

DOCKETED

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Center for Sustainable Energy Comments on Draft Staff Analysis of Potential Amendments to the Load Management Standards

Additional submitted attachment is included below.

April 23, 2021

California Energy Commission
Docket Unit, MS-4
Re: Docket 19-OIR-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 19-OIR-01 – Comments of Center for Sustainable Energy® regarding the Draft Staff Analysis of Potential Amendments to the Load Management Standards

I. INTRODUCTION

Center for Sustainable Energy® (CSE) appreciates the opportunity to comment on the Draft Staff Analysis of Potential Amendments to the Load Management Standards. CSE is a 25-year-old national nonprofit driven by one simple mission – decarbonize. We provide program administration, technical assistance, and policy advisement, and serve as a trusted and objective resource helping government agencies implement successful sustainable energy programs. Through our commitment to supporting the State’s clean transportation and energy goals, we understand the increasing importance of load management strategies as California moves towards a carbon-free economy.

CSE applauds the California Energy Commission’s (Energy Commission) efforts in developing a foundation for a customer-centric load management system through automation tools coupled with price and greenhouse gas (GHG) emissions signals. We agree with Energy Commission Staff’s (Staff) assertion that the proposed amendments to the Load Management Standards will enable mass-market end-use automation by streamlining rate information and access to transition the State to a more dynamic load management paradigm driven by customers. In addition to our overall support of the Draft Staff Analysis, CSE is pleased to offer the following comments.

II. SUPPORT USE OF SGIP GHG EMISSIONS SIGNAL

CSE is very pleased with Staff’s recommendation to utilize the marginal GHG emissions signal developed and adopted within the California Public Utilities Commission’s (CPUC) Rulemaking 12-11-005 to inform the Self Generation Incentive Program (SGIP).¹ As the State continues to take actions toward meeting its ambitious climate goals through the increased use of renewable resources to power the grid and electrification of the transportation and building sectors, load management strategies will be essential for maintaining affordable, reliable energy, as well as enabling customers to use electricity when the grid is cleanest. As such, CSE believes any load management strategy should be informed by a GHG

¹ California Public Utilities Commission, Decision 19-08-001, August 1, 2019.
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M310/K260/310260347.PDF>

emissions signal to encourage alignment of energy use with climate goals. We strongly support leveraging the stakeholder process that developed the GHG emissions signal for SGIP to expand its use for other flexible load technologies. Moreover, as noted during the Energy Commission workshop on April 12, 2021, making use of the existing SGIP GHG emissions signal will allow third parties to more quickly begin taking advantage of the MIDAS Rate Database prior to other price signals being developed.

III. ENCOURAGE STRONG PRICE DIFFERENTIALS AND MID-DAY USE IN RATE DEVELOPMENT

CSE strongly supports the development of locational rates that change at least hourly to reflect marginal wholesale costs and GHG emissions. Gleaning insights from our engagement in the Electric Program Investment Charge (EPIC) funded Smart Home Study (EPC-15-048), modeling indicates that dynamic real-time pricing can result in added grid and customer benefits when compared to block Time-Of-Use (TOU) rates.² The evaluation found that the dynamic day-ahead signal may be more beneficial for certain end-uses, such as electric vehicle (EV) charging, than the available TOU price signals, which did not encourage customers to increase electricity consumption during the middle of the day when excess electricity generated from solar or other renewable sources may be available.³

In addition, results indicated that strong price differentials are needed within all seasons to ensure desired load shifting behaviors occur year-round. As such, we encourage the Energy Commission to work closely with load serving entities to help inform rate development to optimize benefits through price differentials that sufficiently and fairly compensate customers to encourage participation in automated load management. The study also suggests that the Energy Commission should consider the impacts of negative pricing events on load management strategies. In particular, the research showed that while compensation from negative prices in the wholesale market by themselves do not offer a strong economic signal for behind-the-meter customers to participate in the California Independent System Operator's (CAISO) proposed proxy demand,⁴ supportive utility rates could build load during these hours and consequently reduce emissions.

