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**SMUD Comments on Load Management Standard Proposed
Regulatory Language Revisions - 21-OIR-03**

Additional submitted attachment is included below.

**STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of:)	Docket No. 21-OIR-03
)	
Load Management Rulemaking)	SMUD Comments Re:
)	Load Management Standard
)	Proposed Regulatory Language
)	Revisions
)	
)	April 20, 2022

**Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on
Load Management Standard Proposed Regulatory Language Revisions**

The Sacramento Municipal Utility District (SMUD) thanks the California Energy Commission (CEC) for its work to heighten the focus on the critical role load flexibility plays in a low carbon future. We strongly support the objectives of the CEC’s Load Management Standard (LMS) and have participated throughout this proceeding to help craft a regulatory design that is structured for successful adoption of programs and dynamic rate structures to further the State’s decarbonization goals. Unfortunately, the Proposed Revisions to Regulatory Language for the Load Management Standard docketed April 5, 2022 (15-day Language) incorporates constraints that will create barriers to widespread acceptance of dynamic pricing.

SMUD continues to be a leader in the move toward transportation and building electrification and the development of additional renewable resources necessary to meet the state’s carbon reduction targets. Our 2030 Zero Carbon Plan sets a trajectory to reach zero carbon emissions in our power supply by 2030 while maintaining reliability, safety and affordable rates, doing it all with an eye toward equity for underserved communities. Time varying, marginal cost-based rates and incentive structures, coupled with appropriate load flexibility and automation programs that could benefit our customers, are a key component of achieving our carbon reduction goals.

While SMUD agrees that controlling peak loads is an important and crucial objective, we respectfully submit the following comments on the 15-day Language and urge the CEC to further revise the proposed regulatory language to provide critical flexibility in LMS offerings by:

- Aligning the utility plan presentation and adoption process in Section 1621 with the proven process used for publicly owned utility integrated resource plans.
- Recognizing the value of implementing programs and pilot rates initially, rather than requiring utilities to reject marginal cost-based rates before implementing programs.
- Streamlining the process for implementing exceptions and changes to the utility plans.

I. **SMUD would not be in a position to recommend its rate-making body adopt marginal cost-based rates in the time frames defined by the 15-day Language.**

The 15-day Language would require the five largest utilities in California to, within 12 months of the effective date of the regulation, “apply to its rate-approving body for approval of at least one marginal cost-based rate...for each customer class.” Within 3 years after such effective date, each utility would be required to offer to each of its electricity customers “voluntary participation in a marginal cost rate” unless no rate is approved by the rate-approving body in which case the utility must offer a “cost-effective” load flexibility program that provides each customer at least one option for automating end-use response to marginal signals. It will simply be impossible for SMUD to implement time variant marginal cost-based rates for all rate classes, in a way that is cost effective and that customers are likely to adopt, within the proposed time frame.

The SMUD Board has adopted guiding principles, including a directive to design rates that are as simple and easy to understand as possible. SMUD currently has load management programs and rates that achieve the LMS objective without overly complex rate structures. Until we have adequate time to research alternative rate structures and implementation designs, test the structures and customer response to them, plan a measured implementation, educate staff and customers on the benefits of such rates, and set up, test, and resolve barriers connected with critical billing and other systems necessary to support the rates, we will have little confidence in the successful implementation of such rates. We cannot recommend to our elected Board of Directors, SMUD’s rate-approving body, that they adopt any rates that are not fully evaluated and supported.

1. Complex and untested rate structures are unlikely to foster successful customer adoption.

A successful statewide demand response effort depends on customer adoption, and a positive customer experience is critical. Dynamic pricing and automated response are substantial changes from how customers currently interact with their energy usage. Customer education, utility experience, tools, automation, billing, and program design are critical features of any price communication standard. There remains much to learn as “opt-in” pilots and programs scale up. Dynamic rates are not yet a viable option for broad-scale customer deployment. Utilities must have the discretion to assess the benefit of dynamic rates for customers classes such as agriculture, street lighting, and various levels of commercial classes and to determine which customer classes would benefit from a dynamic pricing rate, considering the enabling technologies appropriate for that customer class.

