California Efficiency + Demand Management Council Comments on January 17 Load Management Standards Workshop

Additional submitted attachment is included below.

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I.   Introduction

The California Efficiency + Demand Management Council ("Council") appreciates this opportunity to provide comments on the California Energy Commission's ("CEC's") January 17 Load Management Standards ("LMS") workshop. The CEC's practice of periodic "check-ins" is a practical approach to receiving regular feedback from involved stakeholders to identify any barriers or problems that might undermine the successful implementation of the LMS within the adopted timeframe. The LMS workshop identified serious challenges experienced by third parties that are major barriers to successful LMS implementation: 1) the "click-through" process ("CTP") by which investor-owned utilities ("IOUs") must approve customer participation in a third-party demand response ("DR") program, and 2) the timely provision of accurate and complete customer meter data. The CEC does not have direct jurisdiction over the rules governing these functions, so any chance of success in addressing these challenges will hinge on the effective collaboration and coordination between the CEC and the California Public Utilities Commission ("CPUC").

The Council would also like to note that the LMS requires large utilities and CCAs to provide a single statewide rate tool by October 1, 2024. This January 17 workshop highlighted that there are still many policy and technical issues that need to be ironed out in the development of this tool. The CEC should facilitate further working sessions between third parties, community choice aggregators ("CCAs"), and utilities to ensure that the tool is well structured and is completed within the required timeline.

II. Addressing Problems with the CTP and Customer Data Access Problems is Essential to the Success of the State's DR and Flexible Load Programs.

The CEC lauds the LMS as providing "…electricity bill savings when consumers opt-in to using automated load-shifting devices such as smart thermostats and appliances."[1] Unfortunately, the existing data authorization process is the largest barrier to customers opting into a LMS program. CTP, by which customers authorize the sharing of their utility data with third parties is a cumbersome process that a majority of customers fail to complete.

The problems with the click-through process are well documented in CPUC Application ("A.") 18-11-015 et al and largely remain unresolved by Decision ("D.") 23-09-006, which adopted a limited set of click-through enhancements and closed this proceeding. Consequently, significant customer data authorization and data access obstacles will continue to exist for large-scale participation in load management and demand flexibility programs. This is evident in the dismally low CTP completion rates. UtilityAPI illustrated this by using data provided by ecobee and OhmConnect, which showed that high customer drop-off rates are occurring due to customer frustration over issues like checking a customer's eligibility to participate in a third-party DR program. According to the ecobee example, among over 500 customers who were highly motivated to enroll in its program, only 37% made it through.[2] Another associated problem is that the average IOU response time to these customer authorization requests was 17 days with 81% of cases taking longer than a week.[3] For OhmConnect, only 50 percent made it through.[4] This information is highly troubling because 1) it significantly raises the costs for third parties to do business in California, 2) is highly discouraging for potential new DR providers contemplating entering the California market, and 3) creates negative experiences for those customers who were unable to get through the enrollment process which risks reducing the chance they will attempt to enroll in a program in the future.

As UtilityAPI stated during its presentation, for the LMS to be deployed and successful, it is imperative to have seamless access to customer utility data.[5] Another UtilityAPI truism is that the rate

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[1] California Energy Commission, Load Management Standards Website which can be found here: https://www.energy.ca.gov/programs-and-topics/topics/load-flexibility/load-management-standards
[2] UtilityAPI Presentation which can be found here: https://www.energy.ca.gov/event/workshop/2024-01/commissioner-workshop-load-management-standards-implementation, at Slide 9.
[3] *Id.*
[4] *Id.*, at Slide 10.
[5] UtilityAPI oral comments. A link to the recording can be found here: https://www.energy.ca.gov/event/workshop/2024-01/commissioner-workshop-load-management-standards-implementation

information provided through the LMS statewide rate tool will not be useful if third parties do not know anything about the customer or how much energy they use.[6] Customers must be able to make informed decisions about the impact of the different available rate options, as well as receive timely feedback on their relative success in managing their response to those rates. This is not possible if customers are hindered in authorizing meter data access with third parties to use meter data.

