverage the existing ShareMyData system, while point (E) on cybersecurity is presumably covered by the SMD system already, points (A), (B), (C), (D), and (F) force PG&E to modify its current SMD system, and some modifications may be significant. Therefore, this regulation should state a clear funding mechanism for the IOUs, although the CEC has no authority to authorize approval of cost recovery mechanisms to collect costs that will be charged to the utilities' customers.

Conversely, if 1623 (c) (1) were to mean one statewide independent standard tool that all IOUs use, the IOUs and the entity hosting the standard tool would need to coordinate and reach agreement about the implementation of the tool. They also must agree on how customer authorization required by California law will be obtained and transmitted to the standard tool from each IOU. The tool will essentially be a new service/capability for each IOU and will require sufficient funding, resources, and time to be implemented. PG&E requests the CEC to provide guidance on which approach is the intended implementation as that information will determine the level of funding necessary and the joint coordination needed between IOUs to meet the functional requirements of the intended statewide standard tool.

**4- PG&E proposes the CEC leverage the existing ShareMyData (SMD) platform to provide the customer's Rate Identification Number (RIN) to an Automation Service Provider (ASP) instead of developing a new tool as stated in the proposed language.**

Specifically, 1623 (c) (1), subparagraph (A), states that the tool shall *"provide any RINs, to which the customer is eligible to be switched, to third parties that the customer had affirmatively authorized and selected."*

If the intended statewide tool is hosted by each IOU, PG&E can modify its existing platform ShareMyData to provide the RIN data. If the statewide tool is hosted independent of each IOU, PG&E would need to create a new service and capability to provide that data with the associated authorized status information.

Secondly, 1623 (c) (4) states, "*Customer Access. No later than nine (9) months after the* *effective date of these standards, each utility shall provide customers access to their RIN(s) on customer billing statements and online accounts using both text and quick response (QR) or similar machine-readable digital code.*"

In previous comments filed to the Load Management Rulemaking, docket number 19-OIR-01[4] in April 2021, PG&E recommended the CEC leverage the Green Button Connect (GBC) (referred to at PG&E as Share My Data (SMD)) platform to provide the customer's RIN to an ASP rather than developing a new access tool as the CEC proposed in its LMS regulatory language. This position also aligns with third-party vendors such as agricultural technology vendor Polaris represented by David Meyers during the public comment period at the CEC workshop on April 12, 2021[5]. All three IOUs provide GBC as a means for customers to authorize and provide a third party their information in a secure manner. Developing another system for the same purpose would duplicate the function of GBC and would also be time consuming and costly. Additionally, PG&E will need time and funding to make changes to implement placement of RIN on customer billing statements and customer-facing electronic platforms.

**5- While marginal costs are an important driver of electric rates, PG&E recommends additional considerations in retail rate design.**

While PG&E strives to be cost based when designing electric rates, it recognizes that many other factors may be important in the final rate design. For example, depending on the level of sophistication of the customer class, simplicity will sometimes take priority. This philosophy is also exemplified in the California Public Utilities Commission (CPUC)'s Ten Rate Design Principles, first outlined in Rulemaking R.12-06-013[6], which outlines ten principles that are often impossible to satisfy simultaneously, requiring balances and tradeoffs. Because the CPUC has plenary authority over IOUs' rates, their principles and jurisdiction should be recognized, as a matter of comity between regulatory agencies. PG&E suggests edits to 1623 (a) to reflect this consideration.

**6- PG&E recommends the CEC and CPUC jointly host a workshop with all IOUs, SMUD, LADWP, and CMUA to discuss the requirement of a third party to change a customer's rate under 1623 (c) (1) (D); cybersecurity under (c) (1) (E); and enrollment barriers under (c) (1) (F).**

Section (c) (1) point (D), states that the tool shall "*enable the authorized third party to, upon the direction and consent of the customer, change the customer's rate to a rate for which the customer is eligible with the same load serving entity, to be reflected in the next billing cycle according to the utility's standard procedures."*

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[4] PG&E Comments on the CEC's Potential Amendments to the Load Management Standards within the Load Management Rulemaking. Docket Number 19-OIR-01. California Energy Commission: Docket Log

[5] Staff Workshop – Draft Load Management Standards Staff Report, April 12, 2021. Staff Workshop - Draft Load Management Standards Staff Report (ca.gov).