Pilot programs and tariffs are a critical first step before full implementation of a new rate, allowing the utility a cost-effective path to understand and adjust to the impact of actual

customer response to the rate design. Case in point: SMUD began implementing Time-of-Use (TOU) rates for commercial and industrial customers in 1993. By 2012, all commercial customers were transitioned from tiered rates to TOU rates. Throughout 2012-2013, SMUD implemented a Smart Pricing Options Pilot Program which provided the basis for California's transition to time-of-use rates as the default for utility customers. SMUD began implementing Time-of-Day (TOD) rates for residential customers in 2018 and completed the transition in 2019. After the first full summer, 98% of our eligible customers had remained on the TOD rate, with only 2% opting out for a flat rate.

Through the TOD implementation process, we learned that our customers tend to prefer simpler rate structures that allow customers to budget their energy costs. The complexities of an hourly pricing structure (e.g., varying rates at different hours of every day) presents added uncertainty and risk - especially for low-income consumers who are already struggling to make ends meet. Utilities need sufficient time and flexibility to understand customer response to dynamic rate designs and to ensure that new rate structures will result in incremental load reduction beyond current rate structures, including TOD.

2. Dynamic rate structures cannot be implemented until we are confident our billing and other systems can provide a successful experience for customers.

Positive customer experience supporting widespread adoption of new dynamic pricing structures also requires seamless billing options. Utility billing processes, procedure functions, and associated information systems are core enterprise platforms. These platforms are not easily reconfigured to manage new rate structures. Implementation of a new standard for price communications must be scaled and must consider the time and resources required to develop and implement system upgrades to accurately manage sustainable real-time price operations. Utilities must have the flexibility and time to successfully design and implement the systems necessary to support the new rate structures if we are to ensure a smooth transition for our customers. Rate structures unsupported by tested information systems are unlikely to foster successful customer adoption and could result in customer resistance to future load management programs.

3. Pre-mature implementation of untested dynamic rate structures can have unintended consequences.

SMUD has also raised concerns throughout this proceeding regarding the impact the proposed approach to implementing dynamic rate structures could have on electric system reliability and California's broader environmental goals. Such risks are exacerbated by rushing to implement untested new rate structures.

a. Load forecasts are critical to reliability. Building more reliable forecasts is a constant work-in-progress. In a world where climate conditions are rapidly changing, accurate forecasting is a perpetual challenge. Utilities need to build more reliable forecasts to respond to the rapidly evolving grid demands. Developing confidence in price-response of various customer types and technologies will be important to ensuring that forecasting can be done accurately with scaled dynamic pricing programs.

b. It is imperative that dynamic pricing does not jeopardize or endanger California's broader environmental goals such as accelerated renewables, electrification priorities, and energy affordability. In addition to diverting the utilities' limited resources away from progress in these areas to design rate proposals that cannot be supported, the current 15-day Language will create economic barriers. Premature expansion of real-time pricing could result in unanticipated electric rate impacts that may disincentivize the accelerated electrification of other sectors like transportation. Transportation emissions are far greater than a utility's carbon footprint. To encourage consumers to choose cleaner vehicles, electric water heaters, heat pumps, etc., electricity rates must remain affordable, consistent, and predictable.

II. Progress can be more quickly and successfully achieved by providing flexibility for utilities to invest resources in programs and pilots

Pilot programs and pilot tariffs are better alternatives to test dynamic pricing concepts versus mandating the implementation of a structured, untested tariff. SMUD's success in implementing new rates such as TOD was possible because SMUD aligned with our Board principle of rate simplicity and took the time to research, plan, study, test, educate staff and customers, set up systems, and conduct an informational campaign. The entire process took nearly seven years from the concept until the actual rates were rolled out. Carefully designed programs building on the outcomes of such pilots could deliver load flexibility benefits without resulting in complex tariffs.

