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SDG&E Comments on 3rd 15 Day Language Revisions to the Load Management Standards

Additional submitted attachment is included below.



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California Energy Commission
Docket Unit, MS-4
Docket No. 21-OIR-03
715 P Street
Sacramento, CA 95814-5512

Subject: SDG&E Comments on the CEC's 3rd 15-day Proposed Revisions to the Load Management Standards (Docket No. 21-OIR-03)

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to provide comments in response to the California Energy Commission's (CEC) third 15-day proposed revisions to the Load Management Standards (LMS or Revised Standards). We appreciate the ongoing discussions with Commission staff regarding this proceeding and recognize that further coordination with stakeholders will be needed to facilitate the successful implementation of the Revised Standards.

Importantly, the California Public Utilities Commission (CPUC) initiated its Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates (R.22-07-005 or Demand Flexibility Rulemaking), which has significant overlap in purpose as the CEC's Revised Standards. Indeed, one of the proposed scoping issues in the Demand Flexibility Rulemaking is "[h]ow should the [CPUC] support the implementation of the amendments to the California Energy Commission's Load Management Standards, if adopted?" Accordingly, given the nexus between the respective efforts of the CPUC and CEC, SDG&E strongly urges ongoing and close coordination between the agencies to ensure that policies and programs in this space are well aligned and potential jurisdictional conflicts considered.

In addition, SDG&E offers more specific comments, focusing on three areas: (I) support for the exclusion of streetlighting customers from the customer classes for which utilities must offer a marginal cost-based rate, (II) concern with the scope of costs to be included within utilities' proposed marginal cost-based rates, and (III) challenges with the proposed timelines for developing a statewide tool for third-party data access. Details on these issues are provided below; SDG&E notes these points as ones for continued consideration during the implementation and refinement of the LMS.

- I. **SDG&E supports the proposed change to the “Customer Class” definition to exclude streetlighting customers.** This change is consistent with determinations made in CPUC proceedings directing the investor-owned utilities (IOUs) to establish real-time pricing pilots, with an exclusion for streetlighting customers. The electricity load profile of streetlighting customers is not conducive to realizing benefits from implementation of dynamic rates.
- II. **The proposed scope of costs to be included within marginal cost-based rates creates significant implementation challenges.**
 - a. **Transmission rates are a matter of Federal Energy Regulatory Commission (FERC) jurisdiction and are not within the CPUC or CEC’s oversight.** SDG&E has concerns about the LMS requiring the IOUs to develop transmission marginal costs. FERC has jurisdiction over transmission rates and, to date, has not used marginal costs in SDG&E’s transmission pricing. While the CPUC and CEC have expressed interest in marginal cost pricing, the discussion has not extended to transmission rates as a result of this jurisdictional issue. The CPUC and/or CEC could not require SDG&E to implement marginal costs in SDG&E’s transmission pricing even if it wanted to, as only FERC has the authority to do so. See D.21-07-010 at 76 (“Transmission rates are determined by FERC and thus the Commission’s ability to set transmission rates in a Commission decision is limited.”); D.21-11-06 at 70 (“There is no questioning FERC’s exclusive jurisdiction over setting transmission rates.”). Therefore, SDG&E’s marginal costs have focused on distribution rates and commodity rates, components which the CPUC has jurisdiction over.
 - b. **Incorporating location-dependent marginal costs will create significant implementation and customer experience challenges.** SDG&E has significant concerns with the Revised Standards to the extent Section 1623(a) may require Large IOUs to develop marginal costs-based rates that include location-dependent pricing. To achieve location-dependent pricing, SDG&E would have to evaluate and develop pricing at the circuit level for distribution costs, which would greatly expand implementation cost such as billing costs, costs related to customer education, and other ongoing costs such as monitoring the various circuits. SDG&E has approximately 820 circuits—thus, to have hourly signals on each of these circuits is a significant undertaking. Additionally, some SDG&E customers receive non-simultaneous service from more than one circuit, which will complicate pricing, billing, and customer understanding. Moreover, SDG&E is concerned that locational pricing may create inequitable pricing for customers on high impact circuits that would have higher distribution prices as compared to other customers on the same rate schedule.

- III. The proposed 18-month timeline for development of a statewide tool for third-party rate data access is insufficient.** Given the complexity involved in developing one statewide tool in compliance with the terms of LMS and other applicable law, including applicable customer data privacy laws, SDG&E believes 18 months is insufficient. SDG&E is aware of the Revised Standards inclusion of language to seek an extension of this deadline and appreciates the Commission's foresight in including those provisions; however, SDG&E flags the issue to make clear that a significant extension may be required.

Conclusion

Thank you for your consideration of these comments. SDG&E remains committed to continually engaging with Commission, the CPUC, and stakeholders on the rollout of the LMS. Please do not hesitate to contact me should you have any questions.

Sincerely,

/s/ Sarah M. Taheri

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