

**DOCKETED**

<b>Docket Number:</b>	21-OIR-03
<b>Project Title:</b>	2022 Load Management Rulemaking
<b>TN #:</b>	242731
<b>Document Title:</b>	PG&E Comments on Proposed Load Management Standards Regulations
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	PG&E
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	4/20/2022 4:43:31 PM
<b>Docketed Date:</b>	4/20/2022

*Comment Received From: PG&E  
Submitted On: 4/20/2022  
Docket Number: 21-OIR-03*

## **PG&E Comments on Proposed Load Management Standards Regulations**

*Additional submitted attachment is included below.*



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April 20, 2022

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

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

Dear Commissioner McAllister:

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.<sup>1</sup> As we have stated in previous comments, PG&E supports the development of utility programs that reduce peak electricity demand and help balance California's energy 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.

This comment letter aims to inform the CEC of PG&E's implementation plans to execute the LMS rulemaking and seek clarification in the alignment between the California Public Utilities Commission (CPUC), as the state agency with sole jurisdiction to approve investor-owned utilities' (IOU) rate design for retail customers, and the CEC's jurisdiction under which the LMS regulation requires the IOUs to submit the rate structures that meet the CEC standards. PG&E is requesting further clarification from the CEC because the implementation of real-time pricing rates is conditioned on the rate setting body (the CPUC) approving the CEC-approved rate structure and providing for cost recovery. There is no authority under which the CEC can enable IOU rates to recover the IOU's costs, authorized by the CPUC, or any other rate design principles that the CPUC

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<sup>1</sup> CEC's Proposed Regulatory Language for the Load Management Standards Regulations. December, 2021. [Proposed Regulatory Language](#)

has adopted. PG&E also proposes specific changes in the proposed regulation that are attached to this letter (attachment below).

### **1- PG&E Implementation plan proposal under the demand response proceeding to the CPUC**

PG&E generally supports the CEC's Load Management endeavors. Enablement and access to digitized information such as electricity prices and greenhouse gas (GHG) price signals are the opportunities that may lead to unlocking value to customers. These signals also create a cleaner supply portfolio and provide the state with load curves that would support a reliable and balanced California grid.

In order to implement the CEC's proposed Load Management Standards, PG&E is requesting limited funding in the 2024-2027 Demand Response (DR) Application to the CPUC. This funding request is necessary for the implementation and operation in connection with the Market Informed Demand Automation Server (MIDAS) database. However, there may be more implementation-related costs for the dynamic or real-time rate structures the CEC may endorse, including without limitation impacts related to the scale and scope of data flows.

PG&E recognizes that the proposed LMS regulations and its approval will not occur until after the submission of the DR application. Therefore, the ability for PG&E to comply with the CEC LMS will depend initially on the approval of this funding in PG&E's DR application, and additionally, on receiving authorization to recover the additional funding to be identified and needed in the future.

To that end, in the upcoming DR application, PG&E is proposing the following budget and activities including, but not limited to, supporting the CEC Load Management Standards (including without limitation, support of MIDAS):

- Development and enhancement of existing or new systems (such as PG&E's ShareMyData) to support the ongoing development of a standard platform for delivering customer rate identification numbers (RIN), and ensuring compliance with State law and CPUC privacy requirements that protect customer-specific information;
- Support the development of a machine-readable digital code for customers to link prices to devices and an approach for providing digital codes to customers and third parties that support customers;
- Development of customer bill presentment providing education, explanation of time-varying rates, and presentment of the customer rate identification number;
- Replacement of the existing manual rate sheet and development of an automated, streamlined process from the utility to the CEC updating rate sheets;

- Support of ongoing operations and maintenance (O&M), including maintaining accurate PG&E's rates and timely transmission to the CEC's MIDAS portal; and
- Development of education and outreach to educate customers and third parties on load management.

