DOCKETED	
Docket Number:	21-OIR-03
Project Title:	2022 Load Management Rulemaking
TN #:	244174
Document Title:	PG&E Comments on Second 15 Day Public Comment on CEC Proposed Regulatory Language to LMS
Description:	N/A
Filer:	System
Organization:	PG&E
Submitter Role:	Public
Submission Date:	7/21/2022 4:50:26 PM
Docketed Date:	7/21/2022

Comment Received From: PG&E
Submitted On: 7/21/2022
Docket Number: 21-OIR-03

PG&E Comments on Second 15 Day Public Comment on CEC Proposed Regulatory Language to LMS

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

July 21, 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 New 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 July 6, 2022.[1] 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.

In addition to reiterating similar clarification and recommendations offered in previous rounds of comments, this letter lays out some ideas to fund the implementation of the LMS rulemaking and offers some additional recommendations to the CEC to fund certain activities under this rulemaking.

As noted previously, PG&E asks the CEC to provide some clarifications because the implementation of real-time pricing rates is conditioned on the rate setting body, which is the California Public Utilities Commission (CPUC) approving the CEC-approved rate structure and providing for cost recovery. There is no authority under which the CEC can enable investor-owned

[1] CEC's Proposed Regulatory Language for the Load Management Standards Regulations. July 6, 2022. Proposed Regulatory Language

utilities (IOU) rates to recover the IOU's costs or require changes to rate designs authorized by the CPUC, or any other CPUC rate design principles adopted by the CPUC or in state law.

1- PG&E Implementation Plan Proposal Under the Demand Response Proceeding to the CPUC and how the CEC Could Provide Funding.

As stated in our previous letter dated April 20, 2022, in order to take initial steps to implement the CEC's proposed LMS, PG&E requested 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, which have not been reviewed or funded yet.

PG&E recognizes that the proposed LMS regulations and its approval will be independent of activity in the current DR application. Therefore, PG&E would like to re-emphasize that 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 approved in future proceedings.

To help with timing for further implementation activities and to help cover the additional costs, PG&E proposes that the CEC provide IOUs funding for implementation via the state general fund. This aligns with proposals and party comments in the CPUC's Affordability OIR and sentiments expressed during the 2022 legislative session (e.g., Assembly Bill (AB) 2765 (Santiago). State funding of these initiatives would allow IOUs to keep customers' costs as low as reasonably possible, while at the same time offering effective and innovative energy solutions and fulfilling our mandate to provide more broadly "adequate, efficient, just and reasonable service instrumentalities, equipment and facilities, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees and the public.[2]"

In the DR application (A.22-05-005, filed to CPUC on May 2), PG&E proposed 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;

[2] California Public Utilities Code §451. All statutory references are to the California Public Utilities Code, unless otherwise stated.

- 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 proposed $8 million dollars covering years 2024 through 2027 for these specific activities. The proposed budget is an estimate based on the current CEC-proposed LMS requirements and is subject to change. PG&E forecasted $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 LMS 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[3] requiring balances and tradeoffs among different rate design objectives. Because the CPUC has authority over the majority of IOUs' rates (transmission rates are under Federal Energy Regulatory Commission (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. To that end, in its April 20th comments, PG&E proposed edits to 1623 (a) which aimed to recognize the CPUC's and FERC's jurisdiction by recognizing those agencies' authority and flexibility to determine how to set rates for customer end-use as well as the cost principles underlying those rates.

4- Alignment with the CPUC recently released CPUC's Energy Division White Paper and Staff Proposal on Advanced Strategies for Demand Flexibility Management and Customer DER Compensation; and the Order Instituting Rulemaking 22-07-005 to Advance Demand Flexibility Through Electric Rates.

---

[3] 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.

PG&E recommends the CEC revisit the timeline of the CEC Load Management Standard to better align with the potential outcomes from the new CPUC OIR to advance demand flexibility through electric rates since there seems to be opportunities to collaborate and align between the two proceedings.

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