SMUD is actively piloting program designs that decouple the economic load management signals from the customer incentive structure. Simple incentive programs may capture most of the benefit of a marginal cost signal while increasing customer value and adoption. The automation technology can respond to a dynamic signal, while the customer savings are provided through simple, understandable messages and fixed compensation mechanisms like subscription or bundled credits. SMUD plans to scale these programs as a lower cost alternative to large solutions such as utility-scale battery storage, giving customers the option to participate in programs that leverage the advanced and automation capabilities of their own devices, such as thermostats and electric vehicles, for deeper bill and carbon savings. We expect to develop about 165 MW of flexible load programs by 2030, and possibly more as our programs continue evolving to leverage advancing technology.

Moving forward with an updated LMS, utilities must have the option of offering *either* a rate or a program within the compliance time frame. Rate processes are governed by a

complex legal structure anchored in the California Constitution; however, processes for pilots and programs can be more agile. The LMS should not require a full rate process and rejection by utility rate-approving bodies before programs can be implemented to satisfy the regulatory requirements. This is extremely inefficient. If the 15-day language is adopted SMUD staff will have to develop rate proposals only to recommend that our Board reject them. We cannot recommend that the Board of Directors adopt time variant, marginal cost-based rates before we are confident that our customers will benefit from and are positioned to adopt such rates. Requiring SMUD to go through this process will unnecessarily divert resources from and delay the implementation of alternatives. We urge the CEC to revise the LMS to permit utilities to initially implement either a marginal cost-based rate or a cost-effective program.

The flexibility provided by having the option of offering *either a rate or a program* will allow utilities to move forward with dynamic pricing options immediately in a measured and cost-effective manner designed to achieve the highest levels of customer adoption and success. It will also allow utilities to build on existing policies and processes. Additionally, carefully designed and tested programs can deliver load flexibility benefits without resulting in overly complex rates.

III. The CEC’s regulations must recognize the limits of the CEC’s authority to mandate specific rates or rate structures.

The California Municipal Utility Association (CMUA) submitted comments on March 16, 2020, and again on April 23, 2021, regarding the limits of the CEC’s authority over the ratemaking processes of publicly owned electric utilities (POUs) such as SMUD. These comments were filed to the LMS pre-rulemaking docket (“CMUA Comments”).¹ As CMUA explained in its comments, while the CEC has authority and legislative directive to make recommendations on standard rate structures to support load flexibility, the CEC does *not* have the authority to dictate specific rates or rate structures. SMUD agrees with CMUA and other commenters that, notwithstanding Staff’s recognition that the POU governing boards may elect not to approve the required rates, the LMS amendments as currently proposed go beyond the intent of the authorizing statute and would significantly infringe on the rate-making authority of the POU governing boards.

¹ CMUA Comments dated March 16, 2020 ([TN232433_20200316T162250_California Municipal Utilities Association Comments - on Draft Tariff Stand.pdf](#))

[CMUA Comments dated April 23, 2021 \(TN237543_20210423T164310_California Municipal Utilities Association Comments - on Draft Staff Report \(1\).pdf\)](#)

IV. SMUD Supports Revisions to the Proposed Regulatory Language to Align with the CEC's Authorities and Provide a Path for Successful Implementation of the Updated Load Management Standard.

SMUD supports revisions to the LMS language that set clear dynamic pricing objectives, providing flexibility for the utility and its rate-approving body to design programs and rates to meet the unique needs of its various customer classes. SMUD joins CMUA and other stakeholders in urging the Commission to adopt the attached minimal redlines to § 1621. General Provisions and § 1623. Load Management Tariff Standard of the proposed regulatory language.