In the DR application, PG&E is proposing \$8 million dollars covering years 2024 through 2027. The proposed budget is an estimate based on the current CEC-proposed Load Management Standard requirements and is subject to change. PG&E is forecasting \$5 million that would go toward enhancing existing or new systems and supporting ongoing O&M. The remaining \$3 million would fund the development of a team to support administration, policy making, project management and marketing, education, and outreach. Upon approval of the CEC LMS regulation and any initiatives that support the Load Management Standards such as Senate Bill (SB) 49 on demand flexibility, PG&E will reassess cost estimates, develop project scope, and generate an implementation timeline. However, the scope of work and funding needs may evolve as the CEC adopts and takes future action on utility-specific submissions under the CEC's new LMS regulation. In addition, PG&E will need to identify other potential implementation activities and system requirements needed as a result of new rate structure requirements that the CEC will request PG&E to submit to the CPUC, with specific rate proposals that would be actionable by the CPUC.

**2- PG&E requests the CEC clearly state that implementation of the specifications of the statewide standard tool required under 1623 (c) is conditioned on an adequate funding mechanism, approved by the appropriate authority (the CPUC), 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 if all the IOUs agreed to use ShareMyData, 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.

**3- 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 CPUC's Ten Rate Design Principles<sup>2</sup> requiring balances and tradeoffs among different rate design objectives. Because the CPUC has authority over the majority of IOUs' rates (transmission rates are under FERC-jurisdiction), the CPUC's Rate Design Principles, as well as the CPUC's jurisdiction over retail rate setting and FERC's jurisdiction over rate setting for electric transmission, should be recognized by the CEC for comity and harmony between the three regulatory agencies. Furthermore, it is not appropriate to determine, and codify in the LMS, the costs that must be accounted for in rate structures or specify how those costs should be calculated without a full review of the rate design (with the opportunity for parties to present evidence and be heard) by the respective rate-approving body. PG&E suggests edits to 1623 (a) in the attachment below to reflect this consideration.

PG&E appreciates the opportunity to comment on the proposed regulatory language and looks forward to working with the CEC and the CPUC on this rulemaking. Please reach out to me with any questions.

Sincerely,

Licha Lopez  
State Agency Relations

*Note Attachment Below*

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<sup>2</sup> The Commission has articulated its rate design principles in D.17-08-030 at 30-31; D.17-01-006 at 37; D.15-07-001 at 27-28.

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# ATTACHMENT

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PG&E proposed Modifications to  
45-Day Language Amendments to  
Load Management Standard Regulations

Title 20. Public Utilities and Energy  
Division 2. State Energy Resources Conservation and Development Commission  
Chapter 4. Energy Conservation  
Article 5. Load Management Standards  
Sections 1621 -1625

The proposed new language appears as underline (example) and proposed deletions appear as strikeout (~~example~~). Existing language appears as plain text. Proposed new 15-day changes appear as double underline (example) and proposed deletions appear as double strikeout (~~~~example~~~~).

**PG&E's proposed modifications are shown in blue and red font:** additions are underlined (example) and deletions appear as strikeouts (~~example~~).

**§ 1621. General Provisions.**

- (a) Purpose. This article establishes electric load management standards pursuant to Section 25403.5 of the Public Resources Code. These standards establish cost-effective programs and rate structures which will encourage the use of electrical energy at off-peak hours and encourage the control of daily and seasonal peak loads to improve electric system efficiency and reliability, lessen or delay the need for new electrical capacity, and reduce fossil fuel consumption, and greenhouse gas emissions, thereby lowering the long-term economic and environmental costs of meeting the State's electricity needs. These load management standards do not set rates. The standards instead require that entities subject to this article offer rates structured according to the requirements established herein.
- (b) Application. Each of the standards in this article applies to the following electric utilities: Los Angeles Department of Water and Power, San Diego Gas and Electric Company, Southern California Edison Company, Pacific Gas and Electric Company, and Sacramento Municipal Utility District. In addition, the standards set forth in subsections 1621 and 1623 of this article apply to any Community Choice Aggregators (CCA) operating within the service areas and receiving distribution services from the foregoing electric utilities. CCAs are not subject to subsections 1622, 1624, and 1625 of this article. The Commission has found these standards to be technologically feasible and cost-effective when compared with the costs for new electrical capacity for the above-named electric utilities, including CCAs operating within the service areas of such electric utilities.
- (c) Definitions. In this article, the following definitions apply:
- (1) "Building type" means the classification of a non-residential building in accordance with: California Code of Regulations, Title 24, Part 2, Chapter 3 of the California Building Code.
  - (2) "Community choice aggregators" or "CCAs" means entities as defined in



Public Utilities Code section 331.1.

