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3rd 15-Day Regulations for the Load Management Standards

Additional submitted attachment is included below.

**BEFORE THE STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the matter of:)	Docket No. 21-OIR-03
)	
)	
<i>2022 Load Management</i>)	RE: Notice of Third 15-Day
<i>Rulemaking</i>)	Public Comment Period
)	Proposed Revisions to the
)	Load Management
)	Standards
)	

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE
CALIFORNIA ENERGY COMMISSION ON THE NOTICE OF PROPOSED ACTION FOR THE LOAD
MANAGEMENT STANDARDS REGULATIONS**

Simon Zewdu
Director of Power Transmission Planning,
Regulatory, and Innovation Division
Los Angeles Department of Water and Power
111 North Hope Street, Suite 819
Los Angeles, CA 90012
Telephone: (213) 367-2525
Email: Simon.Zewdu@ladwp.com

**BEFORE THE STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the matter of:)	Docket No. 21-OIR-03
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INTRODUCTION

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments to the California Energy Commission (Commission) regarding the *Notice of Third 15-Day Public Comment Period Proposed Revisions to the Load Management Standards (3rd 15-Day Regulations)*.

The City of Los Angeles (City of LA) is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a proprietary department of the City of LA, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board). LADWP is the third largest electric utility in the state, one of five California Balancing Authorities, and the nation’s largest municipal utility, serving a population of over four million people within a 478 square mile service territory that covers the City of LA and portions of the Owens Valley. LADWP exists to support the growth and vitality of the City of Los Angeles, its residents, businesses and the communities we serve, providing safe, reliable and cost-effective water and power in a customer-focused and environmentally responsible manner.

SPECIFIC COMMENTS

LADWP recognizes and supports the end goals of the Commission's proposed load management standards: minimizing cost, improving reliability, and promoting renewable energy resources. As such, LADWP continuously identifies and implements LADWP-centric solutions to meet these essential end goals, considering the City of Los Angeles's unique customer base. LADWP continues to follow its roadmap for providing reliable and sustainable electricity to its customers, while also preparing to potentially transition to a 100% carbon-free power supply by 2035.

Further, LADWP would like to share its appreciation of the Commission's efforts to develop appropriate Load Management Standards regulations over the last few years. Since these regulations will materially impact LADWP's ratepayers, LADWP has previously highlighted concerns within the informal Load Management Rulemaking (Docket: 19-OIR-01) on March 16, 2020 and April 23, 2021, and Formal Load Management Rulemaking (Docket 21-OIR-03) on February 7, 2022, April 20, 2022, and July 21, 2022. LADWP appreciates that the *3rd 15-Day Regulations* include changes that represent significant progress toward addressing LADWP's concerns about the Commission's jurisdiction, technical feasibility, equity, customer adoption and impact, cost effectiveness, and cybersecurity.

Nevertheless, there remain technical and clerical concerns within the *3rd 15-Day Regulations* that could either be addressed in an additional modification to the *3rd 15-Day Regulations* or clarified within the Final Statement of Reasons (FSOR).

I. LADWP Supports the Commission's Modifications that Acknowledge its Long-Standing Concerns

The *3rd 15-Day Regulations* strike a good balance between encouraging publicly owned utilities (POUs) to pursue these Load Management Standards as part of a holistic solution while recognizing the jurisdiction of local governing bodies. As previously mentioned, the decision about what rates to design and when lies within the jurisdiction of LADWP's Board. On that account, LADWP supports the Commission's proposed structure that allows LADWP and its Board to evaluate cost effectiveness, equity, technological feasibility, and benefits of any rate or program prior to LADWP's Board deciding how to proceed, considering its unique challenges and opportunities.

II. LADWP Recommends that the Commission Correct Certain Clerical Errors to Provide Clarity

LADWP identified a few clerical errors, which are itemized and explained below.

- 1623.1 (a)(1)
 - Correct reference to account for new numbering seen in the *3rd*

15-Day Regulations:

i. The plan shall include consideration of programs and rate structures as specified in section 1623.1 (b)–~~(d)~~ and (c).

