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CALIFORNIA ENERGY COMMISSION

In the Matter of:) Docket No. 21-OIR-03
)
Public Hearing on Load)
Management Standards)
Regulations Sections 1621))
and 1623)

REMOTE VIA ZOOM VIRTUAL MEETING

TUESDAY, FEBRUARY 8, 2022

10:00 A.M.

Reported by:

Peter Petty

APPEARANCESCommissioners Present

J. Andrew McAllister

Staff Present

Stefanie Wayland
Tiffany Mateo

Public

Evelyn Kahl, California Community Choice
Commission
Steve Uhler
Dennis Peters, SMUD
Ed Cazalet, TeMix, Inc.

P R O C E E D I N G S

10:00 a.m.

TUESDAY, FEBRUARY 8, 2022

MS. WAYLAND: Welcome to the public hearing for the Load Management Standards. I'm Stefanie Wayland, Load Management Standards Lead.

We have a short presentation followed by Public Comment period. But first, I'd like to introduce Commissioner McAllister.

Commissioner McAllister, welcome. Thank you for joining this meeting.

COMMISSIONER MCALLISTER: Thank you, Stefanie. Can you hear me okay?

MS. WAYLAND: Yes.

COMMISSIONER MCALLISTER: Great. Okay, I'm in a hotel room in Washington, D.C. But I'm really happy to have this hearing.

I want to just thank you. I know you're a new addition to the Energy Commission, but everyone will get to know you today and going forward, and also, you're obviously no stranger to these issues and have really hit the ground running. So, I'm really excited to have you on board leading from here on out.

Also, kudos to your predecessor in that role, Karen Herter, and all the staff, Tiffany and all the staff

1 who are on this call paying close attention to the hearing,
2 and who have really been involved throughout the
3 development of these Load Management Standards.

4 So, lets see, I will be here perhaps on and off a
5 little bit, but I'll be here as much as I can today. I'm
6 really interested in hearing what folks have to say.
7 Obviously, this is all on the record and we'll have a
8 record to review, and I will do so if I have to step out
9 during the course of the hearing today.

10 I am incredibly excited about the Load Management
11 Standards as they are currently formulated and as we will
12 talk about today and hear from Stefanie and the team.

13 The concept is that we allow relevant signals to
14 go to customers, electric customers, to enable them
15 preferably in an automated fashion, but in any fashion, to
16 respond to those signals.

17 And primarily we're talking about tariff signals,
18 and we'll talk a lot about the MIDAS tool where time
19 dependent rates are and will be put going forward, but also
20 other signals such as carbon intensity and congestion
21 signals and signals such as the flex alert from the
22 California Independent System Operator, really creating a
23 platform for automation and following on that aggregation
24 of demand side resources, such that they can play a role in
25 the grid as we decarbonize and as we seek ways to enhance

1 reliability and manage costs. The Load Management
2 Standards are a great tool to do that.

3 If you read the original Warren-Alquist Act, and
4 Load Management Standards are in there, it really was
5 prescient. We have to give a lot of credit to Charlie
6 Warren and Al Alquist for really putting together a piece
7 of legislation that has been fundamentally California's
8 progress in the Clean Energy sphere.

9 And in particular on this item, it really could
10 almost have been read -- if you read it today, it could
11 almost have been written yesterday.

12 And it's not an oft used authority that we have
13 at the Commission, but it is an authority that I really see
14 as sort of the third of the tripartite regulatory
15 authorities that we have in this space at the Energy
16 Commission, the Building Standards, the Appliance
17 Efficiency Standards, and Load Management Standards.

18 And altogether, they really play a role, a
19 fundamental role, in steering our state toward electricity
20 consumption that is clean, that is cost-effective as it can
21 be, that's efficient, and that now in the digital age we
22 can help it become grid-relevant to the maximum extent
23 possible.

24 So, this is a big step forward, really, and
25 really happy to be here with you all today. And I'll thank

1 a few other folks on the team in addition to Stefanie and
2 Tiffany, who you see here, Gavin Situ, as well, Morgan
3 Shepherd, and Gabe Taylor, who leads the office through
4 which the Load Management Standards have been developed or,
5 I'm sorry, who leads the Load Management Standard effort on
6 the staff side, and Jenn Nelson who leads the office
7 through which the Standards have been developed -- the
8 proposed Standards have been developed.

9 I'm probably leaving someone else, so I apologize
10 for leaving someone out. I see Corinne on the call, as
11 well, who is our process guru on our regulatory processes,
12 and then also just Chief Counsel. Linda and the team -- I
13 see Kirk is on and Michael Murza, who have really been
14 essential to keeping this moving forward and following the
15 right processes.

16 And so today we have the APA hearing and really
17 looking forward to reinforcing the record, let's say, and
18 hearing what commenters have to say on the staff report and
19 the proposed regulations.