For customers that successfully navigate the data authorization process, the quality of their experience with DR and dynamic rates will largely rely on the timely provision of accurate and complete customer meter data. Delayed and/or inaccurate data results is a poor customer experience with a program, especially for a program that is predicated upon the customer responding to changing real-time load modification signals. Just last year, third-party DR providers were informed by one of the IOUs that meter data sent in June and July 2023 was offset by 15 minutes, an error that would require Demand Response Auction Mechanism ("DRAM") quarterly reports for all DR providers to either be delayed or revised, as well as force some DR providers to recalculate and reissue payments to customers. Data points like these, when applied on a much larger scale through future mass deployment of dynamic rates, will seriously undermine customer and third-party support for these programs because the customer experience will be too poor and the cost for third parties to do business in this space too high.

The barriers to enrollment and data access must be resolved not only to support effective DR integration, but also for the State to successfully comply with the updated LMS, meet the legislatively-mandated Load Shift Goal ("LSG"), and implement the CPUC's vision of broad-based participation in dynamic rate programs through its California Flexible Unified Signal for Energy ("CalFUSE") framework. In its comments below, the Council highlights and expands on some of the points made by UtilityAPI to further support establishing minimum standard requirements.

III. The CEC Should Explicitly Recognize the Barriers Identified by UtilityAPI and Adopt Its Recommendations as Part of a Larger Set of Recommended Standards.

In its workshop presentation, UtilityAPI succinctly explained the current barriers that exist to customer enrollment and data access, and provided several well-reasoned recommendations to address these barriers. UtilityAPI's presentation effectively captured the ongoing customer data access problems with which third parties and their customers have been struggling for several years now by identifying several significant, albeit high-level barriers:[7]

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[6] UtilityAPI oral comments.
[7] UtilityAPI Presentation, at Slide 8.

1. Inconsistent implementation of the Green Button Connect standards by the IOUs
2. Lack of accountability for the Green Button Connect platforms
3. Low ongoing awareness of issues amongst staff at utilities, CPUC, CEC
4. Split incentive issues between customer, solution providers, utilities, and the state
5. Jurisdictional ambiguity between utility, state, market, and federal

UtilityAPI then recommended a series of data access principles that can act as guidelines to help assess the improvements needed to the current customer data access ecosystem. The Council highlights the importance of each of them below:[8]

1. <u>Security, ease of use, and consistency are paramount:</u> Data security is of course paramount to any system in which customer data are shared between LSEs and third parties. However, this does not need to come at the expense of ease-of-use by the customer and the third parties that have been authorized by each customer to handle their data. Also, as addressed further below, consistency in performance standards across LSEs' Green Button Connect ("GBC") platforms is critical to ensure an equal opportunity for all customers to participate in programs. In addition, because third parties serve customers across multiple LSEs, consistent standards are needed to avoid unnecessary business costs that occur from having to manage different LSE processes and standards.

2. <u>Customer sign-up (and disenrollment) should be simple, fast, automated:</u> This principle is foundational to the ability of third parties to enroll customers in their DR programs, including future dynamic rate programs, as well as the success of the LMS, LSG, and CalFUSE. The Council would also stress that the speed of enrollment and disenrollment should be balanced with the need to ensure customers understand the implications of their decisions.

3. <u>Data authorization process should meet technology industry standards, not individual utility standards:</u> Presently, and despite the click-through solutions' clear classification as an IT system, neither the IOUs nor the Commission has defined service-level expectations, including expectation of uptime, availability, and accuracy. However, the industry standard for IT service providers is 99.8% or above for these three factors. Only when the IOUs are held to a standard consistent with other IT providers will the CTP function at the necessary level.

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[8] UtilityAPI Presentation, at Slide 16.