- 1623.1 (a)(1)
 - Add “equity” to be consistent with 1621(a):
 - i. [...] improve electric system efficiency, equity, and reliability, [...]*

III. LADWP Requests that the Commission Retain Local Governing Board’s Full Authority to Modify Compliance Plans

Although the *3rd 15-Day Regulations* bifurcate POU and IOU requirements for meeting Load Management Standards by introducing Section 1623.1, there appears to be requirements within Section 1623 (IOU requirements) that include activities that a POU must meet. One such area is Section 1623(c), which requires a jointly developed and administered statewide standard tool for authorized rate data access by third parties. Maintaining the framework of the current proposed regulatory language would limit a local governing board’s ability to carry out the intent of 1623.1(a), which is to adopt a compliance plan considering all factors and required actions – POUs who adopt a modification to the Load Management Standards may be unable to jointly deploy a tool if that timeframe misaligns with availability of the necessary inputs and resources. To resolve this concern and allow local governing bodies full authority to modify compliance plans, LADWP requests that the Commission update Section 1623.1 (a)(2) to reference Subsection 1623 (c) as follows:

(2) The rate approving body of a Large POU or a Large CCA may approve a plan, or material revisions to a previously approved plan, that delays compliance or modifies compliance with the requirements of Subsections 1623.1 (b)–~~(d)~~ and (c) and 1623 (c), if the rate approving body determines that the plan demonstrates any of the following:

The above change would serve to reconcile the intent of the bifurcated *3rd 15-Day Regulations* and minimize any regulatory confusion. If this correction is not made in updated regulations, then LADWP requests clarification in the FSOR.

IV. LADWP Recommends that the Commission Revise the Timetable for § 1623.1 (b)(4)

Section 1623 (d)(2) was updated to extend the timeline for large investor-owned utilities to offer customers voluntary participation in marginal cost rates from 3 years to 45 months. LADWP believes that not similarly updating the timeline for large POUs may have been an unintentional oversight and requests the following change be made in updated regulations or clarified in the FSOR.

This item is enumerated below:

- 1623.1 (b)(4)
 - Update timeframe to be consistent with 1623 (d)(2):
 - i. *Within ~~three (3) years~~ forty-five (45) months of the effective date of these regulations each Large POU*

V. **LADWP Encourages the Commission to Allow POU's Flexibility in the Structure of Their Compliance Plans**

Section 1623.1 (a)(1) includes potentially overly prescriptive processes for a POU to determine what rate or program can be adopted by its board. LADWP is proposing that the Commission modify the language as follows to more closely align with existing POU consideration and approval processes.

- § 1623.1 (a)(1)(A)
 - Change: "The plan must ~~evaluate~~ *consider* cost effectiveness..."
- § 1623.1 (a)(1)(B)
 - *Restructure and modify:*
 - *If, after consideration of the factors in Subsection 1623.1(a)(1)(A), the plan does not propose development of marginal cost-based rates, the plan must consider cost-effectiveness, equity, technological feasibility, benefits to the grid, and benefits to customers of programs that enable automated response to marginal cost signal(s) for each customer class.*

The above change would provide flexibility to the POU and its governing body in determining the most effective path to meeting the goals of Load Management Standards, while avoiding the potential for an overly burdensome evaluation of each specific factor. If this change is not made in updated regulations, LADWP requests clarification in the FSOR.

CONCLUSION

LADWP is grateful for the opportunity to participate in the rulemaking process and looks forward to continue working with the Commission to help shape appropriate and effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact me at (213) 367-2525, or Mr. Scott Hirashima at (213) 367-0852.

Dated: 09/27/2022

Respectfully Submitted,

By: Simon Zewdu
Director of Power Transmission Planning, Regulatory,
and Innovation Division
Los Angeles Department of Water and Power
111 North Hope Street, Suite 819
Los Angeles, CA 90012
Telephone: (213) 367-2525
Email: Simon.Zewdu@ladwp.com