[6] R1206013 OIR on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations (ca.gov).

In PG&E's system, third-party ability to change a customer's rate is dependent on customer authorization of the third party to be its agent for that purpose. If the tool were to expand third-party authority to act differently for the customer, the change will likely require significant information technology (IT) development to ensure privacy and security. For example, PG&E would have to consider customer privacy, cybersecurity requirements, and customer-specific requirements such as rate eligibility and consequences for other programs in which the customer participates. Furthermore, if there is one tool managed by an independent entity like the CEC, the rate change should not trigger a change in the load serving entity (LSE). PG&E recommends the CEC and CPUC jointly host a workshop with all IOUs, SMUD and LADWP to discuss this requirement.

Section (c) (1), point (E) states, "*Ensure cybersecurity*"; and point (F) "*Minimize enrollment barriers.*" These points would need to be further defined to be implemented successfully. PG&E proposes to include these items as subject to be discussed in the workshop PG&E proposes above.

Sincerely,

Licha Lopez
State Agency Relations

# ATTACHMENT

Joined proposed Modifications to
45-Day Language Amendments to
Load Management Standard Regulations

**Joined proposed Modifications to 45-Day Language Amendments to Load Management Standard Regulations**

45-Day Language Proposed Amendments: Additions ~~Deletions~~
Joint Proposed Modifications: Additions ~~Deletions~~
PG&E supports some deletions and additions by SMUD, LADWP and CMUA

**§ 1621. General Provisions.**

(d) Utility Plans to Comply with Load Management Standards

(1) Each utility shall submit a plan to comply with Sections 1621 and 1623 of this article to the utility's rate-approving body ~~Executive Director~~ no later than six (6) months after the effective date of these standards. The utility shall submit a report to the Commission on the action taken by the utility's rate-approving body on the utility's plan.

(2) ~~The Executive Director shall review the plans and either return them to the utility for revision or submit them to the Commission for review and potential approval. The Executive Director may recommend, and the Commission may approve, a submittal on condition that the utility make specified changes or additions to the submittal, within a reasonable period of time set by the Commission. A conditionally-approved plan shall not become effective until the utility makes the specified changes or additions to the submittal under review. The Commission shall approve submittals which are consistent with these regulations and which show a good faith effort to plan to meet program goals for the standards.~~ Upon adoption of a plan by a utility's rate-approving body, the utility shall submit the plan to the Commission for review. If the Commission determines that the plan is inconsistent with the requirements of Section 1621 or 1623, the Commission shall provide recommendations to correct the deficiencies. In reviewing a plan, ~~the Executive Director and~~ the Commission may request additional information consistent with Sections 1621 and 1623.

~~(3) 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~~.

(3~~4~~) Utilities shall submit to the Commission ~~Executive Director~~ annual reports demonstrating their implementation of plans approved pursuant to this section. The reports shall be submitted one year after plans are approved pursuant to subsection (1) ~~(2)~~ and annually thereafter.

(e) Exemptions, Delays, or Modifications

(1) Utilities may apply to the utility's rate-approving body ~~Executive Director~~ for an exemption from the requirements of Sections 1621 and 1623 of this article, to delay compliance with its requirements, or to modify a load management standard compliance plan. ~~The Commission may, by resolution, order a utility to modify its approved load management standard plan. Upon such order by the Commission, a utility shall submit an application to modify its plan within 90 days of the Commission's order.~~

(2) Applications for exemptions or delays shall set forth the requested period during which the exemption or delay would apply and indicate when the utility reasonably believes the exemption or delay will no longer be needed. Applications for exemptions or delays shall include one or more of the following findings, which must be adopted by the utility's rate-approving body. ~~The application further shall demonstrate one or more of the following:~~

(a) that despite a utility's good faith efforts to comply, requiring timely compliance with the requirements of this article would result in extreme hardship to the utility or result in inequities to any subgroup of utility customers including but not limited to low-income residential customers or residential customers located in disadvantaged communities;~~,~~

(b) requiring timely compliance with the requirements of this article would result in reduced system reliability, ~~and~~ efficiency, or safety; or

(c) requiring timely compliance with the requirements of this article would not be technologically feasible or cost-effective for the utility to implement.