During the Energy Commission workshop on April 12, 2021, interested parties also noted that some end-uses, such as EV fleet charging and agricultural irrigation pumps, may benefit from prices being published ahead of time to schedule operations several days in advance. CSE agrees that the Energy

²EPC-15-048: Assessment of Tariffs - Balancing Renewable Energy Integration and Utility Costs Using an Innovative Residential Tariff Structure and a Wholesale Market Mechanism, Final Tariff Assessment Report https://energycenter.org/sites/default/files/docs/cse/CSE_RDERMS_Final_Tariff_Assessment_Report_2020.pdf

³EPC-15-048: Residential Intelligent Energy Management Solution to Enable Integration of Distributed Energy Resources, Final Project Report. <https://ww2.energy.ca.gov/2020publications/CEC-500-2020-057/CEC-500-2020-057.pdf>

⁴ California Independent System Operator, Energy Storage and Distributed Energy Resources Phase 3 Draft Final Proposal, July 11, 2018. <http://www.caiso.com/Documents/DraftFinalProposal-EnergyStorage-DistributedEnergyResourcesPhase3.pdf>

Commission should consider how dynamic automated rate structures may work differently for various end-uses.

IV. CONTINUE CONSIDERATION OF EQUITY THROUGHOUT RECOMMENDATIONS

CSE encourages the Energy Commission to continue to approach this proceeding using an equity lens. While the proposed recommendations are intended to be voluntary rates and tools that customers can take advantage of to reduce their energy bills and environmental impacts, we encourage further analysis on how low-income and hard-to-reach customers can specifically access and benefit from this new paradigm. This will also need to be explored in the context of the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. In addition, CSE was pleased to learn the Energy Commission was exploring options to transmit automated signals using FM radio frequencies as a way to ensure customers without the necessary broadband access could participate in automated load management. It was noted during the Energy Commission workshop on April 12, 2021 that this option is still being considered; however, it is part of the Energy Commission's longer-term vision for load flexibility and unlikely to be included in this version of the Load Management Standards. We urge the Energy Commission to continue to explore this option to help provide equitable access to new tools and rates for automated load management. At a minimum, we recommend Staff explicitly note that this is under consideration within the Staff Analysis and provide additional context on relevant barriers and opportunities.

Lastly, while outside the scope of this Rulemaking, we agree with Staff that free or rebated automation technologies that respond to the MIDAS signals may be more appropriate for encouraging load management than the current financial incentive paradigm. As such, we encourage the Energy Commission to work with the CPUC and other interested parties to facilitate the deployment of devices that can take advantage of automated signals, especially among low-income customers and disadvantaged communities. Moreover, through our involvement with the EPIC-funded California Advanced Lighting Controls Training Program-Automated Demand Response project (EPC-15-010), CSE found that small- and medium-sized businesses and residents located in disadvantaged communities may require tailored solutions to address barriers to adoption of load management technologies and advanced controls specific to these market segments.

V. EMPHASIZE THE IMPORTANCE OF CUSTOMER EDUCATION

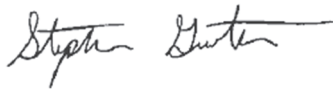
Raising consumer awareness and understanding of load management opportunities is critical to a system that is built on voluntary participation and response to signals. As such, CSE is pleased that one of the four core recommendations within the Staff Analysis involves customer education and encouragement of automation. While we agree that the utilities and Community Choice Aggregators (CCAs) are best positioned to integrate information about new rates into their existing customer education and outreach efforts, we encourage the Energy Commission to provide additional educational

support. This could include general information about how new rates and tools function, as well as a venue for utilities and CCAs to share best practices and consistent messaging to avoid customer confusion. As an essential component for the success of the proposed updates to the Load Management Standards, we recommend the Energy Commission continue to play an active role in helping educate Californians on how to best participate in automated load management, with a particular focus on education and outreach efforts in disadvantaged communities, low-income communities, and communities of color. We suggest the Energy Commission, utilities, and CCAs partner with community-based organizations (CBOs) to deliver culturally and linguistically appropriate messaging and to also compensate them for these efforts.

VI. CONCLUSION

CSE appreciates the opportunity to provide these comments regarding the Draft Staff Analysis of Potential Amendments to the Load Management Standards. We thank Energy Commission Staff for their hard work in laying the foundation for a customer-centric load management system and look forward to continued collaboration with the Energy Commission, CPUC, CAISO, and other interested parties in developing standards and price signals to equitably increase demand flexibility on the grid in support of the State's energy reduction and climate goals.

Sincerely,



Stephen Gunther
Distributed Energy Resources Policy Manager
Center for Sustainable Energy®
3980 Sherman St., Suite 170
San Diego, CA 92110
Tel: (858) 633-8006
stephen.gunther@energycenter.org