1. The Load Management Standard should align the plan presentation and adoption process in Section 1621 with the proven process used for publicly owned utility integrated resource plans.

SMUD strongly recommends the Commission adopt a regulatory structure that (1) requires utilities to provide periodic reports to the Commission, and (2) allows the Commission to propose revisions to utility plans and applications. This process respects utilities' constitutional and statutory authority, has precedents in state law, and mirrors other regulatory review structures that successfully balance local decision making with regulatory oversight. For example, under state law, the CEC's review of select POU Integrated Resource Plans (IRPs) vests the authority to develop and update IRPs entirely with the POU and its governing board. See Cal. Pub. Util. Code § 9621. In addition, the CEC has the complementary authority to review and recommend revisions to the IRPs, and it may seek additional information regarding the IRPs to facilitate that process. See *id.* § 9622. This approach was reflected in the previous redline attached to the CMUA Comments submitted on April 23, 2021.

2. The Load Management Standard should recognize the value of implementing programs and pilot rates initially, rather than requiring utilities to reject marginal cost-based rates before implementing programs.

Pilot programs and rates are critical to effectively designing dynamic rate structures that will deliver benefit to electricity customers without unintended consequences that create new barriers to achieving ambitious carbon reduction goals. Untested complex rate structures are unlikely to be adopted on a large scale and rather could result in diverting resources away from more targeted approaches for automated rate response to marginal signals, and from other decarbonization priorities.

3. The Load Management Standard should provide a streamlined process for implementing exceptions and changes to the utility plans.

Emerging technologies, including load flexibility, play a critical role in SMUD's 2030 Zero Carbon Plan, specifically to eliminate the last 10% of carbon emissions. Nevertheless, we support the inclusion of a narrowly defined process as defined in §

1621 (e) allowing an exemption to the LMS to ensure continued reliability, safety and affordability of electric systems and service.

Conclusion

SMUD's effort throughout this proceeding has been, and we look forward to continuing, to work with the CEC to ensure the LMS and the utilities are set up for success.

As California moves toward a zero-carbon future, coordination between utilities and regulators becomes ever more important, and innovation will be vital to ensuring we reach the state's goals at the lowest levelized cost to consumers. Load Management is a complex issue and will necessitate a delicate balance between the CEC's recommendations on rate design and recognition of the autonomy of publicly owned utilities to administer independent rate-structuring decisions within their service territories. Pilots are critical to successful rollout of new rates. Likewise, real-time pricing structures must be carefully tested and sensibly implemented to avoid impacts to reliability and to support the state's broader environmental goals.

/s/

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cc: Corporate Files (LEG 2022-0063)

Joint Proposed Modifications to 15-Day Language Revisions to Load Management Standard Regulations

45-Day Language Proposed Revisions: Additions ~~Deletions~~

15-Day Language Proposed Revisions: Additions ~~Deletions~~

Joint Proposed Modifications: Additions ~~Deletions~~

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)~~.

§ 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 result in improved utility electric system efficiency and reliability, will lessen or delay the need for new electrical capacity, and reduce fossil fuel consumption and greenhouse gas emissions, and will thereby loweringthe 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, ~~as well as~~. 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 California Energy 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 any customers of CCAs operating within the service areas of such electric utilities.
- (c) Definitions. In this article, the following definitions apply:

(9)(1) “Building type” means the classification of a non-residential building in accordance with the following table: California Code of Regulations, Title 24, Part 2, Chapter 3 of the California Building Code.