(3) Applications for modifications shall demonstrate that despite the utility's good faith efforts to implement its load management standard plan, the plan must be modified to provide a more technologically feasible or cost-effective way to achieve the requirements of this article or the plan's goals.

(4) Upon approval of an application for modification, exemption, or delay by a utility's rate-approving body, the utility shall submit the application and approval document to the Commission for review. The Commission ~~Executive Director~~ shall review application and approval documents ~~for exemptions, delays, and modifications~~ and make a ~~n initial~~ determination of whether an application demonstrates the requirements of either subsection (2) or (3) above. If the Commission determines that the approved application is inconsistent with the requirements of this subdivision (e) of Section 1621, then the Commission shall provide recommendations to correct any such deficiencies. ~~The Executive Director shall then submit the application to the Commission with a recommendation of whether to approve or reject the application based on their initial determination.~~ In reviewing these applications, ~~the Executive Director and~~ the Commission may request additional information or revisions of the application from a utility consistent with Sections 1621 and 1623. ~~If a utility fails to provide information or revisions by a deadline established by the Executive Director or the Commission, the Commission may deny the application on that basis.~~

(f) Enforcement. The Executive Director may, after reviewing the matter with the utility, file a complaint with the Commission following the process set forth in Sections 1233.1 to 1233.4 or seek injunctive relief if a utility:

~~(1) Fails to adhere to its approved load management standard plan~~,

~~(2) Modifies its approved load management standard plan without approval,~~

~~(3)~~(1) Does not provide information by a deadline established by the Executive Director or the Commission, or
~~(4) Fails to make requested revisions to its approved load management standard plan by the deadline established by the Executive Director or the Commission, or~~
~~(5)~~(2) Violates the provisions of this article.

**§ 1623. Load Management Tariff Standard.**

(a) Marginal Cost Rates. This standard requires that a utility develop marginal cost rates~~,~~ ~~using a recommended methodology or the methodology approved by its rate-approving body, when it prepares rate applications for retail services,~~ and that the utility submit such rates to its rate-approving body. Nothing in this section affects the ability of the utility to propose other rate elements for its electric rate schedules. The rate-approving body shall have full discretion to exercise its authority over the utility's rates.

(1) "Marginal cost" means the change in current and committed future electric system utility cost that is caused by a change in electricity usage during a specific time interval at a specific location. Total marginal cost shall be calculated as the sum of the marginal energy cost, the marginal generation capacity cost and any other appropriate time and location dependent costs (which could include transmission, and distribution), ~~and any other appropriate time and location dependent marginal costs~~ on a time interval of no more than one hour. Definitions of marginal costs do not necessarily translate directly to rate design. ~~Energy cost computations shall reflect locational marginal cost pricing as determined by the associated balancing authority, such as the California System Independent Operator, the Balancing Authority of Northern California or other balancing authority. Marginal capacity cost computations shall reflect the variations in the probability and value of system reliability of each component (generation, transmission, and distribution).~~ Social cost computations shall reflect, at a minimum, the locational marginal cost of associated greenhouse gas emissions.

(2) By the deadline set forth in the utility plan adopted pursuant to Section 1621(d) ~~within one year of the effective date of these regulations,~~ each utility shall apply to its rate-approving body for approval of ~~at least one~~ marginal cost rates for each customer class identified in the utility's plan.

(3) Utilities shall provide the Commission with informational copies of tariff applications when they are submitted to their rate-approving bodies.

(b) Publication of Machine-Readable Electricity Rates. Each utility shall upload its composite time-dependent rates applicable to its customers to the Commission's Market Informed Demand Automation Server (MIDAS) database upon each ofthe following circumstances:

(1) no later than three (3) months after the effective date of these standards,

(2) no later than three (3) months after each time a rate is approved by the rate-

approving body, and

(3) no later than three (3) months after each time a rate value changes.

The composite time dependent rates uploaded to the MIDAS database shall include all applicable time dependent cost components, including, but not limited to, generation, distribution, and transmission. The Commission maintains public access to the MIDAS database through an Application Programming Interface (API) that, provided a Rate Identification Number (RIN), returns information sufficient to enable automated response to marginal grid signals including price, emergency events, and greenhouse gas emissions. Each customer shall be able to access all rate information applicable to the customer with a single RIN assigned by the utility on applicable time-dependent rates through CEC's MIDAS.

