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SCE Comments for Proposed Language - CEC Load Management OIR - April 20, 2022

Additional submitted attachment is included below.

SOUTHERN CALIFORNIA EDISON
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April 20, 2022

California Energy Commission

Re: Docket No. 21-OIR-03
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission (CEC) Docket No. 21-OIR-03: Proposed Revisions to Regulatory Language for the Load Management Standards Regulations

Dear Commissioners:

SCE has been, and will continue to be, supportive of California's efforts to transition the State into a lower greenhouse gas future. SCE recognizes the importance of the CEC's initiative to develop and deploy dynamic rate structures to help the State achieve and meet its goals.

While SCE generally supports the CEC's efforts to offer a marginal cost-based rate for all customer classes, the implementation timeline presented in the current version of the draft load management plan remains an area of great concern. This timeline significantly underestimates the amount of coordination, time, and effort required between various rate approving authorities (i.e., CEC, CPUC, FERC) and their respective but disparate regulatory decision-making processes, as well as the amount of time and effort required for necessary cross-functional engagement at the utility, utility billing system enhancements, system interoperability for customer-utility technology interfaces, and customer education and outreach. As previously stressed in written comments dated February 7, 2022, SCE continues to strongly urge the CEC to take a more pragmatic approach to laying out a realistic implementation timeline to ensure the successful execution of the load management plan. This is an especially important consideration when attempting a widespread launch of exceedingly complex dynamic rate structures with which the vast majority of customers are unaware and inexperienced.

I. SCE recommends that the CEC, when planning implementation dates for an available marginal cost-based rate for all customers, consider starting the clock after the utility receives final approvals for its filed plans from its respective rate approving bodies (CPUC and/or FERC if time-dependent Transmission rates are to be included in scope).

The implementation timeline, as set forth in this draft of the proposed language, remains too aggressive. As described in SCE's previous comments, the successful rollout of a new rate design to customers is a massive undertaking. In those comments, SCE highlighted the many complexities and layers of launching a new rate design, including the amount of coordination required between multiple rate approving authorities (i.e., CEC, CPUC, FERC), as well as significant implementation efforts needed for, among other things, billing system upgrades, system interoperability, a dynamic pricing engine, customer facing tools utilizing new technologies, customer notifications, and marketing, education, and outreach (ME&O).

There are several areas where the proposed standards fail to take these considerations into account, including:

- Section 1623 (b), "Publication of Machine-Readable Electricity Rates. Each utility and CCA shall upload its composite time-dependent rates …no later than three (3) months after the effective date of these standards."
  - This timing would be feasible for Time-of-Use (TOU) rates that have been previously approved by the CPUC. However, this timing is impossible for rates that have not been approved. SCE will not have received approval from the appropriate rate approving authorities for any of the new rates contemplated in the proposed revisions to the Load Management Standards regulations within 3 months of the effective date of these standards. Indeed, the CPUC's application process to request rate approval can extend a year or more after the filing date. In addition, this timing is premature because it would require SCE to upload rates nine months (9) prior to being able to support the customer's ability to link devices to these rates (Section 1623 (c)).

- Section 1623 (c)(2), "Support Customer Ability to Link Devices to Electricity Rates.… The utilities and CCAs shall submit the single statewide standard tool …The tool must be submitted within one (1) year of the effective date of these regulations."
  - Creation of a single statewide tool would require coordination across multiple utilities and vendors as well as designated funding to support, which is usually only authorized after approval of a CPUC application. In order to provide an effective tool that communicates a customer's rate, both the senders and receivers of this data should participate in a discussion to determine the optimal solution. Having the utility's rate approving body involved would help this transition, especially given the costs and complexities involved with developing and implementing this functionality.

For these reasons, SCE recommends that the dates in the revised regulations for the new marginal cost-based rate and accompanying tools not be hinged on the effective date of the regulations, but instead be tied to CPUC (and FERC for transmission rates) final rate approvals. SCE underscores the importance of a more realistic timeline to ensure a successful rollout of a robust and high-quality product to facilitate widespread customer adoption and acceptance.

II. SCE recommends that the CEC's timeline allow for the time needed to design, build, and implement system enhancements required to more broadly deploy time-dependent marginal cost-based rates.

Implementing time-dependent marginal cost-based rates and the tools to support them will require complex interfaces between SCE's information systems and the CAISO as well as broader upgrades to SCE's billing and interval data management systems. The timeline established in the CEC's proposed language specifically requiring SCE to deploy at least one such rate across customer classes (or rate groups) does not adequately include the time needed to develop business and system requirements, and then successfully build, test, and implement the enhancements needed to implement such rates. SCE's current estimate for the completion of these necessary activities is approximately 24-36 months after approval of such rates from the respective rate approving body (CPUC and/or FERC – depending on the inclusion of time-dependent Transmission dynamic rates). This is due to the complexity and detail of the rate structure and the need to create new capabilities in multiple disparate systems and have them interface between each other.

In addition, there are other requests in the proposed language for supporting tools for which SCE would be unable to fully meet the proposed timeline, such as Section 1623 (c)(4), "Customer Access," which provides that "No later than nine (9) months after the effective date of these standards, each utility and CCA 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." Although SCE could make RINs available on its website within 9 months, SCE currently does not have a standard to support the use of QR codes or machine-readable digital code. To support that kind of functionality would require designated funding authorized via an application process and take time to implement. In addition, changes to SCE's bill require a significant amount of time to implement due to the need to test multiple variations and RINs. As such, the launch time needed would likely be closer to one year. These changes would also require funding, which, again, would need to be authorized through an application process.

III. Conclusion

SCE appreciates the opportunity to file these comments and requests that the final regulatory language incorporate the suggested changes. SCE looks forward to working with the CEC and other rate approving authorities on load management and dynamic pricing initiatives.

Very truly yours,

/s/

Dawn Anaiscourt