Building Type	Description
1	Office
1.1	Small (0-30,000 sq. ft.)
1.2	Med (30,000-200,000 sq. ft.)
1.3	Large (200,000 + sq. ft.)
1.3.1	Low rise (two or less stories)
1.3.2	Highrise (three or more stories)
2	Retail
2.1	Retail-General
2.1.1	Small (1-9,000 sq. ft.), detached
2.1.2	Small (1-9,000 sq. ft.), attached
2.1.3	Med (9,000-20,000 sq. ft.), detached
2.1.4	Med (9,000-20,000 sq. ft.), attached
2.1.5	Med (9,000-20,000 sq. ft.), enclosed mall
2.1.6	Large (20,000 + sq. ft.), detached
2.1.7	Large (20,000 + sq. ft.), attached
2.1.8	Large (20,000 + sq. ft.), enclosed mall
2.1.9	Highrise department store (three or more stories)
2.2	Retail-Food
2.2.1	Small (1-5,000 sq. ft.)
2.2.2	Large (5,000 + sq. ft.)
3	Restaurants
3.1	Fast Food
3.2	Sit-down
4	Storage Buildings
4.1	Conditioned
4.2	Unconditioned
5	Hotels and Motels
5.1	Large (50,000 + sq. ft.)
5.2	Small (less than 50,000 sq. ft.)
6	Schools
6.1	Elementary/pre-schools

6.2	Jr. high/high schools
6.3	Jr. colleges/trade schools
6.4	Colleges/universities
7	Public assembly buildings
7.1	Auditoriums
7.2	Theaters
7.3	Sports arenas
8	Health care facilities
8.1	General hospitals
8.2	Research hospitals
8.3	Mental hospitals
8.4	Convalescent hospitals/homes
9	Computer facilities
10	Auto repair and service stations
11	Miscellaneous

(2) "Community choice aggregators" or "CCAs" means entities as defined in Public Utilities Code section 331.1.

~~(6)~~(3) "Central air conditioner" means any residential electric air conditioner which delivers cooled air through ducts to rooms.

~~(8)~~(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.

~~(i)~~(A) "Large commercial customers" are those businesses whose demand for electricity equals or exceeds 500 kilowatts.

~~(ii)~~(B) "Small commercial customers" are those businesses whose demand for electricity is less than 500 kilowatts.

~~(40)~~(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). ~~the space, within a building which is provided with a positive heat supply or positive method of cooling.~~

(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.

~~(6)~~(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.

~~(7)(9)~~ “(Marginal cost” or “locational marginal cost” is means the change in current and committed future electric system utility cost that is caused by a customer initiated change in electricity usage supply and demand during a specified time interval at a specified location. Total marginal cost may be divided into the commonly known categories of marginal energy, marginal capacity, and marginal customer costs, or any other appropriate categories.

~~(8)(10)~~ “(Rate Identification Number” or “RIN” means the unique identifier established by the Commission for an electricity rate.

~~(3)(9)(11)~~ “(Rate-approving body” means the California Public Utilities Commission in the case of investor-owned utilities, such as the San Diego Gas and Electric Company, the Southern California Edison Company, and the Pacific Gas and Electric Company. It means or the governing body of CCAs or publicly owned utilities such as the Los Angeles Department of Water and Power, and the Sacramento Municipal Utility District. 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.

~~(4)(10)(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.

~~(2)(11)(13)~~ “(Service area” is the means any contiguous geographic area serviced by the same electric utility or CCA, in which the utility supplies electricity to retail customers.

~~(12)(14)~~ “(Tariff” means the contract between the utility and customer that a pricing schedule or rate plan that a utility or CCA offers to their customers specifying the components of the customer's electricity bill.

~~(13)(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.

~~(14)(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).

~~(1)(15)(17)~~ “(Utility” means those electric utilities to which the sections of this article apply, as specified in subsection (b), and any CCA serving customers within the service area of any of those specified electric utilities.