20 So, with that I think I will wrap up. Again,
21 really interested to -- happy to be here today and happy to
22 be at this milestone and interested in hearing what
23 everyone has to say. And with that, I'll pass it back to
24 you, Stefanie. Thank you.

25 MS. WAYLAND: Thank you. Tiffany, can you pull

1 the slides up and move it to the second one, please? There
2 we go.

3 Okay. So, this meeting is held remotely,
4 consistent with Assembly Bill 361 to improve and enhance
5 public access to State meetings during the Covid-19
6 pandemic by allowing broader access through teleconference
7 and auctions.

8 So, the purpose is to provide an overview of
9 proposed regulations and to collect oral comments.

10 Also, be aware that this hearing is being
11 recorded by a Court Reporter. Tiffany, can you go to the
12 next slide, please? Go to the next slide.

13 All the lines are muted and pursuant to
14 California Code of Regulations, Title 20, Section 1104(e),
15 any person may make oral comment during the general public
16 comment portion of the meeting.

17 To ensure the orderly conduct of business,
18 comments will be limited to three minutes or less per
19 person, and one representative per organization. So for
20 now, all lines are muted, the comments will be taken after
21 the presentation, you can present those comments orally or
22 type them into the Q&A, and one of the people here will
23 read them into the record for you. They're limited to
24 three minutes per commenter, and that's whether it's typed
25 or orally presented. And the Response to the Comments will

1 be posted to the Docket, along with the Final Statement of
2 Reasons.

3 Be aware again that all statements today become
4 part of the public record.

5 So, let's introduce the Load Management
6 Standards. Next slide, please, then the next one.

7 So, the CEC gets its Load Management authority
8 from the Warren-Alquist Act of 1974 that said that
9 Commissions shall adopt Standards by regulation for a
10 program of electrical load management for each utility
11 service area.

12 In adopting the Standards, the Commission shall
13 consider, but may not be limited to, the following Load
14 Management techniques: "Adjustments in rate structure to
15 encourage use of electricity at off-peak hours or to
16 encourage control of daily electrical load. They can use
17 end-use storage systems, encourage end-use storage systems
18 which store energy during off-peak periods for use during
19 peak periods, and encourage mechanical and automatic
20 devices and systems for the control of daily and seasonal
21 peak loads." As you see, this is just what we need to be
22 doing for Load Management.

23 So, the definition of Load Management in the
24 Warren-Alquist Act is a little bit complicated, but we have
25 a simplified explanation which is: "Load Management is the

1 process of maintaining the electric supply demand balance
2 by adjusting the load, rather than the power station
3 output. Whoops, I forgot to go forward a slide, Tiffany,
4 and then one more. Thanks.

5 So, there's a lot of benefits from Load
6 Management. The primary four are reducing greenhouse gas
7 emissions, government maintaining services, avoiding the
8 use of high pollution peaker plants, and shifting loads
9 towards times of carbon-free energy production. Second is
10 to improve grid reliability, prevent transmission and
11 distribution by preventing transmission and distribution
12 congestion, then we'll reduce system costs by minimizing
13 electricity used when generation costs are high, avoid
14 construction of new batteries and power capacity, and
15 reduce renewable curtailments.

16 Finally, we will increase customer choice by
17 adding an option to reduce customer bills by shifting loads
18 out of high-cost powers, and an option for customers to
19 contribute to greenhouse gas reductions. Next slide.

20 So, the goals for California right now are we
21 have 60 percent renewable generation by 2030, 100 percent
22 of new vehicles should be emissions-free by 2035, and 100
23 percent carbon-free grid by 2045. This gives us a lot of
24 opportunities. Right now, we're on a TOU default for all
25 customer classes at the top four out of five electric

1 utilities in California. We also have a five-minute
2 greenhouse gas signal from CPUC's Self-Generation Incentive
3 Program, also known as SGIP, and now connected devices are
4 increasingly available, but there are some challenges.
5 Right now, we don't have access to machine-readable rates.
6 We have a lack of responsive automation just because the
7 automation service providers don't have access to
8 everybody's rate, and Broadband Internet access in
9 California is about 70 percent of California homes. So,
10 Internet only can be problematic. Next slide.

11 So, the history of Load Management Standards. In
12 1982, there were marginal cost rates which was TOU rates
13 for large customers; then, because of meters, residential
14 load control programs were started because time-of-use
15 meters were not available to all customers. So those Load
16 Control Programs controlled air-conditioners, water
17 heaters, pool pumps. And then also there was commercial
18 building audits.

19 Then in 2001 there was a California energy
20 crisis. The CEC, the CPUC, and the California ISO had a
21 joint strategy, a three-part strategy, which was to install
22 smart metering for all customers, that's done, to support
23 widespread time of use and critical peak pricing rights.
24 And they had some stuff that's not yet done, which is mass
25 market automation of load and supporting real-time pricing

1 with the long term mass market automation.