~~Marginal Cost Methodologies and Rates. Within six months after the Marginal Cost Pricing Project Task Force (which is jointly sponsored by the CEC and CPUC under an agreement with the Federal Department of Energy) makes its final report available to the public, and the Commission approves it by resolution,a utility submitting a general rate filing to its rate-approving body shall include marginal cost based rates in such filing which have been developed by using at least one methodology recommended by the Task Force, except that if a utility's rate-approving body has approved a marginal cost methodology, a utility may substitute the approved methodology for one recommended by the Task Force.~~

~~If at any time subsequent to the Commission's approval of the Task Force report,the utility's rate-approving body approves a marginal cost methodology which is substantially different from any of the methodologies recommended by the Task Force, the utility shall so inform the Commission, and shall explain the nature of and the reasons for these differences.~~

~~In addition to marginal cost -based rates which it develops using a methodology recommended by the Task Force report for that utility or approved by its rate-approving body, the utility may also submit marginal cost-based rates which it develops using any alternative methodology that it deems appropriate.~~

~~The utility may also submit other rates or tariffs which it deems appropriate.~~

~~Nothing in this section shall prevent the Commission from recommending the approval of marginal cost methodologies different from those used by a utility toany rate-approving body.~~

(c) Support Customer Ability to Link Devices to Electricity Rates.

(1) Third-party Access. The utilities shall develop a single statewide standard tool for authorized rate data access by third parties that is compatible with each utility's system. The tool shall:

(A) Provide the RIN(s) applicable to the customer's premise(s) to third parties authorized and selected by the customer;

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

(C) Provide estimated average or annual bill amount(s) based on the customer's current rate and any other eligible rate(s) if the utility has an existing rate calculation tool and the customer is eligible for multiple rate structures;

(D) 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 nextbilling cycle according to the utility's standard procedures;

(E) Ensure cybersecurity; and (F)

Minimize enrollment barriers.

(2) The utilities shall submit the single statewide standard tool developed pursuant to Section 1623(c)(1) to the Commission for approval at a Business Meeting.

(A) The tool must be submitted within a year of the effective date of these regulations.

(B) The Executive Director may extend this deadline upon a showing of good cause.

(3) Upon Commission approval the utilities shall implement and maintain the tool developed in Section 1623(c)(1).

(4) Customer Access. As soon as practicable ~~No later than nine (9) months~~ after the effective date of these standards, each utility shall provide customers access to their RIN(s) on customer billing statements (or other form of communications) and electronic platforms provided by the utility, or through the tool developed pursuant to section (c) (1) above.~~online accounts using both text and quick response (QR) or similar machine readable digital code.~~

(d) ~~(c)~~ Public ~~Information~~ Programs. Utilities shall encourage mass-market automation of load management through information and programs. ~~As soon as a utility's rate-approving body has adopted a tariff in accordance with a recommended or approved marginal cost methodology, the utility shall conduct apublic information program which shall inform the affected customers why marginal cost based tariffs are needed, exactly how they will be used and how these tariffs can save the customer money.~~

(1) No later than eighteen (18) months after the effective date of these standards,each utility shall submit to the Executive Director a list of load flexibility programs deemed cost-effective by the utility. The portfolio of identified programs shall provide any customer with at least one option for automating response to MIDAS

signals indicating marginal prices, marginal greenhouse gas emissions, or other Commission-approved marginal signal(s) that enable automated end-use response.

(2) Within three (3) years of the effective date of these regulations, each utility shall offer to each of its electricity customers voluntary participation in a marginal cost rate developed according to Section 1623(a) ~~if such rate is approve by the utility's rate approving body~~ or a cost-effective program ~~identified according to Section 1623(d)(1) if such rate~~ is not yet in accordance with the utility plan approved by the utility's rate-approving body pursuant to Section 1621(d).

(3) Each utility shall conduct a public information program to inform and educatethe affected customers why marginal cost-based rates and automation are needed, how they will be used, and how these rates can save the customer money.

~~(d) Compliance. A utility shall be in compliance with this standard if all of the utility's rate applications are prepared in accordance with the provisions of subsection (b)above, and the utility provides informational copies of its applications to the Commission.~~

Note: Authority cited: Sections 25132, 25213, ~~and~~ 25218(e), and 25403.5, Public Resources Code. Reference: Sections 25132 and 25403.5, Public Resources Code.