~~(5)(16)(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) ~~Review and Approval of Utility Submittals. These load management standards require utilities to submit various plans to the Executive Director. All such submittals shall be reviewed by the Executive Director, and shall be subject to approval by the full Commission. The Executive Director shall complete his review of such submittals and shall report to the Commission within thirty calendar days after receipt as to whether the submittal is consistent with the~~

~~provisions of this article. Within thirty calendar days after the Executive Director renders his report, the Commission shall, following a public hearing, approve or disapprove the submittal. The Commission may also 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 conditional approval shall not take effect 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.~~

~~If the Commission disapproves a submittal, the utility shall be notified of the specific reasons for such disapproval, and the utility shall submit a revised submittal for review by the Executive Director in accordance with the provisions of this subsection.~~

- ~~(e) Information Requests. In order to facilitate his review of a utility's compliance with the provisions of this article, the Executive Director may request a utility to furnish copies of any information in the utility's possession which is relevant to its implementation of these standards, including any tariff proposals and associated information which it submits to its rate-approving body. The Executive Director may set a reasonable period of time within which the utility must supply the requested information.~~

~~If any document which is requested by the Executive Director contains proprietary information or trade secrets, the utility shall only be required to furnish the document to the Executive Director, if the Commission has established procedures, after a public hearing, for the protection of such proprietary information or trade secrets.~~

- ~~(f) Revisions of Approved Plans. Each time a utility significantly revises any plan or part of a plan required by this article, that was previously approved by the Commission, it shall submit this revised plan for review and approval pursuant to subsection (d) above. Such revised plan shall not be valid until it is approved by the Commission. If the Executive Director believes that new technologies, the state of the economy or other new information warrant revisions to plans which have already been approved, he shall request the utilities to make the appropriate revisions as part of their next annual report or within 90 days, whichever comes later. If the Executive Director issues such a request, the utility shall submit a revised plan for review and approval pursuant to subsection (d) above.~~
- ~~(g) Modifications to Program Goals. If, during the planning or execution of any program required by this article, a utility, despite its best good faith efforts, believes that it cannot achieve one or more of the program goals set forth in the various sections of this article or that a program is not cost-effective, the utility may submit a report to the Commission explaining the reasons therefore, and indicating when the utility believes that it could achieve the program goal or goals, or suggesting alternative goals. If based upon the utility report, or its own studies, the Commission finds that there are good and sufficient reasons for the~~

~~utility not being able to achieve the goal or goals, the Commission shall modify any previously approved goal for that utility to one that is feasible and cost-effective for the utility to achieve~~

(h) ~~Utility Request for Exemptions.~~

~~(1) A utility may, at any time after the effective date of this article, apply to the Commission for an exemption from the obligation to comply with any or all of these standards. Any such application shall set forth in detail the reasons why a denial of the application by the Commission would result in extreme hardship to the utility, or in reduced system reliability and efficiency, or why the standard or standards from which the exemption is sought would not be technologically feasible or cost-effective for the utility to implement. The application shall also set forth the period of time during which the exemption would apply, and shall indicate when the utility reasonably believes the exemption will no longer be needed.~~

~~(2) Within 30 days after receipt of any such application, the Commission shall hold a hearing to consider whether there is sufficient information contained in the application to justify further hearings on the merits. If the Commission finds that the application does not contain sufficient information, it shall dismiss the application, and notify the utility of the specific reasons for the dismissal. The utility may thereafter submit a revised application in good faith.~~

~~(3) If the Commission finds that the application does contain sufficient information, it shall schedule such further hearings as may be necessary to fully evaluate the application.~~

~~(4) If, after holding hearings, the Commission decides to grant an exemption to a utility, the Commission shall issue an order granting exemption. The order shall set forth findings and specific reasons why the exemption is being granted.~~

(i) ~~Noncompliance. The Executive Director may, after a review of the matter with the utility, file a complaint with the Commission, alleging that the utility is not in compliance with the provisions of this article:~~

~~(1) If the utility is not conducting a program in conformance with the provisions of its approved plan;~~

~~(2) If the utility fails to provide a required submittal in a timely manner; or (3) If the utility fails to make requested changes or additions to any such submittal within a reasonable time.~~