2 What we're doing here in these Amendments is to
3 finish the job that was started in 2001. Next slide.

4 Do the basic tenets of these changes are that all
5 customers should be able to find the current price of
6 electricity for their building, they should be able to
7 connect their devices to their time-dependent electricity
8 rate that should quickly give their automation service
9 provider access to their rate without undue effort. They
10 should be able to choose to receive prices or greenhouse
11 gas signals that change hourly or sub-hourly. They can
12 purchase automation that can respond to the price or
13 greenhouse gas emission signals and feel confident that
14 security risks are low to nonexistent. Next slide.

15 In the five-year load flex flexibility map, first
16 the CEC publishes a central statewide rate database that is
17 MIDAS. It's already up and we're adding more features.
18 Utilities will establish a system to enable third-party
19 automation services that's the system so that the third-
20 party automation providers can get rates.

21 Next, the CEC will create flexible demand
22 appliance standard. That's an ongoing effort here at the
23 CEC. Then utilities will establish programs to help
24 customers respond to GHG signals and prices.

25 Finally, utilities will offer locational,

1 marginal and sub-hourly rates to all customer classes.

2 Those will be optional rates. Next slide.

3 So, the proposed amendments. Next slide.

4 There are four proposed amendments. First,
5 utilities will keep time-dependent rates and the CEC MIDAS
6 will update time-dependent rates in the CEC MIDAS database
7 whenever a rate is approved or modified, so that they will
8 always be current. The CEC's MIDAS database of time-
9 dependent rates can be accessed by third-party service
10 providers to help customers automate response to
11 electricity prices, Flex Alerts, and greenhouse gas
12 signals.

13 Utilities will implement a single statewide
14 standard for providing automation servers with access to
15 their customers' rate information, so they can automate
16 appropriately. Service providers need to have customer-
17 specific rate information to help each of their customers
18 optimize consumption patterns and bill savings.

19 Then, third, the utilities were required to
20 develop retail electricity rates that change at least
21 hourly to reflect locational marginal costs and submit
22 those rates to the utilities' governing body for approval.

23 If approved by the ratemaking authorities, these rates
24 would provide customers with options for automating
25 response to hourly and sub-hourly price signals.

1 Finally, the utilities will develop a list of
2 cost-effective automated price response programs for each
3 sector and integrate information about time-dependent rates
4 and automation technologies into existing customer
5 education and outreach programs.

6 Utilities will reevaluate existing programs and
7 consider new ones to take advantage of the economic and
8 organizational efficiencies provided by MIDAS. Education
9 programs must also be updated, as most customers are
10 unaware of price responsive automation technologies and
11 signals.

12 So, we'll go through these one-by-one. Next
13 slide, please.

14 First is the rate database. The MIDAS rate
15 database is a core element of the overall proposal. It
16 currently delivers TOU rates, Flex Alerts, and greenhouse
17 gas emissions. And go ahead and go through this whole one.
18 Thank you.

19 We'll continue to develop the database of an API
20 to provide access to real-time prices in the next few
21 months. Next slide.

22 So, the automation services need access to the
23 rates. There's this Rate Identification Number (RIN) that
24 they can use; once they get a particular customer's Rate
25 Identification Number, they will be able to know what rate

1 they're on, and they get that rate from MIDAS.

2 So, in order to access the appropriate rate for
3 each customer that they serve, third party automation
4 services need to know the Rate Identification Number for
5 each of their customers. MIDAS does not contain any
6 customer information, so the RIN will be provided by the
7 utility or the customer. The single statewide standard will
8 make the RIN available to authorized automation service
9 providers. Next slide.

10 Third is hourly rates. The standard requires
11 utilities to develop hourly or sub hourly rates and upload
12 them into the MIDAS database. Customers can then benefit
13 from installing automation that helps them to save money
14 and reduce greenhouse gasses by shifting load. Like any
15 rate, these rates will require approval by the utilities'
16 rate approving body before implementation. And customers
17 can then choose to sign up for the new rates. Next slide.

18 And last is customer education. These proposed
19 amendments require each utility to integrate both time
20 varying rates and voluntary programs into their existing
21 outreach and educational programs. So, this is getting
22 customers to know that these are available, and they can
23 sign up for real time pricing. Next slide.

24 Thanks for coming, that's a quick overview of the
25 Load Management Standards and we'll move on to accepting

1 comments. If you want to sign up for the Listserv it's on
2 this slide, and if you have any questions, feel free to
3 reach out to me and Stefanie Wayland and my contact
4 information is here.

