

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

Rulemaking 22-07-005
(Filed July 14, 2022)

**OPENING COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON
ADMINISTRATIVE LAW JUDGE'S RULING ON TRACK B STAFF PROPOSAL TO
EXPAND EXISTING PILOTS**

Dated: September 25, 2023

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I. INTRODUCTION

The California Efficiency + Demand Management Council (“the Council”) respectfully submits these Opening Comments on the Administrative Law Judge’s Ruling on Track B Staff Proposal to Expand Existing Pilots, issued in this proceeding on August 15, 2023 (“ALJ Ruling”). Attachment A to the ALJ Ruling is a Staff Proposal on Existing Dynamic Rate Pilot Expansion and Attachment B to the ALJ Ruling is a Preliminary Assessment of Valley Clean Energy’s (“VCE’s”) Agricultural Pumping Dynamic Rate Pilot (“AgFIT”).

These Opening Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure, the ALJ Ruling, and the ALJ Procedural E-mail, dated September 13, 2023 which extended the due date of Opening Comments to September 25, 2023 and Reply Comments to October 9, 2023.

II. BACKGROUND

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.¹ Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy

¹ Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

efficient product manufacturers. The Council’s mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructure, and environmental improvement.

III. SUMMARY

The Council generally supports expanding the current dynamic rate pilots to accelerate progress toward meeting the California Energy Commission’s (“CEC’s”) Load Management Standards² as well as its Load Shift Goal.³ The Council agrees with the benefits cited by the ALJ Ruling.

The Council supports the Staff Proposal to extend the pilot duration through 2027, in part because the extended timeframe aligns with the investor-owned utilities’ (“IOUs”) demand response (“DR”) program applications, and the Council expects they will account for the dynamic rate programs in their next DR applications. Also, the Council appreciates the Staff Proposal’s encouragement towards IOUs to contract with DR providers “to improve customer interaction with the Expanded Pilots through contractual agreements.” The Council suggests community choice aggregators (“CCAs”) receive the same explicit authorization to do the same, to the extent Commission authorization is needed.

IV. THE COUNCIL RESPONSES TO ALJ RULING QUESTIONS FOR PARTY COMMENTS

1. Should the Commission authorize Expanded Pilot Proposal #1 to extend the VCE AgFIT Pilot, remove the participation cap, and expand eligibility to all agricultural customers in PG&E territory?

Overall, the Council supports expansion of the VCE AgFIT Pilot to all agricultural customers in Pacific Gas and Electric Company’s (“PG&E’S”) territory.

² CEC Load Management Rulemaking which can be found here: <https://www.energy.ca.gov/proceeding/load-management-rulemaking>

³ CEC Senate Bill 846 Load-Shift Goal Report which can be found here: <https://www.energy.ca.gov/publications/2023/senate-bill-846-load-shift-goal-report>

- a. Please comment on whether the initial results of the VCE AgFIT Pilot indicate that the pilot has been successful at supporting system reliability to date. (See the attached interim evaluation report).**

The initial VCE AgFIT Pilot, included as Attachment B to the ALJ Ruling, indicates success, but it is important to recognize that the time frame and sample size were limited when it was performed. Also, it appears that the introduction of automation technology may have been the greatest factor in delivering load reduction during the targeted hours. For example, it is possible that, with the introduction of automation technology alone, agricultural customers would have taken greater advantage of the time-of-use (“TOU”) rates already in place. In that instance, the dynamic rate’s incremental “value added” would be less clear.

To this point, expanding the AgFIT pilot to include a broader cross-section of participants, including some participants without automation technology, would provide a more robust data set to inform the success of the expanded pilot, were it to be approved. Similarly, providing automation technology to some customers while they remain on TOU rates would offer a better comparison group to understand the efficacy of dynamic pricing relative to traditional TOU.

- b. Do you support the staff proposal modifications to eligibility for the pilot?**

Yes. Expanding the AgFIT Pilot to all agricultural customers within PG&E’s service area would unlock additional load types and provide a larger data set upon which to perform an assessment. Also, assuming that some loads will not be automated, it will be informative to analyze how non-automated agricultural loads perform relative to those with automation technology to further assess the impact of dynamic rates on their own.

- c. Do you support the staff proposal modifications to the duration and/or size of the pilot?**

Yes. The duration aligns with the IOUs’ 2024-2027 DR program cycle which will enable them to account for this pilot in their next application while providing more time to collect data to properly assess the pilot. Eliminating the cap on the size will not necessarily eliminate a cap on the pilot because budget constraints will eventually, and effectively, limit participation capacity. However, eliminating a cap on the pilot size will eliminate a potential barrier towards greater AgFIT Pilot testing and assessment.

d. Do you recommend additional marketing, education, and/or outreach for this pilot? If so, please provide details and a proposed budget?