- (3) “Central air conditioner” means any residential electric air conditioner which delivers cooled air through ducts to rooms.
- (4) “Commercial customers” means those customers of a utility or CCA who run any business described in Standard Industrial Classification Groups 40 through 86, and 89 through 99, and which do not treat sewage or manufacture goods or provide other process-oriented services.
- (A) “Large commercial customers” are those businesses whose demand for electricity equals or exceeds 500 kilowatts.
- (B) “Small commercial customers” are those businesses whose demand for electricity is less than 500 kilowatts.
- (5) “Conditioned Space” means an enclosed space within a building that is directly conditioned or indirectly conditioned, consistent with California Code of Regulations, Title 24, Part 6, section 100.1(b).
- (6) “Customer class” means a broad group of customers used for rate design.  
Customer classes include but are not limited to residential, commercial, industrial, agricultural, and street lighting.
- (7) “Greenhouse gas” or “GHG” has the same meaning as in California Code of Regulations, Title 17, sections 95102 and 95802.
- (8) “Load management tariff” means a tariff with time-dependent values that vary according to the time of day to encourage off-peak electricity use and reductions in peak electricity use.
- (9) “Marginal cost” or “locational marginal cost” means the change in current and future electric system cost that is caused by change in electricity supply and demand during a specified time interval at a specified location.
- (10) “Rate Identification Number” or “RIN” means the unique identifier established by the Commission for an electricity rate.
- (11) “Rate-approving body” means the California Public Utilities Commission in the case of investor-owned utilities, or the governing body of CCAs or publicly owned utilities. For purposes of this article, the Board of Water and Power Commissioners of the City of Los Angeles is the rate-approving body for the Los Angeles Department of Water and Power.
- (12) “Residential” means any family dwelling within the utility’s or CCA’s service area which uses electricity for noncommercial purposes as defined in the utility’s or CCA’s terms and conditions of service.
- (13) “Service area” means any contiguous geographic area serviced by the same electric utility or CCA.
- (14) “Tariff” means a pricing schedule or rate plan that a utility or CCA offers to their customers specifying the components of the customer’s electricity bill.

(15) “Time-dependent rate” means a rate that can vary depending on the time of day to encourage off-peak electricity use and reductions in peak electricity use. Time-of-use, hourly, and sub-hourly rates are time-dependent rates.

(16) “Time-of-use rate” means a rate with predefined prices that vary according to the time of day, the season, and/or the day type (weekday, weekend, or holiday).

(17) “Utility” means those electric utilities to which the sections of this article apply, as specified in subsection (b).

(18) “Water heater” means any residential electric water heater except those which provide hot water to heat space or those which operate within electric dishwashers.

(d) Utility and CCA Plans to Comply with Load Management Standards

(1) Each utility and CCA shall submit a plan to comply with Sections 1621 and 1623 of this article to the California Energy Commission’s Executive Director no later than six (6) months after the effective date of these standards.

(2) The Executive Director shall review the plans and either return them to the utility or CCA 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 or CCA 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 or CCA 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. 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.

(4) Utilities and CCAs shall submit to the 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 (2) and annually thereafter.

(e) Exemptions, Delays, or Modifications

(1) Utilities and CCAs may apply to the 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 or CCA to modify its approved load management standard plan. Upon such order by

- the Commission, a utility or CCA 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 or CCA reasonably believes the exemption or delay will no longer be needed. The application further shall demonstrate one or more of the following:
- (a) that despite a utility's or CCA's good faith efforts to comply, requiring timely compliance with the requirements of this article would result in extreme hardship to the utility or CCA 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 or CCA to implement.
- (3) Applications for modifications shall demonstrate that despite the utility's or CCA'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) The Executive Director shall review applications for exemptions, delays, and modifications and make an initial determination of whether an application demonstrates the requirements of either subsection (2) or (3) above. 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 or CCA consistent with Sections 1621 and 1623. If a utility or CCA 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 or CCA, 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 or CCA:
- (1) Fails to adhere to its approved load management standard plan,
  - (2) Modifies its approved load management standard plan without approval,
  - (3) 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) Violates the provisions of this article.