5 COMMISSIONER MCALLISTER: Thanks so much,
6 Stefanie. I remember that I forgot to thank one person who
7 has been critical to this process and that's David Cuffee,
8 who really has helped on the back end to create the tools
9 and he's just really been a central member of the team, so
10 I definitely did not want to leave him out. The full team
11 is on the final Staff Report, and you can just see both the
12 team and the acknowledgements in the front end of that
13 document. But I just want to spread the credit around
14 because there's a lot to go around. So, thanks, Stefanie,
15 for that presentation and looking forward to hearing the
16 public comment.

17 MS. WAYLAND: Thank you, Commissioner. All
18 right, so for the public comment period, we'll be limited
19 to three minutes per commenter, we have a timer on the
20 screen. To comment, you can use the raise-hand feature in
21 Zoom, or, if you're on the telephone, you'll dial *9 to
22 raise your hand and *6 to mute or unmute your phone line.
23 When your hands are raised, you'll be called on, we'll be
24 calling on people in order to make their comments verbally,
25 and if you type a question into the Q&A, we will read it

1 into the record for you.

2 Please state your name, and spell it and your
3 affiliation before speaking, for the Court Reporter. Thank
4 you.

5 Tiffany, can you start the hands raised?

6 MS. MATEO: We have Evelyn Kahl, and I apologize
7 if I mispronounce anyone's name. With the hand-raise, I
8 will go ahead and allow you to give your comments.

9 MS. KAHL: Thank you very much. Can you hear me?

10 COMMISSIONER MCALLISTER: Yes. Evelyn, before
11 you start actually, since we ended very early and we have
12 plenty of time for this hearing, so if folks -- this is not
13 an invitation to just speak more than the substance
14 requires, but three minutes doesn't have to be a strict
15 end. So, let's sort of expand to five or so if people feel
16 like they need that.

17 MS. KAHL: All right. Thank you, Commissioner.
18 And I'm sorry, I'll probably be the ant at the picnic
19 today, but I think we have some things you'd like to hear.

20 I'm Evelyn Kahl from the California Community
21 Choice Association. I'm General Counsel and Policy
22 Director.

23 So, Cal CCA supports where you're going with this
24 generally, and they continue to focus their attention, our
25 CCAs, on promising load management tools, just as you do.

1 We also understand that you're trying to expand the
2 usefulness of MIDAS for both reliability and carbon
3 reduction purposes, and we also support that goal. But
4 what we're asking you today is to make participation
5 voluntary for CCAs, rather than mandatory. And I'll
6 explain why.

7 First, the regulation gives the Commission, not
8 CCA governing boards, final control over a mandated CCA
9 rate and, from our vantage point, the Commission is trying
10 to force the CCAs into a 45-year-old statute that was
11 designed for IOUs, regulated by the Commission.

12 In fact, if you look at subsection (b) of the
13 statute, it makes clear that it was intended for IOUs
14 because it provides for cost recoveries through utility
15 rate base and adoption of any included expenses in a CPUC
16 rate proceeding.

17 So, we think that including CCAs and overriding
18 local governing boards is a problem.

19 Second, it doesn't just stop with these
20 revisions. It goes to the core of all the Load Management
21 Standards. It changes the definition of the utility and
22 that makes not only these Amendments applicable to CCAs,
23 but it makes all Load Management Standards applicable, and
24 so there are a lot of standards within the Load Management
25 Standards statute that you've implemented that will become

1 applicable to CCAs as a result of this change.

2 And I also noted that in the staff's presentation
3 on the slides they brought forward to summarize the
4 Amendments, it wasn't really included as a major change,
5 but we really perceive that the change and the definition
6 of utility is pretty significant.

7 Third, the Commission is proposed to exercise
8 ratemaking authority. Staff acknowledges that the
9 Commission doesn't have ratemaking authority over CCAs or
10 any other LSEs, but it's proposing a very detailed and
11 specific rate methodology and rate design.

12 Fourth, the Regulation mandates the new rate
13 without fully considering feasibility. Today's CCAs don't
14 have access to real time data for their customers to help
15 them inform their ratemaking, so load data lags from, at
16 best, two days after the usage day to as much as 40 days
17 after the usage day.

18 We've been working with the utilities on this,
19 but their platforms are not built to share this information
20 that way, and there are currently no timelines to improve
21 the situation on a wide-scale basis. So, expecting LSEs,
22 CCAs to do real time pricing without real-time load data
23 puts the cart before the horse.

24 These and other reasons that I won't go into, Cal
25 CCA is asking the Commission to adopt the Regulation on a

1 voluntary basis for CCAs, and also to invest its efforts in
2 working with stakeholders to ensure that all LSEs have
3 equal access to real-time load data to support this and
4 other Load Management initiatives. Thank you.

5 COMMISSIONER MCALLISTER: Thank you for those
6 comments.

7 MS. MATEO: Thank you. Next up is someone
8 calling in, area code 916, last digits 385. Go ahead and
9 please state and spell your name.