(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 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, subject to any exemption, modification, and/or delay adopted pursuant to Section 1621(e), 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 ~~material~~ ~~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) The rate approving body of a Utility or CCA may, in a duly noticed public meeting, adopt ~~Utilities and CCAs may apply to the Executive Director for an exemption from or modification to the requirements of Sections 1621 and 1623 of this article, or a to delay to 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 adoption of any such exemption, modification, and/or delay by a utility's or CCA's rate-approving body, ~~such order by the Commission, a~~ the utility or CCA shall submit an application to the Executive Director pursuant to Section 1621(e)(4) to modify its plan within 90 days of the ~~rate-approving body's adoption~~ Commission's order.
- (2) Any ~~Applications for~~ exemptions or delays ~~adopted~~ by a utility's or CCA's rate-approving body shall set forth the ~~requested~~ period during which the exemption or delay ~~would apply~~ applies and indicate when the utility or CCA ~~reasonably believes the exemption or delay will no longer be needed.~~ In adopting an exemption or delay, the utility's or CCA's rate-approving body shall make one or more of the following ~~findings~~ findings. ~~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) In adopting a ~~Applications for~~ modifications, the utility's or CCA's rate-approving body shall make a finding ~~shall demonstrate~~ that despite the utility's or CCA's good faith efforts to implement the requirements of Sections 1621 and 1623 of this article, these requirements ~~its load management standard plan, the plan~~ must be modified to provide a more technologically feasible, equitable, or cost-effective way to achieve the purpose set forth in Section 1621(a) ~~requirements of this article or the plan's goals~~.
- (4) Upon adoption of an exemption, modification, and/or delay by the utility's or CCA's rate-approving body, the utility or CCA shall submit to the Executive Director an application to modify the utility's or CCA's plan consistent with the adopted exemption, modification, and/or delay. The Executive Director shall review the application to modify the utility's or CCA's plans ~~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. If the Commission does not approve an application to modify the utility's or CCA's plan because the adopted exemption, modification, and/or delay is inconsistent with the requirements of this subdivision (e) of Section 1621, then the Commission shall notify the utility or CCA and specify the basis for such determination. The utility's or CCA's rate-approving body may modify the previously adopted exemption, modification, and/or delay or may otherwise respond to the Commission's determination, after consideration at a duly noticed public meeting. The plan adopted by the utility's or CCA's rate-approving body after consideration of the Commission's determination shall be reported to the Commission and shall constitute the final approved plan for purposes of meeting the requirements of Sections 1621 and 1623, subject to any future amendments by the utility's or CCA's rate-approving body. 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 by the Commission or by final determination by its rate-approving body pursuant to Section 1621(e)(4).
 - (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.

~~(j)~~(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.

~~(k)~~(h) ~~Notwithstanding Section 2231 of the Revenue and Taxation Code, there~~ There shall be no reimbursement to local government entities (i.e., the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District) 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, ~~and 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, using a recommended methodology or the methodology approved by its rate-approving body, when it prepares rate applications for retail services, structured according to the requirements of this article and that the utility or CCA submit such rates to its rate-approving body for approval.
- (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, 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) 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, [subject to any modification, exemption, and/or delay adopted by the utility's or CCA's rate-approving body pursuant to Section 1621\(e\).](#)
- (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) each time a rate is approved by the rate-approving body, and
 - (3) each time a rate 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.~~

~~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 to any rate-approving body.~~

(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) ~~Ensure~~ Incorporate reasonable and applicable cybersecurity measures;
and
- (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 a 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. No later than nine (9) months after the effective date of these standards, each utility and CCA shall provide customers access to theirRIN(s) on customer billing statements and 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) (e) Public Information Programs. Utilities and CCAs 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 a public 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 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, 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~~ subject to any exemption, modification or delay approved by the utility's governing body pursuant to Section 1621(e).
 - (3) Each utility and CCA shall conduct a public information program to inform

andeducate the affected customers why marginal cost-based rates and automation are needed, how they will be used, and how these rates can savethe 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.

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

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