(g) Recovery of Program Costs

In its rate applications, each utility or CCA shall seek to recover the full costs associated with conducting each program required by this article from the class of customers which the program most directly affects. The utility or CCA shall not be required to commence implementation of any program required by this article until the utility's or CCA's rate-approving body has approved the tariffs which are a part of any such program and a method for recovering the costs of the program.

(h) There shall be no reimbursement to local government entities for the costs of carrying out the programs mandated by these standards, because the Commission has found these standards to be cost-effective. The savings which these entities will realize as a result of carrying out these programs will outweigh the costs associated with implementing these programs.

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

**§ 1622. Residential Load Management Standard. – No Changes**

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

(a) Marginal Cost Rates. This standard requires that each utility and CCA develop marginal cost-based rates, ~~structured according to the requirements of this article~~ and that the utility or CCA submit such rates to its rate-approving body for approval. Nothing in this section affects the ability of the utility or CCA 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 or CCA's rates.

(1) Total marginal cost shall be calculated as the sum of the marginal energy cost, the marginal capacity cost (generation, transmission, and distribution), and any other appropriate time and location dependent marginal costs (which could include transmission and distribution), including social costs, on a time interval of no more than one hour. Energy cost computations shall reflect locational marginal cost pricing as determined by the associated balancing authority, such as the California Independent System 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's or CCA's plan adopted pursuant to Section 1621(d) ~~Within one (1) year of the effective date of these regulations~~, each utility and CCA shall apply to its rate-approving body for approval of at least one marginal cost-based rate, in accordance with 1623(a)(1), for each customer class identified in the utility's or CCA's plan.
- (3) Utilities and CCAs 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 and CCA shall upload its composite time-dependent rates applicable to its customers to the Commission's Market Informed Demand Automation Server (MIDAS) database upon each of the 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.

- (c) Support Customer Ability to Link Devices to Electricity Rates.
- (1) Third-party Access. The utilities and CCAs shall develop a single statewide standard tool for authorized rate data access by third parties that is compatible with each utility's and CCA'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 or CCA 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 next billing cycle according to the utility's and CCA's standard procedures;

- (E) Incorporate reasonable and applicable cybersecurity measures;
  - (F) Minimize enrollment barriers; and
  - (G) Be accessible in a digital, machine-readable format according to best practices and standards.
- (2) The utilities and CCAs 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 one (1) year of the effective date of these regulations.
  - (B) The Executive Director may extend this deadline upon a showing of good cause.
  - (C) The utilities and CCAs shall describe a single set of terms and conditions they intend to require of third parties using the single statewide standard tool.
- (3) Upon Commission approval the utilities and CCAs 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 and CCA 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.~~
- (5) Any changes to the single statewide standard tool, including changes to the terms and conditions, shall be submitted to the Executive Director for approval. The Executive Director shall submit any substantive changes to the Commission for approval at a Business Meeting.
- (d) Public Programs. Utilities and CCAs shall encourage mass- market automation of load management through information and programs.
  - (1) No later than eighteen (18) months after the effective date of these standards, each utility and CCA shall submit to the Executive Director a list of load flexibility programs deemed cost-effective by the utility or CCA. The portfolio of identified programs shall provide any customer with at least one option for automating response to MIDAS signals indicating marginal cost-based rates, marginal prices, hourly or sub-hourly 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, in accordance with their respective plans, each utility and CCA 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 approved by the utility's or CCA'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 utility's or CCA's rate-approving body.

(3) Each utility and CCA shall conduct a public information program to inform and educate the 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.

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

**§ 1624. Swimming Pool Filter Pump Load Management Standard. – No Changes.**

**§ 1625. Non-Residential Load Management Standard. – No Changes.**