10 MR. UHLER: Hello, this is Steve Uhler, U-H-L-E-
11 R. I was disappointed by not being able to follow your
12 presentation because you didn't post it in the docket. As
13 you can see, I'm calling on the phone and I've docketed
14 that request.

15 The Warren-Alquist Act wisely included all the
16 ratepayer protections in statute, Form 399 -- that's some
17 sort of economic impact form -- claims this is a
18 performance standard regulation. So any discussion today,
19 because you haven't filed one for all of these
20 prescriptives and in some of the other comments, commenters
21 have noted prescriptive requirements, and they're easy to
22 tell, they're the ones that require a particular technology
23 or process such as MIDAS, you need to file a form, a 399
24 Form FTD 399, you know, State standard administration
25 manual requirements, or instructions will tell you how to

1 do that, but you need to tell the public about things,
2 about why you have to be prescriptive because this whole
3 notion is prescriptive, the whole regulation, the whole
4 idea that the only way to control the things you want to
5 control -- and you haven't given any criteria to tell if
6 they're actually being controlled, which is a requirement
7 of a performance standard regulation.

8 So, I filed a number of comments. One of them is
9 called "Load Management Issues." For all those folks who
10 are concerned about the public getting a chance to weigh-in
11 on ratemaking, your staff have completely overlooked the
12 MUD Act hearing requirement that a utility cannot change
13 their rate without a General Manager's Report, and in a
14 number of days. So right away there's an exemption for all
15 the POUs because they just simply cannot change the rate
16 hourly.

17 It appeared to completely overlook the Business
18 and Professional Code requirements of vintage 2007 since
19 the MIDAS system is an electronic price lookup system that
20 is required to meet the requirements of, I believe it's
21 13300, which requires a conspicuous display, a question
22 I've asked of the staff, no reply.

23 Let's see, I see another commenter has noticed
24 that your MIDAS system does not work as planned. I've
25 actually posted evidence of it not working as planned. I

1 intended to totally implement this system, but it cannot be
2 used. MIDAS, the way it is, cannot be used. MIDAS
3 contains something called an XML Schema. That XML Schema
4 appears to be very much a process that's required in order
5 to use MIDAS. APA doesn't like that unless it's been
6 approved through the APA Regulations, otherwise it's known
7 as an underground regulation and is prohibited by law.

8 So, you've got a major flaw in your selection of
9 technology for the database system. How would you handle
10 this innovation? You talk about charging for kilowatt
11 hours and changing the price. Well, let's charge for VARS.
12 Those unfamiliar with VARS, that's volt amps, that's
13 reactive power. The generator has to produce VARS, enough
14 VARS to actually force the kilowatts through. That will
15 change as users who have poor power factor and don't
16 correct that, if you charge for VARS you won't need to
17 change the price because VARS are directly related to what
18 it costs to provide the energy. So that would allow the
19 Public Utilities to set a rate.

20 They could also use tiers. And some of you are
21 going to say, "Wait, we just went away from tiers." No,
22 I'm talking about hourly tiers. You set a level that if
23 the customer goes about that hourly, they pay more. All of
24 these things can then be published and put on the
25 refrigerator door so that they can meet the Professional

1 Code for conspicuous display what the price will be.

2 Now, there is a kind of necessity to use
3 something that the SMART meter system was supposed to
4 provide and that's an in-home display so that the customer
5 can see, "Did I just cross that line? Should I be doing
6 this right now? Am I paying more?"

7 So, getting back to the Warren-Alquist, your
8 ratepayer protections are not good. So, I'm looking
9 forward to hearing what the Commission has to say about my
10 challenges on statute -- ratepayer protections -- in the
11 rest of the Code of the State of California and how they're
12 being met. So, I see the opportunity that this would
13 provide.

14 Karen Herter even contacted me and said that
15 there would be no requirement for the public to know how to
16 operate MIDAS; yet, in an unreferenced paragraph in your
17 express terms, your Proposed Regulations, the Commission
18 says that they'll maintain public access and the public
19 will be able to find out all rate information, and I'm
20 taking that to mean being able to audit their bill when
21 they get a bill and they look at it, and they try to figure
22 out, "Hey, I didn't use any power during that period of
23 time, yet somebody charged me for it" because they're the
24 extra special people in the State who have already done a
25 lot of things as far as reducing their usage, but they're

1 Smart Meter takes over one kilowatt during that hour
2 because they're running their clock or something. And then
3 suddenly they're paying, who knows, three or four times
4 that. So, I'm looking forward to hearing more on this and
5 I hope you keep this open because I've got a Covid nurse
6 who just came off of a shift and she would like to comment,
7 but she needs some sleep before she can do it. So, I want
8 to have confirmation that I should even alert her that she
9 might want to be able to do that. And please do that now
10 so I can get back to work. Thank you.

11 COMMISSIONER MCALLISTER: Thank you for those
12 comments. Can we verbally tell everyone what the
13 timekeeping requirements are and how we're keeping the time
14 there, so it's all clear?