The Council does not recommend explicit additional marketing, education, and/or outreach (“ME&O”) for this pilot, but it does encourage clear, accessible, and standardized ME&O where possible, and recommends taking regional characteristics into account with particular attention to ensuring the pilot is broadly accessible and known, to improve equitable access.

e. Do you agree with the staff estimates of the costs of expanding and extending the pilot?

The Council is concerned the incremental budget may be lower than will be realized. The proposed expansion could place a larger financial burden on PG&E, especially if additional CCAs participate in the pilot. Furthermore, the incremental budget does not reflect costs associated with contracting with third-party DR providers, something the proposal encourages IOUs to do.

f. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?

The Council recommends that enrollment for Expanded Pilot begins no later than two months prior to June 2024 to allow time for IOUs and CCAs to deploy a meaningful amount of load shifting beginning in June. Otherwise, if customer enrollments only begin in June, then their reliability benefits will be unnecessarily limited .

2. Should the Commission authorize Expanded Pilot Proposal #2 to expand eligibility of the VCE AgFIT Pilot to certain commercial and residential customers in PG&E territory with no participation cap?

a. Do you support the proposed modifications to eligibility for the pilot?

Yes. Expanding to other customer types is a natural evolution of the pilot and brings it closer in consistency with Southern California Edison Company’s (“SCE’s”) Dynamic Rate Pilot by allowing for a broader cross-section of customers, which will improve the meaningfulness of marketing, education and outreach (“ME&O”) efforts and support the expansion to the B-19, B-20, and E-ELEC rates.

b. Do you support the proposed modifications to the duration and size of the pilot?

Yes. The duration aligns with the IOUs' 2024-2027 DR program cycle which will enable them to account for this pilot in their next application while providing more time to collect data to properly assess the pilot. Eliminating the cap on the size will not necessarily eliminate a cap on the pilot because budget constraints will eventually, and effectively, limit participation capacity. However, eliminating a cap on the pilot size will eliminate a potential barrier towards greater AgFIT Pilot testing and assessment.

c. Do you recommend additional marketing, education, and/or outreach for this pilot? If so, please provide details and a proposed budget.

The Council has no recommendation at this time beyond our response to Question 1.d.

d. Do you agree with the proposed estimates of the costs of expanding and extending the pilot?

The Council is concerned the incremental budget may be lower than will be realized. The proposed expansion could place a larger financial burden on PG&E, especially if additional CCAs participate in the pilot. Furthermore, the incremental budget does not reflect costs associated with contracting with third-party DR providers, something the proposal encourages IOUs to do.

e. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?

Please refer to the Council's Response to Question 1.f.

3. Should the Commission authorize Expanded Pilot Proposal #3 to extend the duration of the SCE Dynamic Rate Pilot and expand pilot eligibility?

The Council supports this pilot proposal in spite of the absence of an initial assessment. The proposed expansion is modest in scope and appropriately provides another avenue by which current and future Charge Ready participants can meet their DR participation requirement.

4. Please comment on the proposed evaluation requirements that would apply to the three Expanded Pilots in the Staff Proposal.

The Council does not have a response to this question at this time.

5. Please comment if any existing Commission requirements or utility program rules may impede customer participation in any of the Expanded Pilots, and if so, explain how such requirements should be modified for the purpose of pilot participation.

a. Do you support the proposed modifications to eligibility for the pilot?

Yes, with the exception of dual participation restrictions applied to participants in supply-side DR programs. In several past workshops on CalFUSE, the Commission has stated that it intends to explore approaches that will allow customers to participate in both dynamic rates and market-integrated programs. This pilot period is an ideal opportunity to develop and test performance measurement methodologies that would enable dual participation models (e.g., control groups), as the relatively small participation sizes mean that the possibility of “overpaying” participants for dual participation would be less significant of a risk for ratepayers.

In addition, the Council recommends allowing dual participation in the dynamic rate pilots and the Emergency Load Reduction Program (“ELRP”). For the most part, the ELRP is dispatched for very few hours each year, so it would be unfortunate to lose the load shifting capability that could otherwise be provided by the customers. Also, it would be reasonable to presume that customers participating in the ELRP (as well as market integrated programs) have a suitable profile to also participate in one of the dynamic rate pilots.

b. Do you support the proposed modifications to the duration of the pilot?

Yes, for the reasons stated above.

c. What changes, if any, are necessary to enable CCA customers to participate in this pilot?

The Council does not have a response to this question at this time.

d. Do you recommend additional marketing, education, or outreach for this pilot? If so, please provide details and a proposed budget.

The Council does not have a response to this question at this time.

e. Do you agree with the proposed estimates of the costs of expanding and extending the pilot?

The Council has no recommendation at this time beyond our response to Question 1.d.

f. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?

Please refer to the Council's Response to Question 1.f.

V. CONCLUSION

The Council appreciates the opportunity to submit these Opening Comments.

Dated: September 25, 2023

Respectfully submitted,

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