

DOCKETED

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September 27, 2022

California Energy Commission

Re: Docket No. 21-OIR-03
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: Southern California Edison Company's Comments on the California Energy Commission (CEC) Docket No. 21-OIR-03: Proposed Revisions to Regulatory Language for the Load Management Standards Regulations

Dear Commissioners:

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

SCE appreciates the CEC's efforts to modify the scope and timing of its proposed Load Management Standards while balancing the needs of multiple parties and meeting diverse policy objectives. Since the July 2022 version of the Load Management Standards was released, the CPUC has opened the Rulemaking to Advance Demand Flexibility Through Electric Rates (CPUC R.22-07-005) (CPUC Demand Flexibility Rulemaking). This rulemaking, while still in its early stages, provides some clarity to the IOUs regarding the implementation timing of future marginal cost-based rates and programs. To enable the IOUs' ability to comply with the Load Management Standards, SCE recommends the CEC align the Load Management Standards with the CPUC Demand Flexibility Rulemaking and revise implementation timelines to incorporate reasonable time estimates from IOUs.

I. SCE recommends that the CEC adjust the application and launch dates for implementation of marginal cost-based rates to be consistent with the timeline proposed by the CPUC Demand Flexibility Rulemaking.

The implementation timeline, as set forth in this draft of the proposed language, is out of sync with the timeline proposed in the CPUC Demand Flexibility Rulemaking that was issued on September 1, 2022. For example, while the implementation timeline proposed in the Load Management Standards would have SCE and other Large IOUs file applications for marginal cost rates within **21 months** of the effective date of these regulations (which, if approved in October 2022, would equate to July 2024), in the CPUC Demand Flexibility Rulemaking, Phase 2 "Implementation" is not proposed to *start* until Q2 2024, with applications for more marginal cost rates not likely to file until Q3 2025 at the earliest (assuming that phase moves rapidly, similar to the proposed schedule for Track 1A in the same proceeding). It could also be later if the Phase 2 decision in that proceeding orders the IOUs to conduct additional pilots or gather more information before applying for rates for

some or all classes of customers. As such, SCE recommends that section 1623(a)(2) be modified to state the following:

Within 3 months of the authorization to file applications for marginal cost rates by the CPUC ~~Within twenty-one (21) months of the effective date of these regulations,~~ each Large IOU 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.

Alternatively, if the CEC is unable to base the timeline for application of marginal cost-based rates on CPUC action, SCE recommends the CEC extend the time allotted for this activity from the current 21 months to 36 months so that it better aligns with a possible CPUC decision in Q2 2025 for the Large IOUs to file applications in Q3 2025.

Furthermore, the CEC should modify section 1623(d)(2) to also align with this timeline. Once Large IOUs apply for new marginal cost-based rates, it will take at least 12 months for them to be litigated and approved and then at least 24 months to implement.

Within ~~forty-five (45) months~~ **twenty-four (24) months** of ~~the effective date of these regulations~~ **receiving approval to implement marginal cost rates**, each Large IOU shall offer to each of its electricity customers **for which it has approved rates** voluntary participation in a marginal cost rate developed according to Section 1623(a) ~~if such rate is approved by the Large IOU'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 Large IOU's rate-approving body.

Like above, if the CEC is unable to base the timeline for making rates available to customers based on CPUC approval of rate applications, SCE alternatively recommends the CEC extend the time allotted for this activity from the current 45 months to 69 months so that it aligns with anticipated CPUC approval and likely implementation timelines currently being vetted in the CPUC Demand Flexibility Rulemaking.

II. SCE recommends that the CEC permit application for exemptions or delays if complying with the requirements of these standards would require the IOU to submit an application for marginal cost rates before the time contemplated in related CPUC regulatory proceedings.

The Load Management Standards sections 1621(e)(2) and 1623(e)(3) include several reasons for application exemptions or delays in compliance with section 1621 and/or section 1623. SCE recommends the CEC revise this list as follows:

(2) Applications for exemptions or delays shall set forth the requested period during which the exemption or delay would apply and indicate when the Large IOU 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 Large IOU's good faith efforts to comply, requiring timely compliance with the requirements of this article would result in extreme hardship to the Large IOU,

(B) requiring timely compliance with the requirements of this article would result in reduced system reliability, equity, safety, or efficiency, or

(C) requiring timely compliance with the requirements of this article would require the Large IOU to submit an application for marginal cost rates before the time contemplated by the schedule for CPUC Rulemaking 22-07-005 or a successor proceeding, or

~~(D)~~ requiring timely compliance with the requirements of this article would not be technologically feasible or cost-effective for the Large IOU. Applications for exemptions or delays may be supported by proposing pilot programs that demonstrate how and when a Large IOU will come into compliance with the requirements of this article.

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

III. SCE recommends the CEC clarify and adjust the timing of requirements to launch cost-effective response programs.

In our July 21 comments, SCE recommended that the CEC provide a definition for a "load flexibility program." Specifically, SCE recommended that a "load flexibility program" be defined as a program that is served by a load management tariff. Language in section § 1623(d)(1) requires Large IOUs to "submit [...] a list of load flexibility programs deemed cost-effective" no later than 18 months after the effective date of the standards. SCE is unclear what programs are being referred to in this standard because our previous comments were not incorporated into the latest version of the standard. SCE assumes that these programs are not inclusive of pilot programs which are designed for testing purposes and which are typically discontinued after testing is complete and before official tariff-based programs are implemented. If this requirement is intending to track current pilots, the CEC should be aware that SCE currently has a single pilot which is testing customer response to CAISO market rates. This pilot is scheduled to conclude at the end of 2024. SCE expects to have midterm results, including costs, from this pilot in Q4 2023 and final results in Q1 2025. As such, SCE would not be able to provide the full cost-effectiveness results of its pilot until at least Q1 2025. Therefore, if the requirement was meant to include pilot programs, SCE recommends that the timing of this requirement be updated to conform with its current pilot timeline.

Moreover, if this requirement was intended to track tariff-based load management programs that include automated response to MIDAS signals, the CEC should modify the standard to clearly state as such. Because these types of programs are likely to be

implemented sometime after marginal cost-based rates are approved and implemented, the CEC should update the timing of requirements so that program lists are provided sometime after rates are implemented.

IV. SCE recommends the CEC remove the requirement to provide customers access to RIN(s) on customer billing statements

Section 1623(c)(4) requires Large IOUs, Large POU's, and Large CCAs to provide customers access to their RIN(s) on customer billing statements and online accounts. Customer billing statements are always backwards looking. They state what rate the customer was on and bill the customer for usage during a past billing period. However, the rate information on this statement should not be applied to any date after the billing statement period because it is possible that a customer's current rate is different than it was during the statement period. If a customer or third-party provider were to use RIN information found on static billing statements to program devices, that may result in devices reacting to price signals that are incorrect. As such, the CEC should amend the standard to remove the requirement to include RINs on billing statements. Customers should only access RINs using online access to current data.

V. Conclusion

SCE appreciates the opportunity to file these comments and requests that the final regulatory language incorporate the suggested changes. SCE looks forward to working with the CEC and other rate approving authorities on load management and dynamic pricing initiatives. Please feel free to contact me, or Robert Thomas at Robert.Thomas@sce.com, if you would like to discuss this matter.

Very truly yours,

/s/

Dawn Anaiscourt