15 MS. WAYLAND: Yes. So right now, we have a five-
16 minute timer running, it will start to show at three
17 minutes on the screen, so we're trying to keep to five
18 minutes for each --

19 MR. UHLER: Excuse me, excuse me. Some of us
20 can't see that timer. Commissioner, please listen to the
21 public because you didn't post the presentation. You
22 should have posted the presentation.

23 COMMISSIONER MCALLISTER: Thank you, Mr. Uhler.
24 So just to be clear, I was asking because I need to know
25 when I need to step in and make sure that everyone is

1 keeping to the five minutes but appreciate your comments.

2 Thank you very much.

3 MS. WAYLAND: We can move on to the next person.

4 We have Dennis Peters from SMUD.

5 MR. PETERS: Here we go, I just saw the mute
6 button, thank you. Good morning, Commissioner McAllister
7 and staff. My name is Dennis, D-E-N-N-I-S Peters, P-E-T-E-
8 R-S. I'm the Regulatory Program Manager at the Sacramento
9 Municipal Utility District, or SMUD. And SMUD appreciates
10 the CEC's work on the Load Management Standard and the
11 opportunity to provide comments on the proposed regulatory
12 language that was published December 22nd of last year.

13 SMUD strongly supports the State's decarbonizing
14 efforts to reduce GHG emissions by promoting transportation
15 and building electrification and increasing the development
16 of renewable resources.

17 Time dependent, marginal cost-based rates are a
18 key component of achieving SMUD's carbon reduction goals.
19 In April of 2021, SMUD's Board adopted our 2030 Zero Carbon
20 Plan. Our goal is to reach zero carbon emissions in our
21 cars supplied by 2030, while maintaining reliability,
22 safety and affordable rates, doing it all with an eye
23 toward equity for unserved communities.

24 Proven clean technologies in reimagining our
25 natural gas power plants will reduce our carbon emissions

1 by about 90 percent by 2030, but emerging technologies
2 including load flexibility play a critical role in SMUD's
3 plan, specifically to eliminate the remaining 10 percent of
4 carbon emissions.

5 SMUD is strongly committed to continue exploring
6 advanced time bearing rates and incentive structures
7 coupled with appropriate load flexibility and automation
8 programs that could benefit our customers.

9 And while SMUD agrees that load management is an
10 important and crucial objective, we respectfully submit our
11 comments on the proposed Load Management Standard
12 regulatory language, and we've detailed those comments in
13 our written submission yesterday, February 7th.

14 At a high level, we believe the CEC's regulations
15 must recognize the limits of CEC's authority to mandate
16 specific rate or rate structures. SMUD joins the
17 California Municipal Utilities Association, the Los Angeles
18 Department of Water and Power, and the State's Investor-
19 Owned Utilities in urging the Commission to adopt redlines
20 to Section 1621 and 1623 of the proposed regulatory
21 language. Those redlines have been attached to our written
22 comments filed on February 7th.

23 Second, SMUD seeks clarification that, 1)
24 marginal cost rates refer to the volume and metric portion
25 of the retail rate, and 2) that utilities are not precluded

1 from including fixed costs to avoid cost shift issues.
2 SMUD welcomes Commission review and recommendations on
3 their Load Management Standard plans that also respects
4 utilities constitutional and statutory authority.

5 Finally, SMUD supports a clear and neutral
6 exemption process in their own circumstances to ensure
7 implementation of rates and programs that protect the
8 reliability, safety and equity of electric service.

9 SMUD appreciates the opportunity to provide these
10 comments and looks forward to continuing to work with staff
11 in this proceeding. Thank you.

12 COMMISSIONER MCALLISTER: Thank you for your
13 comments.

14 MS. WAYLAND: I'm not seeing additional hands at
15 this time. If anyone else wants to make a comment, please
16 raise your hand. Otherwise, I will read into the record a
17 question posted by Stephen Kapp of MCAS Miramar.

18 COMMISSIONER MCALLISTER: Great.

19 MS. WAYLAND: Okay. I'm going to read that one
20 in. He has a question on intervals.

21 "The hourly rates appear to be fixed and
22 subsequently implemented after CPUC approval. 1) Is there
23 an effort to convert these to variable rates based on
24 market conditions analogous to Real Time Pricing (RTP)? 2)
25 Secondly, is there an effort to set 15-minute interval

1 rates instead of hourly rates)? 3) The definition of RTP
2 is unclear to me as the actual time intervals being
3 acceptable to be real time. Let's not call it RTP if it's
4 actually an hourly TOU tariff. 4) Finally, as to
5 synchronization with active GHG emissions data, is that
6 available in hourly format? Or also, 15-minute intervals
7 also used by utilities for billing? If so, then could sync
8 all these to a 15-minute basis. Thank you.