4. <u>Data (settlement, forecasting, rates, bills, usage) must be timely and accurate:</u> This principle is also foundational to successful deployment of DERs, including DR, behind-the-meter resources, and dynamic rates. UtilityAPI made an excellent point that as time goes on, more and more businesses will enter this market and will be wholly reliant on the functionality of the GBC platforms. As a result, when data access goes down, these businesses will shut down. For small businesses with only a small margin of error between surviving and staying open, data outages can be catastrophic. Third parties must be provided accurate and complete customer meter data on a timely basis in order to ensure that, as UtilityAPI put it, the LMS is truly reliant on a well-functioning ecosystem of integration based on open standards that can be certified, enforced, and *also provide seamless access to just general customer utility data*. (emphasis added) The system that the CEC and CPUC are building, which envisions more customer segments participating in third-party programs than ever before, will surely fail if this issue cannot be fixed.

5. <u>Consolidating integration points and methods are critical to driving scale</u>

In addition to these principles, UtilityAPI also recommended requiring certified GBC platforms for IOUs, POUs, and CCAs that can be integrated with MIDAS and support statewide initiatives.[9] Creating a GBC certification regime would require consistent standards and provide a necessary target to eliminate any ambiguity among each LSE for acceptable performance. This recommendation also highlights the implications for MIDAS if IOUs are unable to rectify current problems by providing timely and accurate customer data. The Council acknowledges that IOUs must maintain specific customer utility data functions for operational reasons; however, given the significant time and investment likely needed by IOUs to meet a higher data quality standard, certain economies of scale with a higher level of quality may be realized by the CEC taking on certain functions (e.g., meter data quality assurance), and this should be seriously considered.

The final major UtilityAPI recommendation was to establish performance requirements on which all platforms must be held accountable. These requirements would apply to both the customer data access and customer sign-up/disenrollment, and would be based on the following metrics:[10]

1. Accuracy
2. Timeliness
3. Completeness
4. User experience

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[9] UtilityAPI Presentation, at Slide 16.
[10] *Id*., at Slide 17.

5. Errors/outages
6. Support
7. Onboarding

As described above, there must be transparent and consistent performance requirements across customer data access and customer enrollment/disenrollment processes. Participating customers and their third-party partners must have confidence that they can participate in these programs.

IV. Council Recommendations

The Council does not currently see an open proceeding or working group for any of the issues addressed above to be resolved at the CPUC. We were initially hopeful that the Customer Data Access Committee ("CDAC") could be used to address some of these issues.[11] However, based on the initial CDAC meeting on January 29, it is unclear whether any further meetings will be convened because D.23-09-006 never directed any specific scope or outcome of the CDAC nor did it provide the IOUs with an avenue for additional funding to make any additional changes to the CTP. As a consequence, the IOUs are under no obligation to agree to any improvements. Therefore, the LMS is likely to be the only vehicle through which these barriers can begin to be addressed. It is unclear how the CEC plans to proceed following the LMS workshop but, despite having no direct jurisdiction over Electric Rule 24/32 or the IOUs' CTPs, it can at least recognize and document the salient issues and adopt recommendations for how they can be addressed. In turn, the Council hopes that they can be used to inform the CPUC at the next available opportunity, perhaps in Rulemaking ("R.") 23-07-005 (Demand Flexibility) or R.22-11-013 (Customer Distributed Energy Resources).

Given the importance of a well-functioning customer data authorization and data access regime to some of the State's biggest policy goals, the magnitude of the barriers standing in the way of achieving them, and the great deal of time and resources required to do so, the Council urges the CEC to take decisive action, in coordination with the CPUC, to resolve these issues once and for all. As a critical first step, the CEC should explicitly recognize the barriers identified by UtilityAPI and adopt its proposed principles. The CEC should then endorse all of UtilityAPI's recommendations, which include a clear set of minimum standards for the CTP and GBC platforms.

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[11] Working group convened by the Energy Division pursuant to D.23-09-006 to address "providing customers information during the CTP data authorization process to make them aware of enrollment conflicts, provide a step-by-step guide to the disenrollment process, and the timeframe for disenrollment given the requirements of the DR program they are currently enrolled in." (D.23-09-006, at p. 41).

V.   Conclusion

The Council appreciates the opportunity to comment on the January 17 Load Management Standards workshop and urges the CEC to take the recommended actions.