9 COMMISSIONER MCALLISTER: Thanks for those
10 comments and good to hear from you, Stephen. Let's see, so
11 the goal of today's hearing is to take public comments, all
12 the questions and comments will be taken into account, you
13 know, formally by the Commission and staff, one-by-one and
14 on the record in a transparent way. So those are great
15 questions that sort of contain suggestions in them, as
16 well. So I'd just submit to staff that working those
17 through, rather than replying in a moment, that we just
18 work through the process rigorously.

19 And so, I want to just thank everyone that's
20 commented. We're going to leave the meeting open for a
21 little while longer, but thank everyone that's come so far
22 on process, on authority, and on substance of the proposed
23 regulations. So, I really appreciate everyone's reading
24 through them and would encourage everyone to -- if there
25 are points that have not yet been submitted to the Docket

1 by you or anyone else, certainly write those down and
2 submit them for the Docket; if not, submit it today
3 verbally.

4 MS. WAYLAND: Thank you, Commissioner. Next we
5 have Ed Cazalet. You can go ahead and unmute yourself, Ed.

6 MR. CAZALET: Hi. Ed Cazalet here. I'm CEO of
7 TeMix Incorporated and we're working with the California
8 Public Utilities Commission to support their UNIDE
9 Initiative which provides the approach to dynamic pricing
10 in a ticker type of tariff called a Subscription
11 Transactive Tariff. So, it combines the development of
12 dynamic prices with a hedging mechanism, or forward
13 mechanism for forward contracting.

14 One of the advantages of this approach is it
15 deals with the kinds of problems that Texas ran into when
16 the price went up very substantially, the real-time prices,
17 and customers were unable to respond, or they had not
18 essentially purchased any forward hedges against those
19 real-time prices.

20 And so if we don't have that feature which is
21 built into the UNIDE roadmap implemented in this process,
22 we're going to be exposing the customers either very high
23 bills, volatile bills, or muted bills because we're afraid
24 to pass through the true underlying cost when there's
25 extremely high loads on the system, or a given circuit, or

1 in the other case when there's extremely low prices because
2 we have surpluses.

3 So, the step to do that, and the California
4 Energy Commission funded a three-year pilot of this
5 approach, called the Regional Automated Transactive Energy
6 System. UNIDE has adopted this system essentially as part
7 of its approach. And so that could be easily integrated
8 with the MIDAS platform. The MIDAS platform would
9 communicate the prices dynamically, hourly, 15-minute, 5-
10 minute, but there would be another process to take the
11 feedback from the actual response from customers, their
12 automatic devices, and feed that back into the generation
13 of subsequent prices so they can be stable.

14 The other key thing is, when customers react to
15 prices, they would be limited in how much they can buy and
16 sell at those prices. So there's a whole process there for
17 introducing stability. If we don't do this, we're risking
18 volatile bills and having the whole system break down, not
19 unlike what happened in Texas, and not unlike what happened
20 around the year 2000-2001 where we had an over-reliance on
21 the stock market in California and an under-reliance on
22 forward contracting. Thank you.

23 COMMISSIONER MCALLISTER: Thank you for those
24 comments.

25 MS. WAYLAND: Thank you, Ed. So I want to let

1 everybody know that we will keep this meeting open until
2 11:00, unless there are more comments that keep it open
3 past that time, but we will sit and wait until 11:00.

4 Also, I want to note that we're limiting to five
5 minutes per commenter and one five-minute period for each
6 commenter. Is there anyone new who would like to comment?
7 Okay, we'll keep it open.

8 Also be reminded that you can submit written
9 comments on the Q&A, and we will read those into the
10 record.

11 We have another comment posted in the Q&A from
12 Amanda Myers, M-Y-E-R-S. She says:

13 "Thank you for this opportunity to hear more
14 about the standards and ask questions. Can you please
15 elaborate on the section of the proposed language, 'It is
16 necessary that each utility provide their customers with at
17 least one option for automating response to MIDAS signals
18 so that all customers have the opportunity to benefit from
19 load flexibility. Similarly, it is necessary that each
20 utility provide their customers with the opportunity to
21 voluntarily participate in a marginal cost rate.' In other
22 words, for customers without access to third-party
23 aggregators, working through the utility is another
24 option."

25 Thank you, Amanda, for your comment.

1 Unfortunately, because this is a public hearing, we cannot
2 respond to comments at this time, but we appreciate your
3 question, and we'll respond to it with all the other
4 comments.

5 COMMISSIONER MCALLISTER: This is Commissioner
6 MCALLISTER: Thanks, everyone, for your questions and
7 comments. And again, all of this goes into the Docket. I
8 want to encourage anyone on to sign up for the Listserv and
9 pay attention to the Docket, so the Response to Comments
10 and Questions will be posted there when it's fully
11 developed. And, again, I really encourage people to submit
12 either verbally today, or more commonly likely in written
13 comments on the Docket.

14 And we're just confirming, we're keeping open
15 until 11:00 if we don't have any additional commenters by
16 that time. Is that correct, Stefani, team?

17 MS. WAYLAND: That's correct. We're going to
18 keep it open until 11:00 unless there are new commenters,
19 and we will keep it open as long as people have comments
20 within the rules we have set.

21 Mr. Uhler, I see that your hand is raised.
22 You've already made your comment, but if you have someone
23 else that is there who wants to make an additional comment,
24 please go ahead and unmute yourself and let them make their
25 comment.

1 MR. UHLER: I'm speaking for a Covid Nurse. Your
2 notice said this runs until 5:00 and the record would be
3 kept open. Denying this Covid Nurse is unconscionable in
4 this situation. So do I tell her that she can call in
5 after she gets a good night or day's sleep, or not?

6 MS. WAYLAND: We will keep this open until 11:00
7 or as long as there are people wanting to comment who are
8 on the call --

9 MR. UHLER: Your notice --

10 MS. WAYLAND: Thank you, Mr. Uhler. We
11 understand that there are people who might not be able to
12 make this time. The Meeting Notice did mention that it
13 will be kept open until there are no further commenters.
14 We cannot keep it open if there is no one speaking. Thank
15 you.

16 COMMISSIONER MCALLISTER: I would encourage -- I
17 appreciate your advocacy, Mr. Uhler, and would encourage
18 any other commenters that you know of, would encourage you
19 to ask them to reach out to the Public Advisor, and/or put
20 together some written comments and submit those to the
21 Docket. That's why we have multiple avenues for people to
22 engage and to comment on the proceeding, so certainly the
23 goal is to be inclusive, and we believe we're doing that.
24 So, thank you.

25 MS. WAYLAND: All right, it's 11 o'clock. We're

1 going to close down this meeting momentarily unless there
2 are additional comments from anyone on the call. Please be
3 aware you can post them in Q&A or raise your hand. We'll
4 give you one more minute and then we'll say our thank yous
5 and we really appreciate everyone's comments.

6 All right, thank you everyone for coming today.
7 Be aware that you may still post comments on the Docket,
8 enroll in e-mail messages that we'll update you whenever
9 there's a new posting to the Docket. That was in the
10 slides which are now posted to the Docket.

11 Thank you so much for coming, we really
12 appreciate everyone's comments. And thank you, Mr.
13 McAllister, for coming. Do you have any last words?

14 COMMISSIONER MCALLISTER: Yeah, I just wanted to
15 again -- you said all the substance, but I just want to be
16 doubly encouraging for people to put comments into the
17 Docket and reach out to the Public Advisor if you have any
18 questions about how to do so, and/or staff. And looking
19 forward to our further interactions on this as we look to
20 move toward a final proposal here. Let's see, I see
21 Stephen -- Mr. Kapp has another comment, but if it's all
22 right, we'll just include that. Actually, maybe counsel
23 can come on and advice us what to do here. I see Michael
24 Murza has noted that it will automatically be included in
25 the record. But just for good measure, Stefanie, do you

1 want to read that comment out loud?

2 MS. WAYLAND: Of course.

3 COMMISSIONER MCALLISTER: Perfect, thank you.

4 MS. WAYLAND: This is a second comment by Stephen
5 Kapp, who definitely was under his five-minute limit.

6 Again, this is Stephen Kapp from MCAS Miramar. He says:

7 "I'll simply add to my previous comment that the
8 ability to obtain RTP on an hourly or shorter interval has
9 been talked about for over 20 years with little progress to
10 date. But for the commercial industrial sector, it is
11 relatively feasible in concept. Without faster interval
12 RTP, the value proposition of dynamic load management to
13 balance loads with supply is minimized. The CEC has also
14 promoted advanced automation merging Building Automation
15 Systems (BAS) with energy information systems (EIS) since
16 at least 15 years. Hopefully this effort can realize such
17 visions of market support for lower costs, lower emissions,
18 and more resiliency."

19 Thank you, Mr. Kapp, for your comment.

20 COMMISSIONER MCALLISTER: Thanks for that
21 comment. I'm going to take that as the final comment and,
22 again, just really encourage people to chime in onto the
23 Docket. Everyone else who is involved and who is on the
24 Docket will see every comment, and we will respond to every
25 comment, as well.

1 So, with that, I believe we are done for today.
2 And again, really appreciate everyone's comments. And we
3 are adjourned.

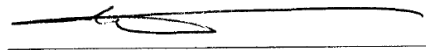
4 (Adjourned at 11:04 a.m.)
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REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of March, 2022.




PETER PETTY
CER**D-493
Notary Public

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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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Karen Cutler
Certified Transcriber
AAERT No. CET**D-1424